Management's analysis of the 2023 results of the OTP Bank

SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (in HUF million)

	Note	31 December 2023	31 December 2022
Cash, amounts due from banks and balances with the National Bank of Hungary	5	2,708,232	1,092,198
Placements with other banks	6	2,702,433	2,899,829
Repo receivables	7	201,658	246,529
Financial assets at fair value through profit or loss	8	257,535	410,012
Financial assets at fair value through other comprehensive income	9	559,527	797,175
Securities at amortised cost	10	2,710,848	3,282,373
Loans at amortised cost	11	4,681,359	4,825,040
Loans mandatorily measured at fair value through profit or loss	11	934,848	793,242
Investments in subsidiaries	12	2,001,952	1,596,717
Property and equipment	13	107,306	94,564
Intangible assets	13	98,115	69,480
Right of use assets		66,222	39,882
Investment properties	14	4,203	4,207
Deferred tax assets	34	408	35,742
Current tax assets	34	–	1,569
Derivative financial assets designated as hedge accounting relationships	15	21,628	47,220
Non-current assets held for sale	46	130,718	–
Other assets	16	365,961	329,752
TOTAL ASSETS		**17,552,953**	**16,565,531**
Amounts due to banks and deposits from the National Bank of Hungary and other banks	17	1,761,579	1,736,128
Repo liabilities	18	443,694	408,366
Deposits from customers	19	10,734,325	11,119,158
Leasing liabilities		68,282	41,464
Liabilities from issued securities	20	1,163,109	498,709
Financial liabilities designated at fair value through profit or loss	21	19,786	16,576
Derivative financial liabilities designated as held for trading	22	183,565	373,401
Derivative financial liabilities designated as hedge accounting relationships	23	27,423	50,623
Deferred tax liabilities	34	–	–
Current tax liabilities	34	14,393	3,199
Provisions	24	22,497	29,656
Other liabilities	24	295,399	313,188
Subordinated bonds and loans	25	520,296	294,186
TOTAL LIABILITIES		**15,254,348**	**14,884,654**
Share capital	26	28,000	28,000
Retained earnings and reserves	27	2,276,759	1,655,601
Treasury shares	28	(6,154)	(2,724)
TOTAL SHAREHOLDERS' EQUITY		**2,298,605**	**1,680,877**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**17,552,953**	**16,565,531**

SEPARATE STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2023 (in HUF million)

	Note	Year ended 31 December 2023	Year ended 31 December 2022
Interest Income			
Interest income calculated using the effective interest method	29	1,227,173	721,679
Income similar to interest income	29	795,906	377,231
Interest income and similar to interest income total		**2,023,079**	**1,098,910**
Interest Expense			
Interest expenses total	**29**	**(1,556,361)**	**(802,020)**
NET INTEREST INCOME		**466,718**	**296,890**
(Release of loss allowance)/Loss allowance on loan, placement and repo receivables losses	6, 7, 11, 30	8,616	(47,687)
(Release of loss allowance)/Loss allowance on securities at fair value through other comprehensive income and on securities at amortised cost	9, 10, 30	11,879	(53,238)
(Release of provision)/Provision for loan commitments and financial guarantees given	24, 30	7,172	(5,541)
Change in the fair value attributable to changes in the credit risk of loans mandatorily measured at fair value through profit of loss	45.4	(980)	11,872
Risk cost total		**26,687**	**(94,594)**
NET INTEREST INCOME AFTER RISK COST		**493,405**	**202,296**
LOSSES ARISING FROM DERECOGNITION OF FINANCIAL ASSETS MEASURED AT AMORTISED COST		**(19,707)**	**(56,195)**
MODIFICATION LOSS	**4**	**(9,017)**	**(14,856)**
Income from fees and commissions	31	402,885	362,444
Expenses from fees and commissions	31	(78,755)	(66,087)
NET PROFIT FROM FEES AND COMMISSIONS		**324,130**	**296,357**
Foreign exchange (losses) and gains	32	(12,269)	541
Gains and (losses) on securities, net	32	7,073	(10,605)
Gains/(losses) on financial instruments at fair value through profit or loss	32	91,268	(18,790)
Net results on derivative instruments and hedge relationships	32	13,055	9,917
Dividend income	32	275,705	194,526
Other operating income	33	26,184	13,775
Other operating expenses	33	63,590	(131,942)
NET OPERATING INCOME		**464,606**	**57,422**
Personnel expenses	33	(195,404)	(154,303)
Depreciation and amortization	33	(50,814)	(46,738)
Other administrative expenses	33	(281,918)	(290,989)
OTHER ADMINISTRATIVE EXPENSES		**(528,136)**	**(492,030)**
PROFIT BEFORE INCOME TAX		**725,281**	**(7,006)**
Income tax	34	(70,293)	13,638
PROFIT AFTER INCOME TAX		**654,988**	**6,632**
Earnings per share (in HUF)			
Basic	43	2,344	24
Diluted	43	2,344	24

SEPARATE STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023 (in HUF million)

	Note	Year ended 31 December 2023	Year ended 31 December 2022
PROFIT AFTER INCOME TAX		**654,988**	**6,632**
Items that may be reclassified subsequently to profit or loss			
Fair value adjustment of debt instruments at fair value through other comprehensive income		37,917	(55,804)
Deferred tax related to fair value adjustment of debt instruments at fair value through other comprehensive income	34	(3,503)	5,186
Gains/(Losses) on separated currency spread of financial instruments designated as hedging instrument		3,752	(4,887)
Deferred tax related to (losses)/gains on separated currency spread of financial instruments designated as hedging instrument	34	(338)	440
(Losses)/Gains on derivative financial instruments designated as cash-flow hedge		5,700	(5,641)
Deferred tax related to gains on derivative financial instruments designated as cash-flow hedge	34	–	–
Items that will not be reclassified to profit or loss			
Gains on equity instruments at fair value through other comprehensive income		–	2,675
Fair value adjustment of equity instruments at fair value through other comprehensive income		3,308	61
Deferred tax related to equity instruments at fair value through other comprehensive income	34	(374)	(41)
Total		**46,462**	**(58,011)**
TOTAL COMPREHENSIVE INCOME		**701,450**	**(51,379)**

POST-BALANCE SHEET EVENTS

Post-balance sheet events cover the period until 20 February 2024.

Hungary

- On 23 January 2023 OTP Bank announced that notes were issued with a value date of 31 January 2024, in the aggregate nominal amount of EUR 600 million. The 5 years, Non-Call 4 years Senior Preferred Notes were priced on 23 January 2024.
- On 26 January 2024 Scope Ratings affirmed Hungary's long-term local- and foreign-currency issuer and senior unsecured debt ratings at 'BBB' with stable outlook.
- On 29 January 2024 the Ministry for National Economy announced that following discussions between the Government and the Banking Association, based on the banks' voluntary commitment, from 1 February to 1 May 2024, the interest margin above BUBOR rate for newly contracted Hungarian Forint-based, variable-rate corporate loan contracts (regardless of the purpose of the loan) will be 0%, and the margin will remain at 0% for 6 months from the date of disbursement of the loan, after which it may return to the normal level. At the same time, the Government indicated that the rate cap on outstanding variable rate MSE loans, which expires on 1 April 2024 according to the current legislation, will not be further extended.
- On 30 January 2024 the National Bank of Hungary cut its key policy rate by 75 bps to 10.0%.
- On 2 February 2024 OTP Bank announced that it decided to terminate the project aiming at establishing a consumer finance

joint venture company with its partners in China with a 15%shareholding, as the condition precedents were not fulfilled until the pertaining contractual deadlines.

- On 9 February 2024 OTP Bank announced that it concluded a share sale and purchase agreement to sell its directly and indirectly owned 100% shareholding in OTP Bank Romania S.A. to Banca Transilvania S.A. ('BT'). OTP Group is also selling its 100% share-holdings in its other Romanian subsidiaries, OTP Leasing Romania IFN S.A. and OTP Asset Management S.A.I. S.A. to BT under the transaction. The financial closing of the transaction is expected in 2024 subject to the necessary regulatory approvals.
- On 12 February 2024 OTP Bank received a single permission from the Hungarian National Bank for the repurchase of treasury shares, accordingly the Bank is entitled to repurchase its own shares in the amount of HUF 60 billion until 31 December 2024. The total amount specified in the per-mission shall immediately be deducted from the own funds in accordance with the law.

ACQUISITIONS

On 31 May 2021 OTP Bank signed a share sale and purchase agreement on purchasing 100% shareholding of OTP Luxembourg S.a.r.l. and its subsidiaries – Nova KBM d.d. and Aleja Finance d.o.o., which are 80% owned by funds managed by affiliates of Apollo Global Management, Inc. and 20% by EBRD.
The financial closing of the transaction took place on 6 February 2023, after obtaining all the necessary regulatory approvals.
In line with the sale and purchase agreement concluded on 12 December 2022 between OTP Bank and the Ministry of Economy and Finance of the Republic of Uzbekistan, the first step of the Ipoteka Bank acquisition was completed on 13 June 2023. Consequently, OTP Bank became the majority shareholder of Ipoteka Bank by acquiring a 73.71% stake and became indirect shareholder of Ipoteka Bank's wholly-owned subsidiaries.
In the second step of the transaction, the shares that remained in the ownership of the Ministry will be bought three years after the first step.

MACROECONOMIC OVERVIEW

Following the rapid recovery after the COVID crisis and the outbreak of the Russian-Ukrainian war, inflation has already started to fall in advanced economies in 2023 and, as the year was nearing its end, the debate on the possible timing of an interest rate cut has begun. Meanwhile, the labour market remained tight, with low unemployment and strong wage dynamics. Developed markets' long yields fell sharply by the end of 2023, from the multi-decade highs hit in the autumn.

However, economic growth printed different patterns on the two sides of the Atlantic.

In the USA, 2023 brought a much stronger-than-expected economic performance, and growth shifted into higher gear in the second half of the year. The robust figures were driven by supportive fiscal policy, a surge in household savings during the pandemic, and low interest rates on loans. Headline inflation peaked in June 2022 (+8.9%), but the subsequent decline briefly stalled in the middle of 2023. However, core inflation continued to fall, easing to 3.9% (y-o-y) by the end of 2023. The very loose fiscal policy, which raised the budget deficit from around 5% to 8% of GDP, required very tight monetary policy to bring inflation down. The Fed has aggressively raised the base rate to 5.25-5.5% while beginning to shrink its balance sheet.

The energy crisis brought the euro area to its knees, and the economy has been unable to recover from it: amid high inflation and high interest rates, output has been practically stagnant since the 3Q of 2022. Countries with industries that used to rely heavily on Russian energy (e.g. Germany) were hit particularly hard.

High interest rates have led to a slowdown in lending, which has also weighed on growth in Europe. Disinflation was very strong in the euro area in 2023: headline and core inflation fell to 2.8% and 3.3%, respectively by the end of the year. The biggest concern in this context is services sector CPI, which has been stagnant at 4.0% (y-o-y) since November 2023. Despite all the weakness in the economy and strong disinflation, the ECB has not yet considered cutting interest rates, and the euro area ended last year with a deposit rate of 4% and a lending rate of 4.5%.

Hungary's economy fell into a longer and deeper recession than the rest of the CEE region in 2023 (GDP y-o-y: 1Q: -0.9%; 2Q: -2.4%; 3Q: -0.4%). However, the recession ended in the third quarter, as growth started to pick up on quarterly basis, helped by the base effect of an unprecedented poor agriculture season in 2022. Inflation peaked at 25.7%, 10%points higher than the region's average, before disinflation started in the spring. From the middle of the year, real wages started to rise again on a monthly basis, but this was only very moderately passed on to consumer spending. Following an over 8% current account deficit in 2022, Hungary's external balance turned into surplus last year, as gas prices collapsed and imports fell, due to a drop in domestic demand. The initial budget deficit target of 3.9% of GDP turned out to be unsustainable and ended up near 6% of GDP in 2023. The MNB cut the effective interest rate in several steps by 725 bps, to 10.75% by the end of the year, which had been raised to 18% in autumn 2022, and the base rate regained its role in September, when the former overnight deposit facility was phased out.

The EUR/HUF fell from around 400 at the beginning of the year to below 370 at one point in the summer, but stabilized around 380 by the end of 2023.

Progress on EU funds was made at the end of last year when the European Commission approved the so-called horizontal enabling conditions for the judicial reform in December. The government was able to unblock about EUR 11 billion of EU funds, thanks to a range of measures implemented last year.

DIGITAL AND IT INNOVATIONS

OTP Bank broadens the range of remotely available services continually. The number of our digitally active retail clients has far exceeded 2 million, and most of our clients now contact our Bank through mobile banking. Through the mobile application, in addition to the daily banking functions, our clients can purchase investment funds, bonds, car prize deposits, or apply for a new home savings product or travel insurance. In addition, thanks to the piggy bank function, our customers can set up savings goals and put money aside little by little for it, while selecting 'Split the Bill', they can easily allocate the costs of a dinner among the participants.

The Bank focuses on the continuous upgrades of the Personal Finance Management (PFM) toolset, which supports our users in making more conscious financial decisions. The expense tracker service is already capable of handling user generated, personalized categories as well. The constant ascent in the ratio of our digitally active clients is supported by targeted online campaigns and continuous user education. Machine learning algorithms help the Bank processing all digital data for displaying relevant, personalized offers to the clients.

By the end of 2023, nearly 2 million of our retail customers have registered for the new Digital Contract which allows them to apply for digital services via fully online processes. Several products are available via end-to-end online processes for example: retail clients can open a new account with selfie-identification, or contract for a personal loan or travel insurance digitally.

VideoBank provides consulting service and application process for mortgages as well. We received numerous positive feedback from clients using the channel. Our customers have access to the chat feature on the website, via our internet banking service and in the mobile application as well, therefore we serve client needs also via identified conversations.

We are constantly improving our fraud prevention platform to better identify and prevent fraudulent activity targeting our digital service. In addition to our internet and mobile banking developments, in 2023 we have created a so-called Merchant Portal for partners holding card acceptance contracts, where they can reach analytics, statements and all related documents of card transactions made with us.

BRANCH NETWORK OF OTP BANK

The Bank provides a full range of commercial banking services through a nationwide network and its branches are available to customers in Hungary.

1011 Budapest, Iskola utca 38–42.
1015 Budapest, Széna tér 7.
1021 Budapest, Hűvösvölgyi út 138.
1024 Budapest, Fény utca 11–13.
1025 Budapest, Szépvölgyi út 4/B
1025 Budapest, Törökvész út 1/A
1026 Budapest, Szilágyi Erzsébet fasor 121.
1032 Budapest, Bécsi út 154.
1033 Budapest, Flórián tér 15.
1033 Budapest, Szentendrei út 115.
1039 Budapest, Heltai Jenő tér 2.
1041 Budapest, Erzsébet utca 50.
1042 Budapest, Árpád út 63–65.
1048 Budapest, Kordován tér 4.
1051 Budapest, Nádor utca 16.
1052 Budapest, Deák Ferenc utca 7–9.
1054 Budapest, Szabadság tér 7–8.
1055 Budapest, Nyugati tér 9.
1055 Budapest, Szent István körút 1.
1062 Budapest, Váci út 1–3.
1066 Budapest, Oktogon tér 3.
1075 Budapest, Károly körút 1.
1075 Budapest, Károly körút 25.
1076 Budapest, Thököly út 4.
1081 Budapest, Népszínház utca 3–5.
1083 Budapest, Futó utca 35–45.
1085 Budapest, József körút 33.
1085 Budapest, József körút 53.
1085 Budapest, Kálvin tér 12–13.
1087 Budapest, Könyves Kálmán körút 76-1.
1094 Budapest, Ferenc körút 13.
1095 Budapest, Soroksári út 32–34.
1097 Budapest, Könyves Kálmán körút 12-14.
1102 Budapest, Kőrösi Csoma sétány 6.
1103 Budapest, Sibrik Miklós út 30.
1106 Budapest, Örs vezér tere 25.
1115 Budapest, Bartók Béla út 92–94.
1117 Budapest, Hunyadi János út 19.
1117 Budapest, Móricz Zsigmond körtér 18.
1117 Budapest,
Október huszonharmadika utca 8-10.
1119 Budapest, Hadak útja 1.
1123 Budapest, Alkotás utca 53.
1124 Budapest, Apor Vilmos tér 11.
1126 Budapest, Böszörményi út 9–11.
1133 Budapest, Váci út 80–84.
1134 Budapest, Váci út 17.
1135 Budapest, Lehel utca 70–76.
1137 Budapest, Pozsonyi út 38.
1138 Budapest, Váci út 135–139.
1146 Budapest, Thököly út 102/B
1148 Budapest, Nagy Lajos király útja 19–21.
1149 Budapest, Bosnyák tér 17.
1149 Budapest, Fogarasi út 15/B
1151 Budapest, Fő út 64.
1152 Budapest, Szentmihályi út 131.
1157 Budapest, Zsókavár utca 28.
1161 Budapest, Rákosi út 118.
1163 Budapest, Jókai Mór utca 3/B
1173 Budapest, Ferihegyi út 93.
1173 Budapest, Pesti út 5–7.
1181 Budapest, Üllői út 377.
1183 Budapest, Üllői út 440.
1188 Budapest, Vasút utca 48.
1191 Budapest, Üllői út 201.
1191 Budapest, Vak Bottyán utca 75/A–C
1195 Budapest, Üllői út 285.
1203 Budapest, Bíró Mihály utca 7.
1204 Budapest, Kossuth Lajos utca 44-46.
1211 Budapest, Kossuth Lajos utca 86.
1211 Budapest, Kossuth Lajos utca 99.
1221 Budapest, Kossuth Lajos utca 31.
1222 Budapest, Nagytétényi út 37–45.
1238 Budapest, Grassalkovich út 160.
1239 Budapest, Bevásárló utca 2.
2000 Szentendre, Pannónia utca 1–3.
2013 Pomáz, József Attila utca 17.
2030 Érd, Budai út 24.
2030 Érd, Iparos utca 5.
2040 Budaörs, Sport utca 2–4.
2040 Budaörs, Szabadság út 131/A
2060 Bicske, Bocskai köz 1.
2083 Solymár, Szent Flórián utca 2.
2085 Pilisvörösvár, Fő utca 60.
2092 Budakeszi, Fő utca 174.
2100 Gödöllő, Szabadság tér 12–13.
2112 Veresegyház, Fő út 52.
2119 Pécel, Kossuth tér 4.
2120 Dunakeszi, Barátság útja 29.
2120 Dunakeszi, Nádas utca 6.
2141 Csömör, Határ út 6.
2143 Kistarcsa, Hunyadi utca 7.
2151 Fót, Móricz Zsigmond út 23/A
2170 Aszód, Kossuth Lajos utca 42–46.
2200 Monor, Kossuth Lajos utca 67.
2220 Vecsés, Fő utca 170.
2220 Vecsés, Fő út 246–248.
2225 Üllő, Pesti út 92/B
2230 Gyömrő, Szent István út 17.
2234 Maglód, Esterházy János utca 1.
2300 Ráckeve, Szent István tér 3.
2310 Szigetszentmiklós, Háros utca 120.
2310 Szigetszentmiklós, Ifjúság útja 17.
2330 Dunaharaszti, Dózsa György út 25.
2340 Kiskunlacháza, Dózsa György út 219.
2360 Gyál, Kőrösi út 160.
2364 Ócsa, Szabadság tér 1.
2370 Dabas, Bartók Béla út 46.
2400 Dunaújváros, Dózsa György út 4/E
2440 Százhalombatta, Szent István tér 8.
2457 Adony, Petőfi utca 2.
2483 Gárdony, Szabadság út 18.
2500 Esztergom, Rákóczi tér 2-4.
2510 Dorog, Bécsi út 33.
2536 Nyergesújfalu, Kossuth Lajos utca 126.
2600 Vác, Széchenyi István utca 3–7.
2651 Rétság, Rákóczi út 28–30.
2660 Balassagyarmat, Rákóczi fejedelem út 44.
2700 Cegléd, Szabadság tér 6.
2721 Pilis, Rákóczi út 9.
2730 Albertirsa, Vasút utca 4/A
2750 Nagykőrös, Szabadság tér 2.
2760 Nagykáta, Bajcsy-Zsilinszky út 1.
2800 Tatabánya, Bárdos László utca 2.
2800 Tatabánya, Fő tér 32.
2840 Oroszlány, Rákóczi Ferenc út 84.
2870 Kisbér, Batthyány tér 5.
2890 Tata, Ady Endre utca 1–3.
2900 Komárom, Mártírok útja 23.

2941 Ács, Gyár utca 14.
3000 Hatvan, Kossuth tér 8. földszint 1.
3021 Lőrinci, Szabadság tér 25/A
3060 Pásztó, Fő utca 73/A
3070 Bátonyterenye, Bányász út 1/A
3100 Salgótarján, Rákóczi út 22.
3170 Szécsény, Feszty Árpád utca 1.
3200 Gyöngyös, Fő tér 1.
3245 Recsk, Kossuth Lajos út 93.
3300 Eger, Törvényház utca 4.
3360 Heves, Hősök tere 4.
3390 Füzesabony, Rákóczi Ferenc út 77.
3400 Mezőkövesd, Mátyás király út 149.
3450 Mezőcsát, Hősök tere 23.
3527 Miskolc, József Attila utca 87.
3530 Miskolc, Rákóczi Ferenc utca 1.
3530 Miskolc, Uitz Béla utca 6.
3535 Miskolc, Árpád út 2.
3580 Tiszaújváros, Szent István út 30.
3600 Ózd, Városház tér 1/A
3630 Putnok, Kossuth út 45.
3700 Kazincbarcika, Egressy Béni út 50.
3770 Sajószentpéter, Bethlen Gábor utca 1/A
3780 Edelény, Tóth Árpád út 1.
3800 Szikszó, Kassai út 16.
3860 Encs, Bem József út 1.
3900 Szerencs, Kossuth tér 3/A
3910 Tokaj, Rákóczi út 37.
3950 Sárospatak, Eötvös út 2.
3980 Sátoraljaújhely, Széchenyi tér 13.
4025 Debrecen, Hatvan utca 2-4.
4025 Debrecen, Pásti utca 1-3.
4025 Debrecen, Piac utca 45-47.
4031 Debrecen, Kishatár utca 7.
4032 Debrecen, Egyetem tér 1.
4032 Debrecen, Füredi út 43.
4060 Balmazújváros, Veres Péter utca 3.
4080 Hajdúnánás, Köztársaság tér 17-18/A
4087 Hajdúdorog, Petőfi tér 9.
4090 Polgár, Barankovics tér 15.
4100 Berettyóújfalu, Oláh Zsigmond utca 1.
4110 Biharkeresztes, Kossuth utca 4.
4130 Derecske, Köztársaság út 111.
4138 Komádi, Fő utca 1-3.
4150 Püspökladány, Kossuth utca 2.
4181 Nádudvar, Fő út 119.
4200 Hajdúszoboszló, Szilfákalja 6-8.
4220 Hajdúböszörmény, Kossuth Lajos utca 3.
4242 Hajdúhadház, Kossuth utca 2.
4244 Újfehértó, Fő tér 15.
4254 Nyíradony, Árpád tér 6.
4300 Nyírbátor, Zrínyi utca 1.
4320 Nagykálló, Árpád utca 10.
4400 Nyíregyháza, Rákóczi utca 1.
4440 Tiszavasvári, Kossuth Lajos utca 6.
4450 Tiszalök, Kossuth utca 52/A
4492 Dombrád, Szabadság tér 7.
4501 Kemecse, Móricz Zsigmond utca 18.
4561 Baktalórántháza, Köztársaság tér 4.
4600 Kisvárda, Szent László utca 30.
4625 Záhony, Ady Endre út 27-29.
4700 Mátészalka, Szalkay László utca 34.
4765 Csenger, Ady Endre utca 1.
4800 Vásárosnamény, Szabadság tér 33.
4900 Fehérgyarmat, Móricz Zsigmond utca 4.
5000 Szolnok, Nagy Imre körút 2/A
5000 Szolnok, Szapáry utca 31.
5000 Szolnok, Széchenyi István körút 135.
5100 Jászberény, Lehel vezér tér 28.
5123 Jászárokszállás, Rákóczi Ferenc utca 4-6.
5130 Jászapáti, Kossuth Lajos út 2-8.
5200 Törökszentmiklós, Kossuth Lajos utca 141.
5300 Karcag, Kossuth tér 15.
5310 Kisújszállás, Szabadság tér 6.
5340 Kunhegyes, Szabadság tér 4.
5350 Tiszafüred, Piac tér 3.
5400 Mezőtúr, Szabadság tér 29.
5420 Túrkeve, Széchenyi utca 32-34.
5430 Tiszaföldvár, Kossuth Lajos út 191.
5440 Kunszentmárton, Kossuth Lajos út 2.
5500 Gyomaendrőd, Szabadság tér 7.
5510 Dévaványa, Árpád utca 32.
5520 Szeghalom, Tildy Zoltán utca 4-8.
5525 Füzesgyarmat, Szabadság tér 1.
5530 Vésztő, Kossuth Lajos utca 72.
5540 Szarvas, Kossuth Lajos tér 1.
5600 Békéscsaba, Andrássy út 37-43.
5600 Békéscsaba, Szent István tér 3.
5630 Békés, Széchenyi tér 2.
5650 Mezőberény, Kossuth Lajos tér 12.
5661 Újkígyós, Kossuth utca 38.
5700 Gyula, Bodoky utca 9.
5720 Sarkad, Árpád fejedelem tér 5.
5742 Elek, Gyulai út 5.
5800 Mezőkovácsháza, Árpád utca 177.
5820 Mezőhegyes, Zala György lakótelep 7.
5830 Battonya, Fő utca 86.
5900 Orosháza, Kossuth Lajos utca 20.
6000 Kecskemét, Dunaföldvári út 2.
6000 Kecskemét, Korona utca 2.
6000 Kecskemét, Szabadság tér 5.
6050 Lajosmizse, Dózsa György út 102/A
6060 Tiszakécske, Béke tér 6.
6070 Izsák, Szabadság tér 1.
6080 Szabadszállás, Dózsa György út 1.
6087 Dunavecse, Fő út 40.
6090 Kunszentmiklós, Kálvin tér 11.
6100 Kiskunfélegyháza, Petőfi tér 1.
6120 Kiskunmajsa, Csendes köz 1.
6200 Kiskőrös, Petőfi Sándor tér 13.
6230 Soltvadkert, Szentháromság utca 2.
6237 Kecel, Császártöltési utca 1.
6300 Kalocsa, Szent István király út 43-45.
6320 Solt, Kossuth Lajos utca 48-50.
6400 Kiskunhalas, Sétáló utca 7.
6430 Bácsalmás, Szent János utca 32.
6440 Jánoshalma, Rákóczi Ferenc utca 10.
6449 Mélykút, Petőfi tér 18.
6500 Baja, Deák Ferenc utca 1.
6600 Szentes, Kossuth Lajos utca 26.
6640 Csongrád, Szentháromság tér 2-6.
6720 Szeged, Aradi vértanúk tere 3.
6720 Szeged, Takaréktár utca 7.
6724 Szeged, Londoni körút 3.
6724 Szeged, Rókusi körút 42-64.
6760 Kistelek, Kossuth utca 6-8.
6782 Mórahalom, Szegedi út 3.
6800 Hódmezővásárhely, Andrássy út 1.
6900 Makó, Széchenyi tér 14-16.
7000 Sárbogárd, Ady Endre út 172.
7020 Dunaföldvár, Béke tér 11.
7030 Paks, Dózsa György út 33.
7081 Simontornya, Petőfi utca 68.
7090 Tamási, Szabadság utca 33.
7100 Szekszárd, Szent István tér 5-7.
7130 Tolna, Kossuth Lajos utca 31.
7140 Bátaszék, Budai utca 13.
7150 Bonyhád, Szabadság tér 10.
7200 Dombóvár, Dombó Pál utca 3.
7300 Komló, Kossuth Lajos utca 95/1
7370 Sásd, Dózsa György utca 2.
7400 Kaposvár, Honvéd utca 55.
7400 Kaposvár, Széchenyi tér 2.
7500 Nagyatád, Korányi Sándor utca 6.
7561 Nagybajom, Fő utca 107.
7570 Barcs, Séta tér 5.
7621 Pécs, Rákóczi út 1.

7621 Pécs, Rákóczi út 44.
7622 Pécs, Bajcsy-Zsilinszky utca 11/1.
7632 Pécs, Diána tér 14.
7633 Pécs, Ybl Miklós utca 7/3
7700 Mohács, Széchenyi tér 1.
7720 Pécsvárad, Bem utca 2/B
7754 Bóly, Hősök tere 8/B
7773 Villány, Baross Gábor utca 36.
7800 Siklós, Felszabadulás utca 60–62.
7900 Szigetvár, Vár utca 4.
7940 Szentlőrinc, Munkácsy Mihály utca 16/A
7960 Sellye, Köztársaság tér 4.
8000 Székesfehérvár, Holland fasor 2.
8000 Székesfehérvár, Ősz utca 13.
8060 Mór, Deák Ferenc utca 2.
8100 Várpalota, Újlaky út 2.
8130 Enying, Kossuth Lajos utca 43.
8154 Polgárdi, Deák Ferenc utca 16.
8200 Veszprém, Brusznyai Árpád utca 1.
8220 Balatonalmádi, Baross Gábor út 5/A
8230 Balatonfüred, Petőfi Sándor utca 8.
8300 Tapolca, Fő tér 2.
8330 Sümeg, Kisfaludy Sándor tér 1.
8360 Keszthely, Kossuth Lajos utca 38.
8380 Hévíz, Erzsébet királyné utca 11.
8400 Ajka, Szabadság tér 18.
8420 Zirc, Rákóczi tér 15.
8500 Pápa, Fő tér 22.
8600 Siófok, Fő tér 10/A
8630 Balatonboglár, Dózsa György utca 1.
8638 Balatonlelle, Rákóczi út 202–204.
8640 Fonyód, Ady Endre utca 25.
8660 Tab, Kossuth Lajos utca 96.
8693 Lengyeltóti, Csalogány utca 2.
8700 Marcali, Rákóczi utca 6–10.
8790 Zalaszentgrót, Batthyány Lajos utca 11.
8800 Nagykanizsa, Deák Ferenc tér 15.
8800 Nagykanizsa, Erzsébet tér 23.
8840 Csurgó, Petőfi tér 20.
8900 Zalaegerszeg, Kisfaludy Sándor utca 15–17.
8960 Lenti, Dózsa György út 1.
9022 Győr, Teleki László utca 51.
9023 Győr, Bartók Béla út 53/B
9024 Győr, Kormos István utca 6.
9026 Győr, Egyetem tér 1.
9027 Győr, Budai út 1.
9200 Mosonmagyaróvár, Fő utca 24.
9300 Csorna, Soproni út 58.
9317 Szany, Ady Endre utca 2.
9330 Kapuvár, Szent István király utca 4–6.
9400 Sopron, Teleki Pál út 22/A
9400 Sopron, Várkerület 96.
9431 Fertőd, Fő utca 7.
9500 Celldömölk, Kossuth Lajos utca 18.
9600 Sárvár, Batthyány utca 2.
9700 Szombathely, Fő tér 3–5.
9700 Szombathely, Király utca 10.
9700 Szombathely, Rohonci út 52.
9730 Kőszeg, Kossuth Lajos utca 8.
9737 Bük, Kossuth utca 1–3.
9800 Vasvár, Alkotmány utca 2.
9900 Körmend, Vida József utca 12.
9970 Szentgotthárd, Mártírok út 2.

STATEMENT ON CORPORATE GOVERNANCE PRACTICE

Corporate governance practice

OTP Bank Plc., being registered in Hungary, has a corporate governance policy that complies with the provisions on companies of the act applicable (Civil Code). As the company conducts banking operations, it also adheres to the statutory regulations pertaining to credit institutions.

Beyond fulfilling the statutory requirements, as a listed company on the Budapest Stock Exchange (BSE), the company also makes an annual declaration on its compliance with the BSE's Corporate Governance Recommendations. After being approved by the General Meeting, this declaration is published on the websites of both the Stock Exchange (www.bet.hu) and the Bank (www.otpbank.hu).

System of internal controls

OTP Bank Plc., as a provider of financial and investment services, operates a closely regulated and state-supervised system of internal controls.

OTP Bank Plc. has detailed risk management regulations applicable to all types of risks (credit, country, counterparty, market, liquidity, operational, compliance), which are in compliance with the regulations on prudent banking operations. The Bank Group pays special attention to the management of ESG risks and the implementation of climate protection aspects in business practice.

Its risk management system extends to cover the identification of risks, the assessment and analysis of their impact, elaboration of the required action plans and the monitoring of their effectiveness and results. The business continuity framework is intended to provide for the continuity of services. Developed on the basis of international methodologies, the lifecycle model includes process evaluation, action plan development for critical processes, the regular review and testing of these, as well as related DRP activities.

OTP Bank Plc.'s internal audit system is realised on several levels of control built on each other. The system of internal checks and balances includes process-integrated control, management control, independent internal audit organisation and executive information system. The independent internal audit organisation as a key element of internal lines of defence promotes the statutory and efficient management of assets and liabilities, the defence of property, the safe course of business, the efficient operation of internal control systems, the minimisation of risks, moreover it reveals and reports deviations from statutory regulations and internal rules, makes proposal to abolish deficiencies and follows up the execution of actions.

The independent internal audit organisation annually and quarterly prepares group-level reports on control actions and audit results for the executive boards. Once a year, the internal audit organisation with the prior opinion of the Audit Committee draws up, for the Supervisory Board, the Board of Directors and the Risk Assumption and Risk Management Committee, objective and independent reports in respect of the operation of risk management, internal control mechanisms and corporate governance functions. Furthermore, in line with the provisions of the Credit Institutions Act, reports, once a year, to the Supervisory Board and the Board of Directors on the regularity of internal audit tasks, professional requirements and the conduct of audits, and on the review of compliance with IT and other technical conditions needed for the audits.

In line with the regulations of the European Union, the applicable Hungarian laws and supervisory recommendations, OTP Bank Plc. operates an independent organisational unit with the task of identifying and managing compliance risks. The Compliance Directorate prepares a report quarterly to the Board of Directors, and annually to the Supervisory Board, about the Bank's and the Bank Group's compliance activities and position.

IT Controls

Applications are developed by either in-house group resources or by third parties. OTP Bank applies administrative, logical and physical control measures commensurate with the risk in order to protect the IT systems storing and processing data, as follows:

- access to data/systems is only possible on the basis of a predefined authorisation management process that applies the principle of least privilege, ensures segregation of responsibilities, that has regular access right reviews and ensures that dismissed employees' access is revoked in a timely manner;
- user authentication, authorisation and password management processes are controlled by policies and audited;
- the systems have test and development environments with appropriate separation from the production environments that have a secure change management procedure, which ensures that program developments or modifications can only be deployed to the operational environment after proper, controlled testing and approval;
- systems are protected by appropriate network perimeter protection, various security devices and network segmentation, furthermore all network communications are protected with state-of-the-art encryption;
- the IT systems that store and process data are regularly backed up and backup media is stored in controlled premises with adequate protection for long-term retention, and the organisation carries out regular backup restore tests;
- adequate redundancy is applied for IT systems that store and process data to ensure business continuity and disaster resiliency;
- has developed DRPs and BCPs for critical systems and critical business processes, which are regularly tested and reviewed;
- the Bank collects and retains the complete log of all major IT operations and IT security relevant data processing activities and the confidentiality, availability, integrity, authenticity and non-repudiation of these audit logs are ensured;
- there is a continuous, up-to-date protection against malicious codes;
- it ensures the regular implementation of vendor patches and updates for the environments used;
- it uses a data leakage protection (DLP) solution to reduce the risk of inadvertent data loss;
- it ensures the continuous monitoring of the operation events of the physical and virtual environment system elements with automated event detection and management tools;
- the above measures are documented at an appropriate level, which ensures the traceability of the implementation of data security requirements in a transparent manner;
- it ensures permanent secure deletion of the data stored on the media, the destruction of the media and the documentation of the destruction of the media during secure operational media disposal processes;
- it enforces data protection requirements already at the design stage of the implementation of the IT systems storing and processing personal data and of the systems operational processes related to them;
- acquire and maintain ability to adequately handle application related security events (including cyber threats), entailing prevention, detection, identification, isolation, analysis, recovery and reporting;
- remote work is regulated in a controlled and documented way, remote device and user access is protected with multi-factor authentication;
- ensures IT security compliance by its managed regulative framework;
- revision and update of IT security regulations bi-yearly or in a frequency complying

legislative requirements or upon major changes;
- ensures vulnerability assessments and penetration tests are carried out as planned;
- defines pools for categorization of installed software into preferred, allowed and prohibited and ensures compliance to that policy.
- it ensures that its employees have adequate knowledge of data protection requirements and provides regular data protection and information security awareness training for them.

General Meeting

The General Meeting is the supreme governing body of OTP Bank Plc. The regulations pertaining to its operation are set forth in the Company's Articles of Association, and comply fully with both general and special statutory requirements. Information on the General Meeting is available in the Corporate Governance Report.

Regulations and information to be presented in the Business Report concerning securities conferring voting rights issued by the Company and senior officials, according to the effective Articles of Association, and ownership structure

The Company's registered capital is HUF 28,000,001,000, that is twenty-eight thousand million one thousand Hungarian forint, divided into 280,000,010 that is Two hundred and eighty million and ten dematerialised ordinary shares with a nominal value of HUF 100 each, and a total nominal value of HUF 28,000,001,000, that is twenty eight billion one thousand Hungarian forint.
The ordinary shares of the Company specified all have the same nominal value and bestow the same rights in respect of the Company.

There are no restrictions in place concerning the transfer of issued securities constituting the registered capital of the Company.
No securities with special control rights have been issued by the Company.
Special Employee Partial Ownership Plan Organization No. I. of OTP Employees and Special Employee Partial Ownership Plan Organization No. II. of OTP Employees (hereinafter referred to as: OTP SEPOPs) were established based on the decision of the Company's certain employees and executives considered as employees pursuant to the Act XLIV of 1992 on Employee Partial Ownership Plan. Management rights of OTP SEPOPs are exercised by a trust named *Alapítvány az OTP Munkavállalók Különleges Résztulajdonosi Programjáért*, founded by the same employees setting up OTP SEPOPs. The Company did not participate either in foundation or in management of OTP SEPOPs.
The Company in line with the ESOP Act initiated an employee share ownership plan having a remuneration purpose and founded OTP Bank ESOP Organization for its execution (hereinafter referred to as ESOP Organization). Pursuant to the laws, the management rights over the ESOP Organization are exercised by a law firm, the so called trustee. In the case of the ESOP Organization Szűcs Law Firm is entitled to exercise the authorities of the trustee. The Company participated in the foundation of the ESOP Organization, however, after its foundation it cannot participate in its management, and according to the laws, it is not entitled to either give orders or to recall the trustee.

Rules on the restrictions of the voting rights:
The Company's ordinary shares confer one vote per share.
An individual shareholder or group of shareholders may not exercise voting rights in respect of in an extent exceeding 25%, or – if the voting rights of another shareholder or group of shareholders exceed 10% – exceeding 33% of the total voting rights represented by the shares conferring voting rights at the Company's General Meeting.

The shareholder is obliged to notify the Company's Board of Directors without delay if the shareholder directly or indirectly, or together with other shareholders in the same group of shareholders, holds more than 2% of the voting rights represented by the shares conferring voting rights at the Company's General Meeting. Concurrently with this, the shareholder is obliged to designate the shareholders through which the indirect voting right exists, or the members of the group of shareholders. In the event of a failure to provide such notification, or if there are substantive grounds for assuming that the shareholder has made a misleading declaration regarding the composition of the shareholder group, then the shareholder's voting right shall be suspended and may not be exercised until the shareholder has met the above obligations. The notification obligation stipulated in this paragraph and the related legal consequences are also incumbent upon individuals who are classified or may be classified as the Company's shareholders under Article 61 of the Capital Markets Act. The Company must also be provided with proof of the conditions for exemption from the notification obligation in accordance with Section 61 (7)–(8) and (11) and Section 61 (10), (11a) and(12), of the Capital Markets Act.
Shareholder group: the shareholder and another shareholder, in which the former has either a direct or indirect shareholding or has an influence without a shareholding (collectively: a direct and/or indirect influence); furthermore: the shareholder and another shareholder who is exercising or is willing to exercise its voting rights together with the former shareholder, regardless of what type of agreement between the participants underlies such concerted exercising of rights. For determining the existence and extent of the indirect holding, the rules of the Credit Institutions Act relating to the calculation of indirect ownership shall be applied.
If the voting rights that may be exercised by a shareholder group exceed the threshold stipulated above, the voting rights shall be reduced in such a way that the voting rights relating to the shares most recently acquired by the group of shareholders shall not be exercisable.
If there are substantive grounds to presume that the exercising of voting rights by any shareholder or shareholders might result in a breach of the rules of the Capital Markets Act relating to the acquisition of a controlling interest, the Board of Directors' authorised representative responsible for the registration of shareholders at the venue of the General Meeting, or the Chairman of the General Meeting, may exclude the affected shareholders from attending the General Meeting or exercising voting rights.

The General Meeting has exclusive authority with respect to the following matters:

- changes to the rights associated with specific series of shares, or the transformation of certain categories or classes of shares; (qualified majority)
- the decision regarding the delisting of the shares (qualified majority). When making the decisions, shares embodying multiple voting rights shall represent one share.

The Company is not aware of any kind of agreements among the owners that could give rise to the restriction of the transfer of issued securities and/or the voting rights.
Rules on the appointment and removal of executive officers, and rules on amendment of the Articles of Association:
The Board of Directors has at least 5, and up to 11 members.
When making the decisions, shares embodying multiple voting rights shall represent one share. The members of the Board of Directors are elected by the General Meeting based on its decision uniformly either for an indefinite period or for five years; in the latter case the mandate ends with the General Meeting concluding the fifth financial year following the election. The mandate of a member elected during this period expires together with the mandate of the Board of Directors.
The Board of Directors elects a Chairman and may elect one or more Deputy Chairmen,

from among its own members, whose period of office shall be equal to the mandate of the Board of Directors. The Chairman of the Board of Directors is also the Chief Executive Officer (Chairman & CEO) of the Company, unless the Board of Directors decides within its competence that the position of Chairman of the Board of Directors and the Chief Executive Officer of the Company are held by separate persons.

The membership of the Board of Directors ceases to exist by
a) expiry of the mandate,
b) resignation,
c) recall,
d) death,
e) the occurrence of grounds for disqualification as regulated by law,
f) termination of the employment of internal (executive) Board members.

The General Meeting has exclusive authority with respect to the following matters:

- the recall of members of the Board of Directors, the Supervisory Board and Audit Committee, and of the auditor; (qualified majority)
  More than one third of the members of the Board of Directors and the non-executive members of the Supervisory Board may be recalled within a 12-month period only if any shareholder holds more than 33% of the shares issued by the Company, which have been obtained by the shareholder by way of a public purchase offer.
- except in the cases referred by these Articles of Association to the authority of the Board of Directors, the establishment and amendment of the Articles of Association; (qualified majority); the General Meeting decides on proposals concerning the amendment of the Articles of Association – based on a resolution passed by shareholders with a simple majority – either individually or en masse.

The Board of Directors is obliged to

- prepare the Company's financial statements in accordance with the Accounting Act, and make a proposal for the use of the profit after taxation;
- prepare a report once a year for the General Meeting, and once every three months for the Supervisory Board, concerning management, the status of the Company's assets and business policy;
- provide for the proper keeping of the Company's business books;
- perform the tasks referred to its authority under the Credit Institutions Act, in particular:
  - ensuring the integrity of the accounting and financial reporting system;
  - elaborating the appropriate strategy and determining risk tolerance levels for each business unit concerned;
  - setting risk assumption limits;
  - providing the necessary resources for the management or risk, the valuation of assets, the use of external credit ratings and the application of internal models.

The following, in particular, come under the exclusive authority of the Board of Directors:

- election of the Chairman & Chief Executive Officer of the Company, and exercising employer's right in respect thereof;
- election of one or more Deputy Chairmen of the Board of Directors;
- determination of the annual plan;
- the analysis and assessment of the implementation of business-policy guidelines, on the basis of the Company's quarterly balance sheet;
- decisions on transactions referred to the authority of the Board of Directors by the Company's organisational and operational regulations;
- decision on launching, suspending, or terminating the performance of certain banking activities within the scope of the licensed activities of the Company;
- designation of the employees entitled to sign on behalf of the Company;
- decision on the increasing of registered capital at the terms set out in the relevant resolution of the General Meeting;

- decision to acquire treasury shares at the terms set out in the relevant resolution of the General Meeting;
- decision on approving internal loans in accordance with the Credit Institutions Act;
- decision on the approval of regulations that fundamentally determine banking operations, or are referred to its authority by the Credit Institutions Act. The following shall qualify as such regulations:
  - the collateral evaluation regulations,
  - the risk-assumption regulations,
  - the customer rating regulations,
  - the counterparty rating regulations,
  - the investment regulations,
  - the regulations on asset classification, impairment and provisioning,
  - the organisational and operational regulations, which contain the regulations on the procedure for assessing requests related to large loans,
  - the regulations on the transfer of signatory rights;
- the decision on approving the Rules of Procedure of the Board of Directors;
- decision on steps to hinder a public takeover procedure;
- decision on the acceptance of a public purchase offer received in respect of treasury shares;
- decision on the commencement of trading in the shares in a regulated market (flotation);
- decision on the cessation of trading in the shares in a given regulated market, provided that the shares are traded in another regulated market (hereinafter: transfer).

The Board of Directors is exclusively authorised to:

- decide, in the cases specified in the Civil Code, on acceptance of the Company's interim balance sheet, subject to the prior approval of the Supervisory Board;
- decide, instead of the General Meeting, to pay an advance on dividends, subject to the preliminary approval of the Supervisory Board;
- make decisions regarding any change in the Company's name, registered office, permanent establishments and branches, and in the Company's activities – with the exception of its core activity – and, in relation to this, to modify the Articles of Association should it become necessary to do so on the basis of the Civil Code or the Articles of Association;
- make decision on mergers (if, according to the provisions of the law on the transformation, merger and demerger of legal entities, the approval of the General Meeting is not required in order for the merger to take place).

The Board of Directors directly exercises employer's rights in respect of the Chairman & CEO. The person affected by a decision may not participate in the decision making. Employer rights in respect of the executive directors of the Company are exercised by the Board of Directors through the Chairman & CEO, with the proviso that the Board of Directors must be notified in advance of the appointment and dismissal of the Deputy CEOs. With regard to issues related to the exercising of employer's rights in respect of employees, the Company is represented by the Chief Executive Officer and by the senior company employees defined in the Organisational and Operational Regulations of the Company, in accordance with the delegation of authority approved by the Board of Directors. If the Chairman of the Board of Directors and the CEO are different persons, the employer rights in respect of the other executive directors of the Company (CEO, deputy CEOs) are exercised by the Board of Directors through the Chairman of Board of Directors, with the proviso that the Board of Directors shall be notified in advance of the appointment and dismissal of the CEO and Deputy CEOs. With regard to issues related to the exercising of employer's rights in respect of employees, the Company is represented by the persons defined in the Organisational and Operational Regulations of the Company, in accordance with the delegation of authority approved by the Board of Directors.
The Board of Directors may delegate, to individual members of the Board of Directors, to

executive directors employed by the Company, and to the heads of the individual service departments, any task that does not come under the exclusive authority of the Board of Directors in accordance with these Articles of Association or a General Meeting resolution. The Company may acquire treasury shares in accordance with the rules of the Civil Code. The prior authorisation of the General Meeting is not required for the acquisition of treasury shares if the acquisition of the shares is necessary in order to prevent a direct threat of severe damage to the Company (this provision is not applicable in the event of a public purchase offer aimed at buying up the Company's shares), as well as if the Company acquires the treasury shares in the context of a judicial procedure aimed at the settlement of a claim to which the Company is entitled, or in the course of a transformation.

The Company has not made agreements in the meaning of points (j) and (k) in paragraph 95/A of Act No. C of 2000 on Accounting.

Ownership structure of OTP Bank Plc.:

Description of owner	Total equity					
	1 January 2023			31 December 2023		
	Ownership share	Voting rights[1]	Quantity	Ownership share	Voting rights[1]	Quantity
Domestic institution/company	31.80%	31.84%	89,040,716	31.40%	31.46%	87,914,205
Foreign institution/company	50.05%	50.11%	140,129,576	54.43%	54.54%	152,405,042
Domestic individual	16.91%	16.93%	47,338,305	12.93%	12.96%	36,217,730
Foreign individual	0.52%	0.52%	1,464,494	0.48%	0.48%	1,349,320
Employees, senior officers	0.55%	0.55%	1,526,762	0.48%	0.48%	1,338,715
Treasury shares[2]	0.13%	0.00%	354,144	0.20%	0.00%	572,746
Government held owner	0.05%	0.05%	139,946	0.05%	0.05%	139,036
International Development Institutions	0.00%	0.00%	3,183	0.01%	0.01%	28,603
Other[3]	0.00%	0.00%	2,884	0.01%	0.01%	34,613
Total	**100.00%**	**100.00%**	**280,000,010**	**100.00%**	**100.00%**	**280,000,010**

[1] Voting rights in the General Meeting of the Issuer for participation in decision-making.
[2] Treasury shares do not include the OTP shares held by ESOP (OTP Bank Employee Stock Ownership Plan Organization). Pursuant to Act V of 2013 on the Civil Code, OTP shares held by the ESOP are not classified as treasury shares, but the ESOP must be consolidated in accordance with IFRS 10 Consolidated Financial Statements standard. On 31 December 2023 ESOP owned 12,095,524 OTP shares.
[3] Non-identified shareholders according to the shareholders' registry.

Number of treasury shares held in the year under review (2023):

	1 January	31 March	30 June	30 September	31 December
OTP Bank	354,144	1,107,117	585,596	602,180	572,746
Subsidiaries	0	0	0	0	0
Total	**354,144**	**1,107,117**	**585,596**	**602,180**	**572,746**

Shareholders with over/around 5% stake as at 31 December 2023:

Name	Nationality[1]	Activity[2]	Number of shares	Ownership[3]	Voting rights[3, 4]	Notes[5]
MOL (Hungarian Oil and Gas Company Plc.)	**D**	**C**	**24,000,000**	**8.57%**	**8.59%**	
Groupama Group	**F/D**	**C**	**14,256,813**	**5.09%**	**5.10%**	
Groupama Gan Vie SA	F	C	14,140,000	5.05%	5.06%	
Groupama Biztosító Ltd.,	D	C	116.813	0.04%	0.04%	

[1] Domestic (D), Foreign (F).
[2] Custodian (CU), Public Institution (PU), International Development Institutions (ID), Institutional (I), Company (C), Private (PR), Employee or senior officer (E).
[3] Rounded to two decimals.
[4] Voting rights in the General Meeting of the Issuer for participation in decision-making.
[5] Eg, professional investor, financial investor, etc.

Senior officers, strategic employees and their shareholding of OTP shares as at 31 December 2023:

Type[1]	Name	Position	Commencement date of the term	Expiration/termination of the term	Number of shares
IG	dr. Sándor Csányi[2]	Chairman and CEO	15/05/1992	2026	12,000
IG	Tamás György Erdei	Deputy Chairman	27/04/2012	2026	53,885
IG	Gabriella Balogh	member	16/04/2021	2026	17,793
IG	Mihály Baumstark	member	29/04/1999	2026	59,200
IG	Péter Csányi	member, Deputy CEO	16/04/2021	2026	25,939
IG	dr. István Gresa	member	27/04/2012	2026	192,458
IG	Antal György Kovács[3]	member	15/04/2016	2026	126,584
IG	György Nagy[4]	member	16/04/2021	2026	44,400
IG	dr. Márton Gellért Vági	member	16/04/2021	2026	15,800
IG	dr. József Zoltán Vörös	member	15/05/1992	2026	196,314
IG	László Wolf	member, Deputy CEO	15/04/2016	2026	544,502
FB	Tibor Tolnay	Chairman	15/05/1992	2026	54
FB	dr. József Gábor Horváth	Deputy Chairman	19/05/1995	2026	0
FB	Klára Bella	member	12/04/2019	2026	0
FB	dr. Tamás Gudra	member	16/04/2021	2026	0
FB	András Michnai	member	25/04/2008	2026	1,410
FB	Olivier Péqueux	member	13/04/2018	2026	0
SP	András Becsei	Deputy CEO			7,199
SP	László Bencsik	Deputy CEO			15,462
SP	György Kiss-Haypál	Deputy CEO			15,160
SP	Imre Bertalan	MC member			0
SP	dr. Bálint Csere	MC member			10,555
Total No. of shares held by management					**1,338,715**

[1] Board Member (IG), Supervisory Board Member (FB), Employee in strategic position (SP)
[2] Number of OTP shares owned by Dr. Sándor Csányi, Chairman and CEO, directly or indirectly: 4,712,949.
[3] Number of OTP shares owned by Antal György Kovács, Member of Board of Directors, directly or indirectly: 130,884.
[4] Number of OTP shares owned by György Nagy, Member of Board of Directors, directly or indirectly: 1,068,855.

Committees[1]

Members of the Board of Directors

Dr. Sándor Csányi – Chairman
Mr. Tamás György Erdei – Deputy Chairman
Ms. Gabriella Balogh
Mr. Mihály Baumstark
Mr. Péter Csányi
Dr. István Gresa
Mr. Antal György Kovács
Mr. György Nagy
Dr. Márton Gellért Vági
Dr. József Zoltán Vörös
Mr. László Wolf

Members of the Supervisory Board

Mr. Tibor Tolnay – Chairman
Dr. József Gábor Horváth – Deputy Chairman
Ms. Klára Bella
Dr. Tamás Gudra
Mr. András Michnai
Mr. Olivier Péqueux

Members of the Audit Committee

Dr. József Gábor Horváth – Chairman
Mr. Tibor Tolnay – Deputy Chairman
Dr. Tamás Gudra
Mr. Olivier Péqueux

The résumés of the committee and board members are available in the Corporate Governance Report/Annual Report.

Personal and organizational changes

As of 1 January 2023, Mr. Antal György Kovács was replaced by Mr. András Becsei as Deputy CEO of the Retail Division. Mr. Antal György Kovács retained his employment status, thus his position as Deputy CEO until the Annual General Meeting closing the financial year 2022, during which time he was mainly be responsible for group governance.
On 28 April 2023, concerning the audit of OTP Bank Plc.'s separate and consolidated annual financial statements in accordance

[1] Personal changes can be found in the "Personal and organizational changes" chapter.

with International Financial Reporting Standards for the year 2023, the Annual General Meeting elected Ernst & Young Ltd. (001165, H-1132 Budapest, Váci út 20.) as the Company's auditor from 1 May 2023 until 30 April 2024.
On 28 April 2023 the Annual General Meeting elected Mr. Antal György Kovács as member of the Board of Directors of the Company until the Annual General Meeting of the Company closing the 2025 business year, but not later than 30 April 2026.

On 28 April 2023 the Annual General Meeting elected
Mr. Tibor Tolnay
Dr. József Gábor Horváth
Dr. Tamás Gudra
Mr. Olivier Péqueux
Mrs. Klára Bella
Mr. András Michnai
as member of the Supervisory Board of the Company until the Annual General Meeting of the Company closing the 2025 business year, but not later than 30 April 2026.

On 28 April 2023 the Annual General Meeting elected
Mr. Tibor Tolnay
Dr. József Gábor Horváth
Dr. Tamás Gudra
Mr. Olivier Péqueux
as member of the Audit Committee of the Company until the Annual General Meeting of the Company closing the 2025 business year, but not later than 30 April 2026.

Operation of the executive boards

OTP Bank Plc. has a dual governance structure, in which the Board of Directors is the Company's executive management body in its managerial function, while the Supervisory Board is the management body in its supervisory function of the Company. It controls the supervision of the lawfulness of the Company's operation, its business practices and management, performs oversight tasks and accepts the provisions of the Bank Group's Remuneration Policy. The effective operation of Supervisory Board is supported by the Audit Committee, as a committee, which also monitors the internal audit, the risk management, the reporting systems and the activities of the auditor.
In order to assist the performance of the governance functions the Board of Directors founded and operates, as permanent or other committees, such as the Management Committee, the Executive Steering Committee, the Remuneration Committee, the Nomination Committee and the Risk Assumption and Risk Management Committee.
To ensure effective operation OTP Bank Plc. also has a number of further permanent committees.
OTP Bank Plc. gives an account of the activities of the executive boards and the committees every year in its Corporate Governance Report.
The Board of Directors held 6, the Supervisory Board held 7 meetings, while the Audit Committee held 3 meetings in 2023. In addition, resolutions were passed by the Board of Directors on 155, by the Supervisory Board on 87 and by the Audit Committee on 29 occasions by written vote.

Policy of diversity

OTP Bank Plc. determines and regulates the criteria for the selection of senior executives in line with European Union as well as domestic legal requirements and directives fundamentally determining the operation of credit institutions.
When designating members of the management bodies (Board of Directors, Supervisory Board) as well as appointing members of the Board of Directors and administrative members (Management), OTP Bank Plc. considers the existence of professional preparation, the high-level human and leadership competence, the versatile educational background, the widespread business experience and business reputation of the utmost importance, at the same time, it is also highly committed to taking efficient measures in

order to ensure diversity with regard to corporate operation, including the gradual improvement in women's participation rate. OTP Bank Plc.'s Nomination Committee continuously keeps tracking the European Union and domestic legislation relating to women's quota on its agenda, in that when unambiguously worded expectations are announced, it promptly takes the necessary measures. In accordance with OTP Bank Plc.'s currently approved strategy, the goal is to have at least one female member in both the Bord of Directors and the Supervisory Board.
It is important to note, however, that, as a public limited company, the selection of the members of the management bodies falls within the exclusive competence of the General Meeting upon which – beyond its capacity to designate enforcing the above aspects to maximum effect – OTP Bank Plc. has no substantive influence.
According to OTP Bank Plc.'s Articles of Association, a Board of Directors comprising 5–11 members and a Supervisory Board comprising 5–9 members are set up at OTP Bank Plc. Currently the Board of Directors operates with 11 members and has one female member, the Supervisory Board comprises 6 members and has one female member.
The management of OTP Bank Plc. currently comprises 6 members and has no female member.

NON-FINANCIAL STATEMENT OTP BANK PLC. (SEPARATE)

Environmental policy, environmental projects

The operational functioning of OTP Group and OTP Bank requires the use of natural resources and energy, however, the resulting environmental impact is significantly lesser than the indirect impacts associated with the provision of financial services. Of the operational impacts, OTP Group considers greenhouse gas (GHG) emissions to be the most significant, but we are also working on reducing our impacts beyond this. Emissions exacerbate climate change and damage natural resources. Reducing emissions helps fight climate change. However, the practices of the Bank also have an awareness raising impact in the field of environmental protection and the enforcement of environmental awareness in its operations is a key element of the regional leading role undertaken by OTP Group in relation to green transition.
In the context of the provision of financial services, environmental risks are managed and business opportunities related to environmental protection are exploited within the ESG strategy and are not covered in this chapter.
In 2023, OTP Group again participated in the CDP's environmental disclosure scheme, maintaining its "B" rating achieved in the previous year.
OTP Bank mitigates environmental impacts through the following activities:

- Efficient use of resources
- Carbon-neutral operation
- Energy efficiency investment projects
- Purchase of green electricity, use of renewable energy sources
- Reducing paper use through digitalisation; using recycled paper
- Rationalising business travel
- Improving waste management
- Transparent reporting on the environmental impacts of operation
- Awareness-raising activities for employees and customers

OTP Bank members operate in maximum compliance with environmental legislation and no related fines were imposed in 2023 either. Environmental protection at the Bank is governed by an Environmental Policy. OTP Bank prepares annual internal reports on the environmental impact of its operation, for approval by the manager in charge of this function. To enhance knowledge relating to the performance of work, along with general knowledge, every OTP Bank employee is provided with environmental training once every two years.

Energy consumption and carbon dioxide emissions

OTP Bank's ESG *(Environmental, Social, Governance)* strategy targets full carbon neutrality by 2030 for Scope 1–2 emissions and net carbon neutrality from 2022. **The net carbon neutrality target has been met in 2023.** Electricity accounts for approximately half of total energy consumption, and thus the Bank's continued use of predominantly green electricity in 2023 is significantly reducing carbon emissions[2].

OTP Bank's total energy consumption decreased by almost 10 percent compared to 2022, largely due to the use of heating fuels. In addition to the mild winter, the Bank has introduced a number of savings measures that have significantly reduced consumption, such as turning down temperatures and the use of time-programmable control during periods of non-use.

Energy consumption within the organisation (GJ):

OTP Bank	2019	2020[1]	2021	2022	2023
Total non-renewable fuel sources	97,579	93,423	103,545	100,691	90,030
Total renewable fuel sources	0	1,360	2,247	2,615	2,821
Total indirect energy purchased (including renewables)	151,026	151,781	152,082	161,575	151,392
Self-generated renewable energy	2,005	5,166	5,141	4,053	1,312
Total energy consumption[2]	**250,610**	**251,730**	**263,014**	**268,934**	**245,555**
Total energy consumption per employee[3]	**28.14**	**26.75**	**26.73**	**26.17**	**23.19**
Share of renewable energy	**N/A**	**N/A**	**N/A**	**N/A**	**54%**

[1] Also includes the consumption of the former Monicomp and eBIZ.
[2] Deviates slightly from the figures in the Annual Report up to 2021 as the finalised consumption data were received at a later date.
[3] In 2019 based on statistical headcount, from 2020 based on average full-time staff numbers.

The energy consumption data are derived from metering; solar energy and part of the heat pump energy is estimated based on manufacturer information in the absence of a meter. Where necessary, we used the calorific values taken from the National Inventory Report (NIR) from 2022 onwards, and previously the EU regulation and DEFRA values, to convert the consumed quantities into energy.

OTP Bank's Scope 1 and Scope 2 CO_2e emissions (t):

	2019	2020[1]	2021	2022	2023
Direct (Scope 1)	**6,779**	**6,078**	**6,548**	**6,670**	**6,005**
Indirect (Scope 2)					**2.821**
Indirect location-based	10,786	9,883	9,904	11,496	11,648
Indirect market-based	8,640	8,350	8,369	1,005	1,110
Total (Scope 1+2) location-based	**17,565**	**15,961**	**16,452**	**18,165**	**17,653**
Total (Scope 1+2) market-based	**15,419**	**14,428**	**14,917**	**7,675**	**7,115**
Total (Scope 1+2) with carbon offset	**15,419**	**14,428**	**14,917**	**675**	**(485)**
Per employee (market-based)	N/A	1.53	1.52	0.75	0.67
Per employee (with offset)	N/A	1.53	1.52	0.07	(0.05)

[1] Also includes the consumption of the former Monicomp and eBIZ.

The figures shown are calculated from energy consumption, in all cases based on the applicable statutory regulations and the factors stipulated by authorities and industry organisations (National Inventory Reports [NIR], IPCC, DEFRA, EU Regulation, AIB, IFI, and data from suppliers for electricity and district heating). For Scope 1 emissions, country-specific factors are applied subject to availability from 2022. We calculate electricity-related emissions using country-specific factors. For district heating use, from 2020 onwards we use the Hungarian, Slovenian and Croatian factors, and for all other countries, we uniformly use the data published by DEFRA, while in previous years we used the Hungarian emission factors, except for Ukraine, Russia and Serbia, in the absence of other reliable data.
Scope 1 emissions and, in 2022 and 2023, even district heating cover all GHG emissions. For Scope 2 emissions, the previous years of district heating in Hungary and electricity factors only cover CO_2. For the emission factors used, we do not have information on the GWP values considered in each and every case.

[2] In the case of leased premises, the purchase of green electricity cannot be fully implemented.

In addition, the fact that OTP Bank continuously carries out renovations and modernisations at both its central buildings and in its branch network reduces consumption, and improving energy efficiency is an important aspect of investment projects. In 2023, the modernisation of heating systems, the widest possible use of LED lighting and the installation of additional motion sensors were again the most common types of energy efficiency investments.

The rate of business travel has increased at the parent bank. The total kilometres travelled increased at the parent bank by 9 percent compared to the previous year, with air travel also rising. While online meetings remain a dominant part of liaising, with the end of the coronavirus pandemic, face-to-face meetings have become more frequent again, and business needs have influenced the amount of travel.

To offset its 2023 Scope 1 and Scope 2 emissions, OTP Bank purchased carbon credits in 2023, thereby preventing the emission of 7,600 tonnes of carbon emissions during the year. The 2023 emission values were determined in advance, with offsets higher than emissions. The credits purchased are retired credits verified as per Verra (VER). The Bank considers it essential that the project supported through offsetting is located in the country of operation of the Banking Group, and has again opted for a project in Bulgaria, which was implemented at the Saint Nikola Wind Farm, the largest wind farm in the country, near the town of Kavarna.

Paper use and waste management

The steadily increasing range of electronically available services also reduces paper consumption. In addition, the digitalisation of the bank's internal processes is ongoing. At the same time, the paper-based administration demanded by legal requirements inhibits in many cases the further reduction of printing in Hungary and in other countries.

The share of electronic account statements also showed an increasing trend in 2023. Their use is continuously encouraged by the Bank. The majority of OTP Bank customers (83 percent of retail clients and almost half of large corporate customers) do not receive paper-based statements, which is a noticeable increase over the previous year.

Data on materials used and purchases made by OTP Bank:

		2019	2020	2021	2022	2023
Number of computers (laptops + PCs)	(thousand units)	18	19	19	19	18
Weight of ink cartridges and toners used	(t)	8	6	4	5	4
Amount of office paper	(t)	699	478	398	397	354
Amount of paper used for document sorting and packaging	(t)	58	75	90	98	26
Amount of indirectly used paper[1]	(t)	7	5,845[2]	491	558	313

[1] E.g. marketing brochures, invoice sheets.
[2] Mainly consumption of former Monicomp.

At OTP Bank, we were able to reduce paper consumption by 11 percent. The parent bank used 47 percent recycled paper in office paper use and 31 percent in total paper use. In Hungary, we use FSC-certified paper even in the case of account statements, marketing publications and envelopes, while we use recycled FSC paper for producing DM letters. All personal hygiene products used at OTP Bank are exclusively ECO Label products.

Awareness-raising

The members of the Banking Group have launched numerous programmes, awareness-raising campaigns and involved employees to promote environmental awareness and the protection of natural values. To enhance knowledge relating to the performance of work, along with general knowledge, every OTP Bank employee is provided with environmental training once every two years.

Green Challenge idea contest

OTP Bank has launched the Green Challenge idea contest among its employees. To introduce the contest, the Bank started a series of six articles on sustainability, concluding with a series of quizzes. Employees who answered the questions the fastest received special prizes from OTP Bank.

For the idea contest, OTP Bank was looking for applications that support the reduction of the Bank's carbon footprint and can be easily implemented in everyday practice.

The challenge proved to be very popular with 136 ideas submitted. The implementation of several of these has already started and four other winning ideas are also to be realised down the line:

- Establishment of MOL-Bubi stations around OTP offices,
- Green Plate Programme to promote more sustainable dietary habits,
- the digitalisation of business travel settlements,
- special prize for the idea with the greatest impact: minimising standby power consumption.

As a result of the popularity of the competition, we will be launching a permanent sustainability idea box starting from 2024.

OTP Bank was also one of the partners of the Green Friday initiative, launched jointly by MasterCard and several organisations to raise awareness about conscious spending and lifestyle. Throughout the programme, dedicated microsites and social media platforms featured awareness-raising articles and tips to promote a greener Christmas.

The disclosure obligation of the green asset ratio ("GAR") required by the European Council and Parliament Regulation (EU) 2020/852 of 18 June 2020 (Taxonomy Regulation) is fulfilled by the Bank in the Non-Financial Statement section of the consolidated Business Report.

Fight against corruption and against the practice of bribery

The Code of Ethics (https://www.otpbank.hu/static/portal/sw/file/OTP_EtikaiKodex_EN.pdf), the Partner Code of Ethics (https://www.otpbank.hu/static/portal/sw/file/OTP_Partneri_EtikaiKodex_EN.pdf) publish in 2023 and the Anti-Corruption Policy of OTP Bank Group contains provisions on the fight against corruption and against the practice of bribery, also on the acceptance of individual differences and the denial of discrimination (https://www.otpbank.hu/portal/en/Ethical Declaration, Anti_Corruption_Policy.pdf [otpbank.hu]). As it can be read in the foreword of the Code and the Anti-Corruption Policy as well, the OTP Bank Plc. and its management have adopted the principle of zero tolerance towards corruption and bribery, taking a definite stance against all forms of corruption and giving full support to the fight against corruption. In addition, the Code states that "As an ethical and compliant institution, the Bank and its management are fully committed to ensuring observance of all relevant legislation, including anti-corruption statutes."

The OTP Bank Plc. has set up an ethics reporting system (whistleblowing), which is for the reporting and the handling of the reports on suspected or actual violation of the values set forth in the Code of Ethics, where anonymous reporting of ethics issues is also possible. The OTP Bank Plc. conducts inquiries for the purpose of detecting, preventing anomalies in connection with reports made or anomalies it became aware of otherwise. Through the OTP Bank Plc.'s ethics reporting system a total of 93 reports were received in 2023. In 29 of these reports, we deemed it necessary to conduct an ethical procedure and 8 case's investigation resulted in declaring ethics offense.

The OTP Bank Plc. has created and maintains its Code of Ethics to keep reputational risk and financial losses, which may incur in relation to corruption, bribery and discrimination, on a minimum level. Both employees and newcomers receive education on the Code of Ethics, and in addition, the acceptance to be bound by it is a prerequisite for their employment.

In addition, all business partners and clients are communicated about the Anti-Corruption Policy and procedures through the Code of Ethics and Anti-Corruption Policy published publicly on the OTP Bank Plc.'s website and

from 2023 the Partner Code of Ethics has been published on the Bank's website as well.
The Anti-Corruption Policy stipulates that, in view of the fact that existing and established relationships with contractual partners also contain the possibility of corruption, the OTP Bank Plc. will act prudently in its dealings with contractors, in particular in the tendering and preparation process, to minimise the risk of corruption. The OTP Bank Plc. establishes relationships with its contractual partners based on an assessment of professionalism, competence and competitiveness, and does not apply other non-professional selection criteria that contain the possibility of corruption.
Based on the Compliance's proposal, the prohibition of corruption will be reflected in the contractual and regulatory documents used by the OTP Bank Plc. in a clearer and well-defined manner from 2023 onwards, through the inclusion of anti-corruption clauses in the business rules and standard contracts. The clause will state from the very beginning of the business relationship that the contracting partner accepts OTP Bank Plc.'s anti-corruption principles, including the prohibition of corruption and the consequences of breaching this prohibition, which can even be termination of contract.
Any requests from third parties affecting human rights are treated by the OTP Bank Plc. as a priority.
We manage the risks regarding the fight against corruption and bribery within the framework of our operational risk management process. Our quarterly compliance reports cover the changes in risks as well as the steps necessary steps to manage them. The reports are presented to the Executive Steering Committee and the Board of Directors; the annual report is also submitted to the Supervisory Board.

Short description of the business model of the company

OTP Bank is the market leading credit institution in Hungary. As for its business model, the Bank offers high-quality financial services to retail, private banking, micro and small business, medium and large corporate, as well as municipality clients through both its branch network and its steadily developing digital channels. The Bank provides comprehensive banking and other financial services to both retail and corporate customers: its activities include deposit collection from customers and raising money from the money and capital markets; on the asset side, OTP Bank offers mortgage loans, consumer credits, working capital and investment loans to companies, as well as loans to municipalities, whereas its liquidity reserves are invested in money and capital market instruments. Moreover, the Bank provides a wide range of state-of-the-art services, including wealth management, investment services, payment services, treasury and other services.
In addition, OTP Bank's Hungarian subsidiaries deliver a wide range of further financial services. At the end of 2023, OTP Bank and its Hungarian subsidiaries served more than 4.3 million clients in total.
The Bank owns foreign subsidiaries in many countries of Central and Eastern Europe as well as in Uzbekistan through capital investments.

Non-financial performance indicators

- **Internal audit:** 207 closed audits, 1,385 recommendations, 1,383 accepted recommendations.
- **Compliance with Budapest Stock Exchange (BSE) Recommendations (yes/no ratio):** 72 yes, 0 no.
- **Compliance:** 7 closed consumer protection related investigations by the Compliance.
- **Bank security investigations, reports:** we conducted a total of 3,356 bank security investigations and 253 reports were made to the authorities, most of which were related to cases of fraud committed against customers.
  The expected damage value from the detected crimes is about HUF 4.7 billion,

which is much higher than the loss realized last year, which was HUF 1 billion.
The largest part of the loss occurred in the area of financial offences.
With regard to financial offences, a downward trend can be observed in consumer loans, primarily in connection with the offences of personal loans, which was about HUF 28 million, almost a fifth of the previous year's value.
At the same time, the amount of damage caused by corporate credit fraud was HUF 4.6 billion, of which a significant part of the damage value – HUF 3 billion – was accounted for by one case.
There was a drastic increase in the trend of online fraud targeting customers until July 2023, but due to the introduced measures, there was a continuous decrease in both the number of cases and the amount of damage from September 2023. Compared to the losses in July, December's fell to about a third, but a significant customer loss was still realized, which exceeded HUF 10 billion in 2023, and with fraud prevention operative measures and monitoring activities, HUF 6.5 billion of customer losses were prevented.
Compared to 2022, an increase can be observed in connection with bank card abuse, both in terms of the number of attempted abuses and the damage. In 2023, the value of successful bank card abuses exceeded HUF 4.5 billion, of which the value of successful transactions with cards issued by OTP amounted to HUF 3.9 billion.
As a result of the preventive security measures taken by the bank, the value of fraudulent bank card transactions that failed in 2022 is HUF 10.2 billion. Of this, the value of abuses prevented in the case of cards issued by OTP is HUF 10.1 billion.
The ratio of bank card abuse to turnover increased, in the case of OTP the ratio of bank card misuse to turnover remained lower than the European average published by Mastercard (OTP Bank: 0.0203%, European average: 0.0400%).
- **Ethics issues:** 93 ethics reports, establishing ethics offense in 8 cases.

LIST OF NON-AUDIT SERVICES BY SERVICE CATEGORIES USED BY THE BANK

The statutory audit of OTP Bank is carried out by **Ernst & Young Ltd.,** in addition to which the following services were contracted:
- Assurance engagements other than audits or reviews of historical financial information (ISAE 3000)
- Engagements to review historical financial statements and interim financial statements (ISRE 2400, 2410)
- Issue of Comfort letters
- Engagements to perform agreed-upon procedures regarding financial information (AUP according to ISRS 4400)
- Consultation relating to interpretation and implementation of accounting standards and relating to accounting of potential future transaction

Management's analysis of the 2023 results of the OTP Group

CONSOLIDATED FINANCIAL HIGHLIGHTS[1] AND SHARE DATA

Main components of the adjusted Statement of recognised income	2022 HUF million	2023 HUF million	Change %
Consolidated profit after tax	**347,081**	**990,459**	**185**
Adjustments (total)	(245,466)	(18,123)	(93)
Consolidated adjusted profit after tax	**592,547**	**1,008,583**	**70**
Pre-tax profit	690,022	1,222,328	77
Operating profit	868,487	1,260,850	45
Total income	1,656,571	2,224,584	34
Net interest income	1,093,579	1,459,694	33
Net fees and commissions	397,118	478,146	20
Other net non-interest income	165,874	286,745	73
Operating expenses	(788,084)	(963,734)	22
Total risk costs	(178,465)	(38,521)	(78)
Corporate taxes	(97,475)	(213,746)	119
Main components of the adjusted balance sheet (closing balances)	**2022**	**2023**	**%**
Total assets	32,804,210	39,609,144	21
Total customer loans (net, FX-adjusted)	**17,929,314**	**21,447,380**	**20**
Total customer loans (gross, FX-adjusted)	**18,858,498**	**22,466,415**	**19**
Performing (Stage 1+2) customer loans (gross, FX-adjusted)	17,946,407	21,496,534	20
Allowances for possible loan losses (FX-adjusted)	(929,184)	(1,019,035)	10
Total customer deposits (FX-adjusted)	**24,320,092**	**29,428,284**	**21**
Issued securities	870,682	2,095,548	141
Subordinated loans	301,984	562,396	86
Total shareholders' equity	3,322,312	4,094,793	23
Indicators based on adjusted earnings	**2022**	**2023**	**pps**
ROE (from profit after tax)	11.0%	27.2%	16.2
ROE (from adjusted profit after tax)	18.8%	27.7%	9.0
ROA (from adjusted profit after tax)	1.9%	2.7%	0.8
Operating profit margin	2.78%	3.39%	0.61
Total income margin	5.31%	5.99%	0.67
Net interest margin	3.51%	3.93%	0.42
Cost-to-asset ratio	2.53%	2.59%	0.07
Cost/income ratio	47.6%	43.3%	(4.3)
Provision for impairment on loan losses-to-average gross loans ratio	0.73%	0.16%	(0.56)
Total risk cost-to-asset ratio	0.57%	0.10%	(0.47)
Effective tax rate	14.1%	17.5%	3.4
Net loan/(deposit+retail bond) ratio (FX-adjusted)	74%	72%	(1)
Capital adequacy ratio (consolidated, IFRS) – Basel3[2]	17.8%	18.9%	1.1
Tier1 ratio – Basel3[2]	16.4%	16.6%	0.2
Common Equity Tier1 ('CET1') ratio – Basel3[2]	16.4%	16.6%	0.2
Share Data	**2022**	**2023**	**%**
EPS diluted (HUF) (from profit after tax)	1,288	3,693	187
EPS diluted (HUF) (from adjusted profit after tax)	2,204	3,767	71
Closing price (HUF)	10,110	15,800	56
Highest closing price (HUF)	18,600	16,030	(14)
Lowest closing price (HUF)	7,854	9,482	21
Market Capitalization (EUR billion)	7.1	11.6	63
Book Value Per Share (HUF)	14,902	15,294	3
Tangible Book Value Per Share (HUF)	14,290	14,589	2
Price/Book Value	0.7	1.0	52
Price/Tangible Book Value	0.7	1.1	53
P/E (trailing, from profit after tax)	8.2	4.5	(45)
P/E (trailing, from adjusted profit after tax)	4.8	4.4	(8)
Average daily turnover (EUR million)	24	15	(37)
Average daily turnover (million share)	0.8	0.5	(45)

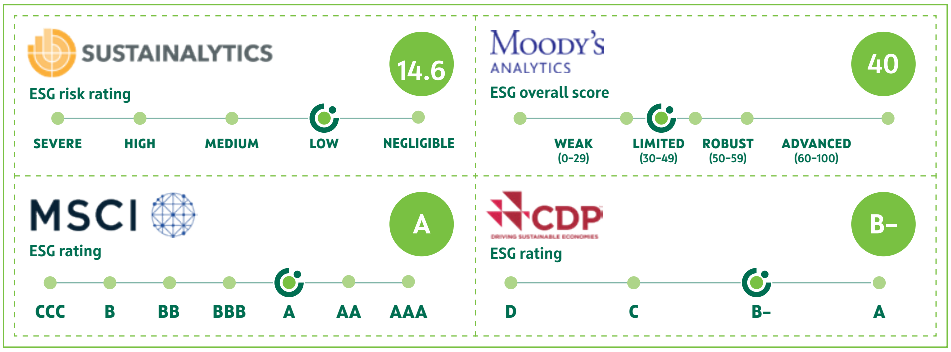
[1] Structural adjustments made on consolidated IFRS profit and loss statement as well as balance sheet, together with the calculation methodology of adjusted indicators are detailed in the *Supplementary data* section.

[2] Starting from 2023 the consolidated capital adequacy ratios for the actual period and retrospectively for the base period are based on the prudential scope of consolidation, i.e. in line with Capital Requirements Regulation (CRR). For details, see the *Supplementary data* section.

Actual credit ratings

S&P GLOBAL	
OTP Bank and OTP Mortgage Bank – FX long-term issuer credit rating	BBB-
OTP Bank – Dated subordinated FX debt	BB
MOODY'S	
OTP Bank – FX long-term deposits	Baa1
OTP Bank – Dated subordinated FX debt	Ba2
OTP Mortgage Bank – Covered bonds	A1
SCOPE	
OTP Bank – Issuer rating	BBB+
OTP Bank – Dated subordinated FX debt	BB+
LIANHE	
OTP Bank – Issuer rating (China national scale)	AAA

Actual ESG ratings



Awards

OTP Bank received six awards at the **Global Finance** magazine's Sustainable Finance Awards for 2024 competition. OTP Bank was chosen as the winner ***in one national,*** and ***four regional categories*** ("The Best bank for Sustainability Transparency, for Sustainable Project Finance, for Sustainable Financing in Emerging Markets and for ESG-Related Loans") and for the first time in the Bank's history ***in a global category.***

The local subsidiary of the OTP Group earned recognition as Bank of the Year in the framework of **The Bankers** 2023 "Bank of the Year Awards" in Albania, Croatia, Montenegro and Slovenia.

Results of the 2023 EBA stress test

OTP Bank enjoyed high rankings in the EU-level stress test survey conducted by the European Banking Authority (EBA) in 2023, which involved 70 European banks.

Fully loaded consolidated CET1 ratio and its decrease over the three-year period from 2022 to 2025 under the adverse scenario:

	CET1 rate end-2025	Ranking	CET1 rate decrease	Ranking
otpbank	14.5%	No 13	–0.77%p	No 4

CORPORATE STRATEGY

OTP Group is the leading universal banking group in Central and Eastern Europe, and one of the most successful financial institutions in Europe.

OTP Group's strategic objective is to meet the needs and expectations of its customers, investors, and employees at the highest possible level, and to set a positive example from environmental, social and corporate governance perspective even at international level.

Our skilled and helpful staff, state-of-the-art IT solutions, and universal yet customisable product offering make us a trustworthy partner for customers in eleven countries of the Central and Eastern European region, and in Uzbekistan in Central Asia. The impressive performance of our employees and the value they create are important building blocks of OTP Group's results. We provide regular training courses to support our highly qualified professionals. OTP Group's innovations also enhance our competitiveness and contribute to further strengthening our international position.

The pillars of our strategy are stability & sustainability, growth, innovation, and profitability.

Stability & sustainability

OTP Group's excellent capital and liquidity position provide the fundamentals for stable operation and growth throughout economic cycles. In addition to full compliance with European and local regulations, we promote transparency and prudence, while laying great emphasis to maintaining stability at all times. OTP Group is committed to enforcing

sustainability principles in its socio-economic role and in serving customers, as well as in its own operations. Accordingly, OTP Group aims to be the regional leader in financing a fair and gradual transition to a low-carbon economy and building a sustainable future through our responsible solutions.
As part of our social activities, we make a positive impact through our financial awareness raising and donation programmes, and extensive civil society partnerships. As a responsible employer, we have designed complex programmes for employee well-being.

Growth

We believe in the future of the Central and Eastern European region and intend to actively contribute to its progress. Our products and services are designed to help the region grow faster than the EU average. We aim to increase our market share on all our CEE markets through organic growth and acquisitions.
We entered Uzbekistan in 2023 with an aim of capitalizing on growth opportunities while becoming the leading retail bank in this underpenetrated market, also supporting the development and transition of the local economy.
Our acquisition strategy is based on creating shareholder value by achieving optimal scale of economics and leveraging OTP's expertise in the regional markets. We keep exploring new acquisition opportunities, primarily in the CEE region, and in other countries with high growth potential, too.

Innovation

To meet our customers' needs, we develop convenient and contemporary services that are easy and fast to access anytime, from anywhere. OTP Bank's innovations are popular for a good reason – millions of customers use our products and services regularly.
Digital developments contribute to enhancing customer experience as well as to improving the efficiency of business processes. To explore new directions and opportunities, we have established our own futurology team, and are incorporating best practices. We have hundreds of developments underway. We are partnering with the region's leading fintech companies and have made considerable progress in building beyond-banking ecosystems, in addition to building our own successful fintech company.

Profitability

Profitability is crucial for maintaining stable operations, as well as for continuous development and renewal. Our long-term profitability is underpinned by the revenue margin supported by excellent customer experience and cost-efficient processes, along with geographical diversification, which has been increasing in recent years.
The market recognizes our success in creating shareholder value through favourable valuation compared to European and regional peers.

MANAGEMENT'S ANALYSIS OF THE FULL-YEAR 2023 RESULTS OF OTP GROUP

In 2023 the operating environment in Hungary was shaped mainly by the combined impact of the y-o-y declining GDP (–0.9%), the high underlying interest rate environment, as well as the government and central bank measures. On the positive side, from the second half of the year the declining CPI trend accelerated and made room for continuing central bank rate cuts. The base rate dropped to 10.75% by year-end, against 18% O/N rate at the beginning of the year. The December CPI moderated to 5.5%, thus the annual inflation rate was 17.6%. The government tried to reinvigorate the benign lending activity through focused measures: voluntary rate caps by banks in new SME and mortgage loans, lower downpayment requirements in case of first homes, Family Subsidy Scheme Plus, subsidized loan schemes. Furthermore, the government extended the interest rate cap on certain SME and housing loan volumes until 1 April 2024 and 30 June, respectively.

On the Group level, all countries enjoyed positive y-o-y GDP growth, and with inflation levels lower than in Hungary, the setback in lending activity was less material, in a couple of markets even significant volume increase occurred. This, and the 3% y-o-y loan growth in Hungary despite economic recession, brought the consolidated FX-adjusted organic performing loan volume growth to 6%, with the overall portfolio quality still demonstrating stable picture.

It was positive that the consolidated NIM kept improving. The key liquidity ratios remained stable and deposit volumes grew at most Group members, thus the deposit book increased by 7% y-o-y (FX-adjusted). The CET1 ratio grew further to 16.6%.

In 2023 two acquisitions were executed: in February the purchase of the Slovenian NKBM manifested the biggest ever M&A transaction by OTP Bank, in June the purchase of Ipoteka Bank in Uzbekistan was completed. The two banks contributed 11 and 6 months earnings to the consolidated annual profit, respectively. The transactions elevated to Group's total asset base by around EUR 14 billion, as a result it exceeded EUR 100 billion by the end of 2023.

Consolidated earnings: the annual net results reached HUF 990.5 billion; y-o-y improving NIM, stable credit quality, 6% and 7% y-o-y increase in organic performing loan volumes and deposit (FX-adjusted), improving capital ratios

The consolidated profit after tax of OTP Group rose to HUF 990.5 billion, an increase of almost 3 times y-o-y, as a result the annual ROE improved to 27.2% (+16.2 pps y-o-y).

The balance of adjustment items showed –HUF 18 billion against –HUF 245 billion a year ago. Those items which were a drag on 2022 earnings and were related to the Russian–Ukrainian war practically disappeared or dropped substantially, namely goodwill impairment and the impairment recognized on the Russian government bonds, furthermore the balance of special taxes in Hungary also dropped by around 1/3 y-o-y. At the same time the negative impact of the interest rate caps stayed in place: besides Hungary, Serbia also introduced such measure. The single most important positive item was the badwill impact booked in relation to the Slovenian and Uzbek acquisitions. Accordingly, in 2023 the following main adjustment items were booked:

- +HUF 64.9 billion acquisition effects;
- –HUF 62.6 billion Hungarian special banking taxes;
- –HUF 32.9 billion interest rate cap extension (in Hungary) or introduction (in Serbia);
- +HUF 12.4 billlion other adjustment items.

The cross-currency rate moves distorted the earning lines mainly in case of the Ukrainian and Russian operations: the average HUF rate against UAH and RUB appreciated by 16% and 26% y-o-y, respectively.

With the exception of Ipoteka Bank all Group members were profitable in 2023. Most of the subsidiaries demonstrated material profit improvement y-o-y, the Bulgarian operation's adjusted earnings exceeded HUF 200 billion, while the *pro forma* Slovenian operation posted a profit after tax close to HUF 130 billion; the combined profit incorporated only 11 months net earnings contribution from NKBM.

Ipoteka Bank, Uzbekistan posted HUF 22 billion negative results in 2H 2023 mainly due to the significant amount of credit risk costs.

The overall performance of OTP Group was shaped mainly by the y-o-y 45% increase in operating profit, but total risk costs also dropped by 78% y-o-y. Within the dynamic, y-o-y 34% increase of total income the net interest income surged by 33%, whereas net fees & commissions grew by lower pace, +20% y-o-y. Other non-interest income jumped by 73%. Adjusted for the two acquisitions in 2023, the FX-adjusted operating income grew by 37%, total income by 28%, NII by 25% and NF&C by 15%, respectively.

The consolidated annual NIM improved by 42 bps y-o-y reaching 3.93%. Apart from the Hungarian, Ukrainian and Moldovan markets, elsewhere there was trend of interest rate increases that had a positive impact on both NII and NIMs. In 2023 as a whole, the Bulgarian, Slovenian, Serbian, Croatian, Montenegrin, Albanian and Ukrainian NIMs all improved y-o-y, whereas in other markets they dropped, though by different magnitude. In Hungary, the y-o-y 13 bps decline was induced by the changes in the mandatory reserve requirement and the balance sheet structure: as a result of acquisitions, on the assets side the weight of non-interest bearing subsidiary investments increased, while on the liability side the portion of MREL-eligible bonds grew at the expense of household deposits.

The amount of the annual operating expenses increased by 22% y-o-y, the high, though declining inflation had its negative impact on all cost items. The consolidated cost-to-income ratio improved further and reached 43.3% (-4.3 pps y-o-y). Without acquisitions the FX-adjusted operating expenses increased by 17% y-o-y.

The amount of consolidated total risk costs amounted to -HUF 38.5 billion, less than a quarter of the balance booked in 2022; without the impact of acquisitions the total risk cost showed a positive balance of HUF 20 billion. Within that, the provisions for impairment on loan losses amounted to -HUF 35 billion (2022: -HUF 135 billion). The annual risk cost rate moderated to 16 bps (-56 bps y-o-y), bulk of that was related to impairments in Uzbekistan.

The quality of the consolidated credit portfolio remained stable with the major credit quality indicators shaping favourably. The Stage 3 ratio under IFRS 9 comprised 4.3% of the gross loans at the end of 4Q 2023, underpinning a 0.6 pp y-o-y decrease. The own coverage ratio of Stage 3 exposures was close to 61% at the end of 2023.

In case of Ipoteka Bank problem loans concentrated in three segments: in a broader sense agriculture, but also in cotton and textile industries. Within agriculture fishery, green house cultivation and hydro cultures, but also the cotton industry were behind the badwill adjustment. The reasons which caused the badwill adjustment and the increase of the non-performing exposures emerged before the acquisition, but their effects materialized only in a later stage. The Risk Division of Ipoteka Bank, including the unit responsible for corporate clients has been reorganized during the summer of 2023. Also, the realignment of the activity in connection with loan restructurings, delinquent exposures and debt collection is in progress. Parallel to this, centralization of the branch activities is a priority, too. This reorganization process at Ipoteka Bank receives great attention from the management both on local and parent bank levels.

The FX-adjusted consolidated performing (Stage 1+2) loan volumes got close to HUF 21,500 billion by year-end. In 2023 the loan portfolio grew by 6% y-o-y organically (FX-adjusted).

As for individual Group members, the Russian, Bulgarian and Croatian operations demonstrated the largest FX-adjusted volume expansion with 26%, 20% and 8% y-o-y growth. The biggest drop was suffered by the Ukrainian subsidiary (–22%y-o-y).

FX-adjusted deposits on a consolidated level got close to HUF 29,500 billion. The consolidated net loan/(deposit + retail bond) ratio moderated to 72%.

In 2023 OTP Bank issued altogether EUR 2 billion MREL-eligible bonds of which around EUR 1.7 billion through public deals in forms of Tier2 and Senior Preferred bonds. Besides, the Bank also utilized private placement and bilateral loan facilities with EUR 185 million Senior Non-Preferred and EUR 110 million Senior Preferred bonds. As a result, the actual MREL ratio for the OTP's resolution group comfortably exceeded the mandatory minimum level of 23.96% set from 1 January 2024.

In the case of Ukraine and Russia OTP management applies a "going concern" approach, however in Russia the management is still considering all strategic options, bearing in mind that any future solution should be strictly within the framework and in accordance with applicable local and international regulations. In 2H 2023 the Russian Central Bank approved twice a dividend payment by OTP's Russian subsidiary with a total amount of RUB 13.4 billion. If the Russian entity was deconsolidated and the outstanding gross intragroup exposures were written off as well, the effect for the consolidated CET1 ratio would be –11 bps, whereas in the Ukraine the negative effect would be 2 bps.

Consolidated capital adequacy ratio (in accordance with BASEL III)

At the end of 2023, the consolidated CET1 ratio under the prudential scope of consolidation according to IFRS was 16.6% . This equals to the Tier 1 ratio. Consolidated CAR increased to 18.9%.

At the end of 2023, the effective regulatory minimum requirement for the consolidated Tier1 capital adequacy ratio was 11.5% which also incorporated the effective SREP rate, whereas the minimum CET1 requirement was 9.6%.

The components of the capital requirements were shaped by the following recent changes:

- The SREP rate for 2023 was 125%, inducing an additional 2% capital requirement in terms of the consolidated CAR ratio. According to the information of NBH the SREP rate was reduced to 120% effective from 1 January 2024, as a result the additional capital requirement moderated to 1.6%.
- Effective from 1 July 2020 the original level of O-SII capital buffer (2%) was modified to 0% by the NBH until 31 December 2021. The gradual rebuilding started on 1 January 2022, its level was 1% in 2023 and on 1 January 2024 it will reach the original 2%.
- The effective rate of the countercyclical capital buffer in Bulgaria is 2%, in Croatia and Romania 1%, and 0.5% in Slovenia, respectively. Accordingly, on Group level the countercyclical capital buffer was 0.5% as of 31 December 2023. In Hungary the currently effective countercyclical capital buffer is 0%, however from 1 July 2024 NBH will introduce a 50 bps buffer requirement. With such change taking effect locally, on consolidated level the countercyclical capital buffer is expected to increase to 0.7% by the end of 2024.

MREL adequacy

As a result of MREL-eligible issuances completed in 2023 by 4Q 2023 OTP Group reached an MREL adequacy ratio of 25.1% versus the minimum mandatory requirement of 23.96% effective from 1 January 2024.

Credit rating, shareholder structure

In 2023 the effective credit ratings were as follows:

- OTP Bank's long-term issuer credit rating by S&P Global is 'BBB-', the outlook is stable; the credit rating of the dated Tier2 instrument is 'BB';

- the dated subordinated FX debt rating by Moody's was downgraded from 'Ba1' to 'Ba2' in February, while the Senior Preferred bond rating is 'Baa3'. OTP Mortgage Bank's long-term issuer rating is 'Baa3', whereas the mortgage bond rating is 'A1'. The long-term FX deposit rating of OTP Bank Plc. remained unchanged at 'Baa1'. The outlook is stable for all ratings;
- OTP Bank Plc.' issuer rating at Scope Ratings is 'BBB+' and the subordinated debt rating 'BB+', respectively; the outlook was changed from negative to stable in November 2023;
- in April the Chinese Lianhe Credit Rating Co. gave 'AAA' Long-Term Issuer Credit Rating (China national scale) for OTP Bank Plc.'s, the outlook is stable.

Regarding the ownership structure of the Bank, on 31 December 2023 the following investors had more than 5% influence (voting rights) in the Company: MOL (the Hungarian Oil and Gas Company, 8.59%), and Groupama Group (5.10%).

SUMMARY OF ECONOMIC POLICY MEASURES MADE IN THE LAST PERIOD AND OTHER IMPORTANT DEVELOPMENTS, AS WELL AS POST-BALANCE SHEET EVENTS

Post-balance sheet events cover the period until 20 February 2024.

Hungary

- On 23 January 2024 OTP Bank announced that notes were issued with a value date of 31 January 2024, in the aggregate nominal amount of EUR 600 million. The 5 years, Non-Call 4 years Senior Preferred Notes were priced on 23 January 2024.
- On 26 January 2024 Scope Ratings affirmed Hungary's long-term local- and foreign-currency issuer and senior unsecured debt ratings at 'BBB' with stable outlook.
- On 29 January 2024 the Ministry for National Economy announced that following discussions between the Government and the Banking Association, based on the banks' voluntary commitment, from 1 February to 1 May 2024, the interest margin above BUBOR rate for newly contracted Hungarian Forint-based,variable-rate corporate loan contracts (regardless of the purpose of the loan) will be 0%, and the margin will remain at 0% for 6 months from the date of disbursement of the loan, after which it may return to the normal level. At the same time, the Government indicated that the rate cap on outstanding variable rate MSE loans, which expires on 1 April 2024 according to the current legislation, will not be further extended.
- On 30 January 2024 the National Bank of Hungary cut its key policy rate by 75 bps to 10.0%.
- On 2 February 2024 OTP Bank announced that it decided to terminate the project aiming at establishing a consumer finance joint venture company with its partners in China with a 15% shareholding, as the condition precedents were not fulfilled until the pertaining contractual deadlines.
- On 9 February 2024 OTP Bank announced that it concluded a share sale and purchase agreement to sell its directly and indirectly owned 100% shareholding in OTP Bank Romania S.A. to Banca Transilvania S.A. ('BT'). OTP Group is also selling its 100% share-holdings in its other Romanian subsidiaries, OTP Leasing Romania IFN S.A. and OTP Asset Management S.A.I. S.A. to BT under the trans-

action. The selling price is EUR 347.5 million which is smaller than the net asset value of the to be sold subsidiaries recognized in the consolidated accounts, accordingly the transaction resulted in a negative P&L impact of HUF 59.5 billion (after tax) on consolidated level, booked in 4Q 2023. As a result of the transaction, at the time of the closing of the deal the consolidated capital adequacy ratio is expected to improve by 52 bps. The financial closing of the transaction is expected in 2024 subject to the necessary regulatory approvals.

- On 12 February 2024 OTP Bank received a single permission from the Hungarian National Bank for the repurchase of treasury shares, accordingly the Bank is entitled to repurchase its own shares in the amount of HUF 60 billion until 31 December 2024. The total amount specified in the permission shall immediately be deducted from the own funds in accordance with the law.

Moldova

- On 4 February 2024 the central bank cut the base rate by 50 bps to 4.25%.

CONSOLIDATED PROFIT AFTER TAX BREAKDOWN BY SUBSIDIARIES (IFRS)[3]

Methodological note: starting from 2023 the segmentation of the Hungarian operation has been changed: in contrast to the previous practice, starting from 2023 Corporate Centre was no longer carved out of the OTP Core segment. In the affected tables of this report, the 2022 base periods were presented both under the old and the new segment definitions. The q-o-q and y-o-y changes presented in the affected tables are calculated from the restated figures. For details, see chapter 'Methodological note: change in the segmentation of OTP Core and Corporate Centre' in the 'Supplementary Data' section.

	2022 as prevoiusly reported HUF million	2022 restated HUF million	2023 HUF million	Change %/pps
Consolidated profit after tax	**347,081**	**347,081**	**990,459**	**185**
Adjustments (total)	**(245,466)**	**(245,466)**	**(18,123)**	**(93)**
Consolidated adjusted profit after tax	**592,547**	**592,547**	**1,008,583**	**70**
Banks total[1]	535,717	538,685	946,279	76
OTP Core (Hungary)[2]	253,232	256,200	302,935	18
DSK Group (Bulgaria)[3]	119,885	119,885	201,992	68
OTP Bank Slovenia[4]	23,860	23,860	128,730	440
OBH (Croatia)[5]	42,801	42,801	53,959	26
OTP Bank Serbia[6]	36,873	36,873	68,026	84
OTP Bank Albania[7]	10,175	10,175	15,032	48
CKB Group (Montenegro)[8]	9,791	9,791	21,814	123
Ipoteka Bank (Uzbekistan)[9]	-	-	(21,857)	
OTP Bank Russia[10]	42,548	42,548	95,665	125
OTP Bank Ukraine[11]	(15,922)	(15,922)	45,184	(384)
OTP Bank Romania[12]	3,071	3,071	20,099	554
OTP Bank Moldova	9,403	9,403	14,700	56
Leasing	10,971	10,971	10,267	(6)
Merkantil Group (Hungary)[13]	10,971	10,971	10,267	(6)
Asset Management	9,621	9,621	19,861	106
OTP Asset Management (Hungary)	9,357	9,357	19,673	110
Foreign Asset Management Companies[14]	263	263	188	(29)
Other Hungarian Subsidiaries	27,645	27,645	30,570	11
Other Foreign Subsidiaries[15]	(141)	(141)	986	(797)
Corporate Centre[16]	2,968	-	-	
Eliminations	5,767	5,767	620	(89)
Profit after tax of the Hungarian operation[17]	167,057	167,057	519,025	211
Adjusted profit after tax of the Hungarian operation[17]	303,873	303,873	365,979	20
Profit after tax of the Foreign operation[18]	180,024	180,024	471,434	162
Adjusted profit after tax of the Foreign operation[18]	288,674	288,674	642,604	123
Share of Hungarian contribution to the adjusted profit after tax	51%	51%	36%	(15)
Share of Foreign contribution to the adjusted profit after tax	49%	49%	64%	15

[3] Belonging footnotes are in the Supplementary data section of the Report.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Main components of the adjusted Statement of recognized income	2022 HUF million	2023 HUF million	Change %
Consolidated profit after tax	**347,081**	**990,459**	**185**
Adjustments (total, after corporate income tax)	**(245,466)**	**(18,123)**	**(93)**
Dividends and net cash transfers (after tax)	1,927	(1,911)	
Goodwill/investment impairment charges (after tax)	(59,254)	(3,919)	(93)
Special tax on financial institutions (after tax)	(91,353)	(62,551)	(32)
Expected one-off negative effect of the debt repayment moratorium in Hungary (after tax)	(2,473)	0	
Expected one-off effect of the interest rate cap for certain loans in Hungary and Serbia (after tax)	(36,585)	(32,898)	(10)
Effect of the winding up of Sberbank Hungary (after tax)	(10,389)	10,389	
Effect of acquisitions (after tax)	(15,594)	64,886	
Result of the treasury share swap agreement (after tax)	3,028	10,680	253
Impairments on Russian government bonds at OTP Core and DSK Bank booked from 2022 (after tax)	(34,775)	(2,799)	(92)
Consolidated adjusted profit after tax	**592,547**	**1,008,583**	**70**
Profit before tax	**690,022**	**1,222,328**	**77**
Operating profit	**868,487**	**1,260,850**	**45**
Total income	**1,656,571**	**2,224,584**	**34**
Net interest income	**1,093,579**	**1,459,694**	**33**
Net fees and commissions	**397,118**	**478,146**	**20**
Other net non-interest income	**165,874**	**286,745**	**73**
Foreign exchange result, net	90,691	123,314	36
Gain/loss on securities, net	1,579	1,994	26
Net other non-interest result	73,604	161,436	119
Operating expenses	**(788,084)**	**(963,734)**	**22**
Personnel expenses	(396,304)	(503,959)	27
Depreciation	(84,663)	(95,561)	13
Other expenses	(307,117)	(364,215)	19
Total risk costs	**(178,465)**	**(38,521)**	**(78)**
Provision for impairment on loan losses	(135,231)	(34,781)	(74)
Other provision	(43,234)	(3,741)	(91)
Corporate taxes	**(97,475)**	**(213,746)**	**119**
Indicators	**2022**	**2023**	**%/pps**
ROE (from profit after tax)	11.0%	27.2%	16.2
ROE (from adjusted profit after tax)	18.8%	27.7%	9.0
ROA (from adjusted profit after tax)	1.9%	2.7%	0.8
Operating profit margin	2.78%	3.39%	0.61
Total income margin	5.31%	5.99%	0.67
Net interest margin	3.51%	3.93%	0.42
Net fee and commission margin	1.27%	1.29%	0.01
Net other non-interest income margin	0.53%	0.77%	0.24
Cost-to-asset ratio	2.53%	2.59%	0.07
Cost/income ratio	47.6%	43.3%	(4.3)
Provision for impairment on loan losses-to-average gross loans ratio	0.73%	0.16%	(0.56)
Total risk cost-to-asset ratio	0.57%	0.10%	(0.47)
Effective tax rate	14.1%	17.5%	3.4
Non-interest income/total income	34%	34%	0
EPS base (HUF) (from profit after tax)	1,289	3,695	187
EPS diluted (HUF) (from profit after tax)	1,288	3,693	187
EPS base (HUF) (from adjusted profit after tax)	2,204	3,769	71
EPS diluted (HUF) (from adjusted profit after tax)	2,204	3,767	71
Comprehensive Income Statement	**2022**	**2023**	**%**
Consolidated profit after tax	347,081	990,459	185
Fair value changes of financial instruments measured at fair value through other comprehensive income	(119,377)	78,419	
Foreign currency translation difference	179,622	(200,928)	
Change of actuarial costs (IAS 19)	1,016	(400)	
Net comprehensive income	**408,342**	**864,843**	**112**
o/w Net comprehensive income attributable to equity holders	407,695	863,714	112
Net comprehensive income attributable to non-controlling interest	647	1,129	74

Average exchange rate* of the HUF	2022 HUF	2023 HUF	Change %
HUF/EUR	391	382	(2)
HUF/CHF	390	393	1
HUF/USD	373	353	(5)

* Exchange rates presented in the tables of this report should be interpreted as follows: the value of a unit of the other currency expressed in Hungarian forint terms, i.e. HUF/EUR represents the HUF equivalent of one EUR.

ASSET-LIABILITY MANAGEMENT

Similar to previous periods OTP Group maintained a strong and safe liquidity position…

The primary objective of OTP Bank in terms of asset-liability management has not changed, that is to ensure that the Group's liquidity is maintained at a safe level. Refinancing sources of the European Central Bank are available for OTP (ECB repo eligible securities portfolio on Group level exceeded EUR 5.5 billion).
Total liquidity reserves of OTP Bank remained steadily and substantially above the safety level. As at 31 December 2023 the gross liquidity buffer was around EUR 9.8 billion equivalent. The level of these buffers is significantly higher than the maturing debt within one year and the reserves required to manage possible liquidity shocks.

As at 31 December 2023 OTP Group's consolidated liquidity coverage (LCR) ratio was 246% (4Q 2022: 172%) while NSFR compliance has remained comfortable (4Q 2023: 153%).
The volume of issued securities more than doubled on a consolidated basis y-o-y. The increase was driven both by bond issuances of OTP Bank and by the completed acquisitions during the period. In order to optimize capital structure and meet MREL (Minimum Requirements for Own Funds and Eligible Liabilities) requirements, OTP Bank issued bonds in different currencies on the international capital markets several times in 2023. In February USD 650 million Tier2 notes were issued, while OTP Bank sold Senior Preferred bonds on three occasions: USD 500 million in May, EUR 650 million and RON 170 million in October. Senior Non-Preferred bonds have also been issued:

EUR 110 million in June and EUR 75 million in December. The net outstanding amount of retail bonds issued by OTP Bank in the domestic capital market increased by HUF 165 billion in 2023. On the other hand, bonds issued by Nova KBM and Ipoteka Bank in the notional amount of HUF 485 billion equivalent were consolidated as part of the completed acquisitions. In June, Nova KBM issued Senior Preferred bonds on the international capital markets in the amount of EUR 400 million.

...and kept its interest-rate risk exposures low

Due to the liabilities, which respond to yield changes only to a moderate extent, the Bank has an interest-rate risk exposure resulting from its business operations. The Bank considers the reduction and closing of this exposure as a strategic matter.

Besides the interest rate cap measures introduced in 2022, further regulatory/governmental measures distorted the Bank's balance sheet structure in 2023, therefore the stock of HUF denominated variable interest rate assets decreased further resulting in a change in the HUF interest rate risk position that can be considered nearly closed, currently. Due to the upcoming maturities of the long-term HUF liquid asset portfolio and the operating profit accumulation the stock of variable assets is expected to increase as time passes. Because of the surplus of variable interest rate assets compared to variable interest rate liabilities the net interest income of the EUR (and BGN) denominated portfolio correlates with the rise in money market interest rates: the loans get repriced typically in 3–6 months, the interest rate swaps (IRS) in 6 months, and other liquid assets within 1–3 months. On the deposit side the repricing is not automatic, its extent and speed depends on the level of interest rates and the liquidity position of the Bank. The increase in the interest environment did not cause significant repricing in case of deposits, consequently, and due to the increased nominal yield levels, the Bank Group decided to change its liquid asset placement practice in the second half of the year through increasing the duration of liquid assets, and furthermore it entered into fixed interest rate receiver swap positions, to defend the Bank Group's net interest income from the negative effects of potential decrease in the EUR yields.

Market Risk Exposure of OTP Group

The consolidated capital requirement of the trading book positions, the counterparty risk and the FX risk exposure represented HUF 47.7 billion in total.

OTP Group is an active participant of the international FX and derivative market. Open FX positions of group members are restricted to individual and global net open position limits (overnight and intraday), and to stop-loss limits. The open positions of the group members outside Hungary except for the Bulgarian DSK Bank – the EUR/BGN exposure of DSK under the current exchange rate regime does not represent real risk – were negligible measured against either the balance sheet total or the regulatory capital. Therefore, the group level FX exposure was concentrated at OTP Bank.

In order to mitigate the FX rate sensitivity of the consolidated equity, OTP Bank Plc. has opened a short euro open FX position; the revaluation result of which is recognised directly against equity.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OTP GROUP

Main components of the adjusted balance sheet	2022 HUF million	2023 HUF million	Change %
TOTAL ASSETS	**32,804,210**	**39,609,144**	**21**
Cash, amounts due from Banks and balances with the National Banks	4,221,392	7,324,636	74
Placements with other banks, net of allowance for placement losses	1,351,081	1,575,145	17
Securities at fair value through profit or loss	436,387	290,975	(33)
Securities at fair value through other comprehensive income	1,739,603	1,640,891	(6)
Net customer loans	18,640,624	21,447,380	15
Net customer loans (FX-adjusted*)	**17,929,314**	**21,447,380**	**20**
Gross customer loans	19,643,558	22,466,415	14
Gross customer loans (FX-adjusted*)	**18,858,498**	**22,466,415**	**19**
Gross performing (Stage 1+2) customer loans (FX-adjusted*)	**17,946,407**	**21,496,534**	**20**
o/w Retail loans	9,296,956	11,650,463	25
Retail mortgage loans (incl. home equity)	4,657,067	5,808,199	25
Retail consumer loans	3,845,614	4,853,359	26
SME loans	794,275	988,906	25
Corporate loans	7,403,482	8,498,051	15
Leasing	1,245,969	1,348,020	8
Allowances for loan losses	(1,002,933)	(1,019,035)	2
Allowances for loan losses (FX-adjusted*)	(929,184)	(1,019,035)	10
Associates and other investments	73,849	96,346	30
Securities at amortized costs	4,891,938	5,475,701	12
Tangible and intangible assets, net	738,105	878,949	19
o/w Goodwill, net	68,319	66,932	(2)
Tangible and other intangible assets, net	669,786	812,017	21
Other assets	711,230	879,121	24
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**32,804,210**	**39,609,144**	**21**
Amounts due to banks, the National Governments, deposits from the National Banks and other banks, and Financial liabilities designated at fair value through profit or loss	1,517,349	2,013,333	33
Deposits from customers	25,188,805	29,428,284	17
Deposits from customers (FX-adjusted*)	**24,320,092**	**29,428,284**	**21**
o/w Retail deposits	15,760,368	19,322,905	23
Household deposits	13,166,546	16,090,066	22
SME deposits	2,593,823	3,232,839	25
Corporate deposits	8,529,476	10,105,378	18
Accrued interest payable related to customer deposits**	30,247	0	(100)
Liabilities from issued securities	870,682	2,095,548	141
o/w Retail bonds	35,766	201,131	462
Liabilities from issued securities without retail bonds	834,916	1,894,418	127
Other liabilities	1,603,078	1,414,790	(12)
Subordinated bonds and loans	301,984	562,396	86
Total shareholders' equity	**3,322,312**	**4,094,793**	**23**

Indicators	2022	2023	%/pps
Loan/deposit ratio (FX-adjusted*)	78%	76%	(1)
Net loan/(deposit + retail bond) ratio (FX-adjusted*)	74%	72%	(1)
Stage 1 loan volume under IFRS 9	16,387,792	18,570,222	13
Stage 1 loans under IFRS 9/gross customer loans	83.4%	82.7%	(0.8)
Own coverage of Stage 1 loans under IFRS 9	1.0%	0.9%	(0.1)
Stage 2 loan volume under IFRS 9	2,286,597	2,926,312	28
Stage 2 loans under IFRS 9/gross customer loans	11.6%	13.0%	1.4
Own coverage of Stage 2 loans under IFRS 9	10.7%	9.2%	(1.6)
Stage 3 loan volume under IFRS 9	969,169	969,881	0
Stage 3 loans under IFRS 9/gross customer loans	4.9%	4.3%	(0.6)
Own coverage of Stage 3 loans under IFRS 9	61.0%	60.8%	(0.2)

* For the FX-adjustment, the closing cross currency rates for the current period were used in order to calculate the HUF equivalent of loan and deposit volumes in the base periods.

** Starting from 2023, the accrued interest payable related to customer deposits is presented on the deposits from customers line.

Consolidated capital adequacy – Basel3, IFRS, according to prudential scope of consolidation	2022	2023	%/pps
Capital adequacy ratio	17.8%	18.9%	1.1
Tier1 ratio	16.4%	16.6%	0.2
Common Equity Tier1 ('CET1') capital ratio	16.4%	16.6%	0.2
Own funds	3,671,104	4,475,380	22
o/w Tier1 Capital	3,383,161	3,945,570	17
o/w Common Equity Tier1 capital	3,383,161	3,945,570	17
Tier2 Capital	287,944	529,810	84
Consolidated risk weighted assets (RWA) (Credit & Market & Operational risk)	20,607,706	23,700,282	15
o/w RWA (Credit risk)	18,679,480	21,275,002	14
RWA (Market & Operational risk)	1,928,226	2,425,281	26
Closing exchange rate of the HUF	**2022 HUF**	**2023 HUF**	**Change %**
HUF/EUR	400	383	(4)
HUF/CHF	407	412	1
HUF/USD	376	346	(8)

OTP BANK'S HUNGARIAN CORE BUSINESS

Methodological note: starting from 2023 the segmentation of the Hungarian operation has been changed: in contrast to the previous practice, starting from 2023 Corporate Centre was no longer carved out of the OTP Core segment. In the affected tables of this report, the 2022 base periods were presented both under the old and the new segment definitions.

The q-o-q and y-o-y changes presented in the affected tables are calculated from the restated figures. For details, see chapter 'Methodological note: change in the segmentation of OTP Core and Corporate Centre' in the 'Supplementary Data' section.

Starting from 2023 OTP Ecosystem Ltd. was eliminated from OTP Core.

OTP Core Statement of recognized income:

Main components of the Statement of recognised income	2022 as prevoiusly reported HUF million	2022 restated HUF million	2023 HUF million	Change %
Profit after tax without received dividend	27,274	30,242	313,143	935
Dividend received from subsidiaries	107,907	107,907	187,726	74
Profit after tax	**135,181**	**138,149**	**500,869**	**263**
Adjustments (total, after tax)	(118,051)	(118,051)	197,934	
Adjusted profit after tax	**253,232**	**256,200**	**302,935**	**18**
Profit before tax	296,672	300,094	366,502	22
Operating profit	294,257	297,679	341,049	15
Total income	637,469	642,520	751,953	17
Net interest income	412,611	417,662	432,651	4
Net fees and commissions	176,830	176,830	197,104	11
Other net non-interest income	48,028	48,028	122,198	154
Operating expenses	(343,212)	(344,841)	(410,904)	19
Total risk costs	2,415	2,415	25,452	954
Provision for impairment on loan losses	32,850	32,850	15,370	(53)
Other provisions	(30,435)	(30,435)	10,083	
Corporate income tax	(43,440)	(43,894)	(63,566)	45
Indicators	**2022 as prevoiusly reported**	**2022 restated**	**2023**	**pps**
ROE (adjusted)	12.6%	12.7%	14.2%	1.5
ROA (adjusted)	1.6%	1.5%	1.6%	0.1
Operating profit margin	1.8%	1.7%	1.8%	0.1
Total income margin	3.97%	3.68%	3.94%	0.26
Net interest margin	2.57%	2.39%	2.26%	(0.13)
Net fee and commission margin	1.10%	1.01%	1.03%	0.02
Net other non-interest income margin	0.30%	0.27%	0.64%	0.36
Operating costs to total assets ratio	2.1%	2.0%	2.2%	0.2
Cost/income ratio	53.8%	53.7%	54.6%	1.0
Provision for impairment on loan losses/average gross loans*	(0.55%)	(0.55%)	(0.23%)	0.31
Effective tax rate	14.6%	14.6%	17.3%	2.7

* Negative Provision for impairment on loan and placement losses/average gross loans ratio implies positive amount on the *Provision for impairment on loan and placement losses* line.

Main components of OTP Core's Statement of financial position:

Main components of balance sheet (closing balances)	2022 as prevoiusly reported HUF million	2022 restated HUF million	2023 HUF million	Change %
Total Assets	15,758,292	17,596,229	18,459,423	5
Financial assets* (net)	7,438,066	9,270,006	9,630,766	4
Net customer loans	**6,278,620**	**6,278,620**	**6,329,293**	**1**
Net customer loans (FX-adjusted)	**6,213,791**	**6,213,791**	**6,329,293**	**2**
Gross customer loans	6,528,001	6,528,001	6,597,968	1
Gross customer loans (FX-adjusted)	6,460,305	6,460,305	6,597,968	2
Stage 1+2 customer loans (FX-adjusted)	**6,139,203**	**6,139,203**	**6,335,682**	**3**
Retail loans	3,482,800	3,482,800	3,752,574	8
Retail mortgage loans (incl. home equity)	1,656,950	1,656,950	1,722,826	4
Retail consumer loans	1,306,916	1,306,916	1,515,264	16
SME loans	518,933	518,933	514,485	(1)
Corporate loans	2,656,402	2,656,402	2,583,108	(3)
Provisions	(249,381)	(249,381)	(268,675)	8
Provisions (FX-adjusted)	(246,514)	(246,514)	(268,675)	9
Tangible and intangible assets (net)	222,587	222,587	296,425	33
Shares and equity investments (net)	1,447,924	1,447,924	1,890,681	31
Other assets (net)	371,094	377,091	312,258	(17)
Deposits from customers + retail bonds	11,246,795	11,246,795	10,981,387	(2)
Deposits from customers + retail bonds (FX-adjusted)	**11,098,246**	**11,098,246**	**10,981,387**	**(1)**
Retail deposits + retail bonds	6,416,859	6,416,859	6,339,542	(1)
Household deposits + retail bonds	5,012,354	5,012,354	4,927,751	(2)
o/w Retail bonds	35,766	35,766	201,131	462
SME deposits	1,404,504	1,404,504	1,411,791	1
Corporate deposits	4,681,387	4,681,387	4,641,844	(1)
Liabilities to credit institutions	1,251,653	2,313,832	2,326,311	1
Issued securities without retail bonds	471,773	949,421	1,675,963	77
Subordinated bonds and loans	0	294,186	507,277	72
Total shareholders' equity	2,016,019	2,016,019	2,371,964	18
Loan Quality	**4Q 2022 as prevoiusly reported**	**4Q 2022 restated**	**4Q 2023**	**%/pps**
Stage 1 loan volume under IFRS 9 (in HUF million)	5,457,140	5,457,140	5,312,525	(3)
Stage 1 loans under IFRS 9/gross customer loans	83.6%	83.6%	80.5%	(3.1)
Own coverage of Stage 1 loans under IFRS 9	0.8%	0.8%	0.8%	0.0
Stage 2 loan volume under IFRS 9 (in HUF million)	747,905	747,905	1,023,157	37
Stage 2 loans under IFRS 9/gross customer loans	11.5%	11.5%	15.5%	4.1
Own coverage of Stage 2 loans under IFRS 9	8.6%	8.6%	7.8%	(0.8)
Stage 3 loan volume under IFRS 9 (in HUF million)	322,956	322,956	262,285	(19)
Stage 3 loans under IFRS 9/gross customer loans	4.9%	4.9%	4.0%	(1.0)
Own coverage of Stage 3 loans under IFRS 9	43.2%	43.2%	55.9%	12.7
Market Share	**4Q 2022 as prevoiusly reported**	**4Q 2022 restated**	**4Q 2023**	**pps**
Loans	26.8%	26.8%	26.2%	(0.5)
Deposits	29.1%	29.1%	28.3%	(0.8)
Total Assets	27.6%	27.6%	28.3%	0.7
Performance Indicators	**4Q 2022 as prevoiusly reported**	**4Q 2022 restated**	**4Q 2023**	**pps**
Net loans to (deposits + retail bonds) (FX-adjusted)	56%	56%	58%	2
Leverage (closing Shareholder's Equity/Total Assets)	12.8%	11.5%	12.8%	1.4
Leverage (closing Total Assets/Shareholder's Equity)	7.8x	8.7x	7.8x	(0.9x)
Capital adequacy ratio (OTP Bank, non-consolidated, Basel3, IFRS)	19.2%	19.2%	27.6%	8.5
Common Equity Tier1 ratio (OTP Bank, non-consolidated, Basel3, IFRS)	16.3%	16.3%	22.5%	6.2

In 2023, **OTP Core** generated HUF 313 billion profit after tax without dividends from subsidiaries, as opposed to the HUF 30 billion loss in the base period.

This improvement partly stemmed from the much better balance of adjustment items: against the impairments on subsidiary investments in 2022, in 2023 impairments were reversed, and in contrast to the base period, Russian bond impairments didn't weigh on the 2023 results. Also, special banking taxes also moderated y-o-y. On the other hand, the adjusted profit after tax also improved last year, by 18%.

* Cash, amounts due from banks and balances with the National Bank of Hungary; placements with other banks; repo receivables; securities and other financial assets.

The annual operating profit went up by 15%. Within total income, net interest income grew by 4%, or HUF 15 billion. Regarding the key factors behind this change, the altogether negative effect of regulatory changes and technicalities was counterbalanced by higher rate environment and business-driven factors:

- regulatory changes and technical factors, in total: –HUF 85 billion, of which:
  - changes to the mandatory reserve rules[4] entailed HUF 45 billion negative y-o-y NII effect;
  - the issuance of MREL eligible instruments caused HUF 18 billion NII decline y-o-y;
  - due to new acquisitions, the weight of non-interest-bearing subsidiary investments increased on the asset side at the expense of interest-bearing assets, resulting in HUF 52 billion lower NII; on the other hand, the strategic short EUR position opened in February 2023 with an aim of hedging investments into the Eurozone supported NII by HUF 30 billion.
- The impact of higher rate environment, business-driven and other factors, in total: +HUF 101 billion, of which:
  - given the Bank's interest rate position, the increase in the annual average key policy rate of the central bank reduced NII by HUF 8 billion;
  - the erosion of customer deposits resulted in HUF 31 billion lower net interest income y-o-y;
  - loans granted in 2023 generated HUF 50 billion additional interest revenues;
  - in 2023 the reinvestment of lower yielding government securities into higher yielding assets improved the y-o-y NII dynamics by HUF 44 billion;
  - other effects: +HUF 46 billion in total, driven by, among others, increasing total assets, and the retroactive adjustment of subsidized housing loans' interest subsidies related to previous years.

The annual average total assets went up by 9%, while the annual net interest margin narrowed by 13 bps.

Annual net fees and commissions rose by 11% last year, mainly supported by stronger fees on deposits, transactions, cards and higher securities commissions, but lending-related fee income declined.

Twelve-month other income jumped 2.5 times, predominantly because of the positive fair value adjustment of subsidized housing loans and baby loans measured at fair value booked in 2023 (2022: –HUF 8 billion, 2023: +HUF 87 billion). This was caused by the lower discount rates used to determine the present value of future cash-flows, as a result of the shrinking yield curve.

Annual operating expenses grew by 19% in the high-inflation environment. Within that, personnel expenses increased by 30%, mostly because of the wage increases in the second half of 2022 and from March 2023, and also due to the 4% growth in the average number of employees. Amortization increased by 10%. Other general expenses grew by 10%, driven by, among others, higher IT, utility, and real estate-related costs, as well as by higher supervisory charges (National Deposit Insurance Fund and Investor Protection Fund contributions were hiked effective from end-2022).

In 2023, positive total risk costs amounted to HUF 25 billion; within that, the credit-related and the other risk cost lines also printed positive amounts. The positive amount of provision for impairment on loan losses was shaped by the releases in the second half-year owing to the improvement in macroeconomic expectations, as well as by the release of provisions in 2Q in relation to customers who performed in accordance with their contracts after leaving the debt repayment moratorium, which expired at the end of 2022. The other risk costs line was largely shaped by the release of provision for Hungarian government securities. Overall, loan quality trends remained favourable: the Stage 3 ratio sank by 1 pp y-o-y, to

[4] Starting from October 2022, the required reserve ratio rose from 1% to 5%, and then, starting from April 2023, from 5% to 10%, and the central bank diverted the interest rate paid on reserves from the overnight deposit rate (18%), and paid the base rate (13%) on them from October 2022; starting from April 2023, the central bank did not pay interest on 25% of the mandatory minimum reserve requirement. Thus the effective interest paid on required reserves dropped to 9.75% in April 2023. Starting from July 2023, 15% of the reserve requirement may be met by longer-term deposits at the central bank (paying the O/N interest rate), and the central bank does not pay interest on 25% of the remaining 85% of the minimum requirement.

4.0%, in part because of customers who left the moratorium and performed were moved into a lower risk category. The Stage 2 ratio rose by 4.1 pps y-o-y, partly because a more advanced Stage 2 classification and impairment methodology was introduced from 2Q. The own provision coverage ratio of Stage 3 loans improved by 12.7 ps y-o-y, while the cumulative own provision coverage ratio of the Stage 1+2 portfolio rose by 0.2 pp y-o-y, to 1.9%.
Regarding balance sheet developments, OTP Core's total assets grew by 5% y-o-y. The increase in performing (Stage 1+2) loans markedly slowed: the FX-adjusted dynamics was 3% in 2023, following a 15% growth rate in 2022.
In 2023, the retail segment was the driver of growth: consumer loans surged by an impressive 16%, fuelled by sustained increase in both cash loans and baby loans.
Performing mortgage loans grew by 4% y-o-y. In 2023 applications dropped by a third y-o-y, but the intra-year trend was positive: demand for mortgages rocked bottom in the first quarter, but compared to that, applications more than tripled in 4Q.
Performing corporate volumes shrank by 2% y-o-y; within that, MSE loans declined by 1% and corporate volumes contracted by 3%. However, the Széchenyi Card MAX+ and the Baross Gábor Loan Programme generated significant new loan placements: in 2023, OTP signed loan agreements in the amount ofHUF 494 billion under the Széchenyi Card MAX+ scheme, while the Baross Gábor Loan Programme reached HUF 202 billion loan applications by the end of 2023.
Deposits from customers (including retail bonds) eroded by an FX-adjusted 1% y-o-y. Retail deposits (together with retail bonds) dropped by 2% y-o-y. Overall, corporate deposits remained stable y-o-y.
As a result of the Bank's active presence on capital markets, the volume of issued securities (without retail bonds) jumped by 77% y-o-y, while subordinated debt surged by 72%.

OTP FUND MANAGEMENT (HUNGARY)

Changes in assets under management and financial performance of OTP Fund Management:

Main components of P&L account	2022 HUF million	2023 HUF million	Change %
Adjusted profit after tax	9,357	19,673	110
Income tax	(1,234)	(2,491)	102
Profit before income tax	10,592	22,165	109
Operating profit	10,678	22,193	108
Total income	14,585	27,771	90
Net fees and commissions	14,094	25,923	84
Other net non-interest income	491	1,846	276
Operating expenses	(3,907)	(5,578)	43
Other provisions	(86)	11	
Main components of balance sheet (closing balances)	**2022**	**2023**	**%**
Total assets	27,718	39,461	42
Total shareholders' equity	16,993	28,741	69
Asset under management	**2022 HUF billion**	**2023 HUF billion**	**Change %**
Assets under management, total (w/o duplicates)*	**1,782**	**3,086**	**73**
Volume of investment funds (closing, w/o duplicates)	1,388	2,609	88
Volume of managed assets (closing)	393	477	21
Volume of investment funds (closing, with duplicates)**	**1,869**	**3,532**	**89**
bond	665	1,924	190
money market	287	484	69
absolute return fund	288	370	29
equity	296	331	12
mixed	285	336	18
commodity market	49	70	45
guaranteed	0	17	

In 2023, **OTP Fund Management** generated HUF 19.7 billion profit, twice as much as in the previous year.

In 2023 net fee and commission income jumped by 84%, in accordance with the dynamic growth of managed assets. Besides, the average annual rate of fund management fee (1.25% in 2023) was 18 bps higher than in the previous year.

Annual other income nearly quadrupled, thanks to the improving results of the securities in the Company's own books.

In 2023 operating expenses exceeded the previous year's level by 43%. The rise in personnel costs stemmed from the higher bonus payments, but salary hikes and higher headcount also played a role. Within other expenses, the high inflationary environment was predominantly reflected in the elevated costs of running real estates and vehicles, but marketing expenses and expert fees also grew.

In Hungary's fund management market, the assets under management once again hit record high at the end of December 2023: the high interest rate environment led to strong inflows and positive yields. These conditions primarily supported the expansion of bond funds and money market funds.

In the case of OTP Fund Management, the assets of bond funds tripled y-o-y, thus it made up more than half of the managed funds' volumes at the end of the year. As to the remaining categories, money market funds and absolute return funds benefited from the effect of positive yields and capital inflows, but the weaker yield performance moderated equity funds' volume growth.

Overall, the volume of funds managed by OTP Fund Management exceeded HUF 3,500 billion (+89% y-o-y) at the end of December; thus it preserved its leader position (31.6%) in the securities funds market.

* The cumulative net asset value of investment funds and managed assets of OTP Fund Management, eliminating the volume of own investment funds (duplications) being managed in other investment funds and managed assets of OTP Fund Management.

** The cumulative net asset value of investment funds with duplications managed by OTP Fund Management.

MERKANTIL GROUP (HUNGARY)

Performance of Merkantil Group:

Main components of P&L account	2022 HUF million	2023 HUF million	Change %
Adjusted profit after tax	10,971	10,267	(6)
Income tax	(1,645)	(1,683)	2
Profit before income tax	12,616	11,950	(5)
Operating profit	13,930	14,954	7
Total income	24,766	28,000	13
Net interest income	22,537	26,257	17
Net fees and commissions	921	759	(18)
Other net non-interest income	1,307	983	(25)
Operating expenses	(10,836)	(13,046)	20
Total provisions	(1,314)	(3,004)	129
Provision for impairment on loan losses	(1,068)	(2,800)	162
Other provision	(246)	(203)	(17)
Main components of balance sheet (closing balances)	**2022**	**2023**	**%**
Total assets	948,735	930,761	(2)
Gross customer loans	532,054	590,510	11
Gross customer loans (FX-adjusted)	530,372	590,510	11
Stage 1+2 customer loans (FX-adjusted)	516,303	576,217	12
Retail loans	3,145	2,259	(28)
Corporate loans	130,664	150,495	15
Leasing	382,494	423,463	11
Allowances for possible loan losses	(12,436)	(13,637)	10
Allowances for possible loan losses (FX-adjusted)	(12,402)	(13,637)	10
Deposits from customers	6,151	5,028	(18)
Deposits from customer (FX-adjusted)	6,151	5,028	(18)
Retail deposits	3,713	2,838	(24)
Corporate deposits	2,438	2,190	(10)
Liabilities to credit institutions	852,738	839,730	(2)
Total shareholders' equity	57,591	61,237	6
Loan Quality	**2022**	**2023**	**%/pps**
Stage 1 loan volume under IFRS 9 (in HUF million)	453,307	533,569	18
Stage 1 loans under IFRS 9/gross customer loans	85.2%	90.4%	5.2
Own coverage of Stage 1 loans under IFRS 9	0.4%	0.8%	0.4
Stage 2 loan volume under IFRS 9 (in HUF million)	64,627	42,648	(34)
Stage 2 loans under IFRS 9/gross customer loans	12.1%	7.2%	(4.9)
Own coverage of Stage 2 loans under IFRS 9	4.5%	7.0%	2.5
Stage 3 loan volume under IFRS 9 (in HUF million)	14,120	14,293	1
Stage 3 loans under IFRS 9/gross customer loans	2.7%	2.4%	(0.2)
Own coverage of Stage 3 loans under IFRS 9	53.1%	44.1%	(9.0)
Provision for impairment on loan losses/average gross loans	0.21%	0.50%	0.29
Performance Indicators	**2022**	**2023**	**pps**
ROA	1.3%	1.1%	(0.2)
ROE	19.1%	17.4%	(1.8)
Total income margin	2.94%	3.00%	0.06
Net interest margin	2.68%	2.81%	0.13
Operating costs/Average assets	1.3%	1.4%	0.1
Cost/income ratio	43.8%	46.6%	2.8

In full year 2023, **Merkantil Group** posted HUF 10.3 billion adjusted profit after tax, which brought its ROE to 17.4%.

Operating profit grew by 7%, driven by a 13% surge in total income.

Full-year net interest income increased by 17%, supported by the extra interest income from the placement of liquid assets, and also because the average interest rate of the loan book increased y-o-y, thanks to new loan placements at higher rates and the repricing of existing loans.

Full-year operating expenses grew by 20%, owing to base salary hikes and higher bonus payments, the increase in IT, marketing, and consulting costs, as well as higher amortization.

The total risk costs line printed HUF 3 billion in 2023.

The ratio of Stage 1 loans increased by 5.2 pps, to 90.4% y-o-y, while the ratio of Stage 2 loans declined comparably; the ratio of Stage 3 loans dropped by 0.2 pp, to 2.4% y-o-y. The Stage 1+2 portfolio's cumulative own provision coverage reached 1.3%, up from 1.0% seen at the end of 2022.

FX-adjusted performing (Stage 1+2) loans grew by 12% y-o-y; within that, corporate loans expanded by 15%, while leasing exposures rose by 11%.

In 2023, the volume of newly disbursed loans surged by 13% y-o-y, including a 27% growth in new car loan placements.

Credit demand benefited from the subsidized loan facilities: under the KAVOSZ Széchenyi Card programme, since the beginning of the scheme customers have concluded subsidized loan agreements totalling HUF 127 billion (including HUF 84 billion in 2022, and HUF 43 billion in 2023) with Merkantil Bank. Loan agreements under the Baross Gábor programme amounted to HUF 18 billion at the end of December.

IFRS reports of the main foreign subsidiaries of OTP Bank

DSK GROUP (BULGARIA)

Performance of DSK Group:

Main components of P&L account	2022 HUF million	2023 HUF million	Change %
Adjusted profit after tax	119,885	201,992	68
Income tax	(12,680)	(21,740)	71
Profit before income tax	132,565	223,732	69
Operating profit	142,383	217,239	53
Total income	230,834	315,981	37
Net interest income	145,461	226,693	56
Net fees and commissions	68,755	72,366	5
Other net non-interest income	16,618	16,921	2
Operating expenses	(88,451)	(98,742)	12
Total provisions	(9,819)	6,493	
Provision for impairment on loan losses	(10,992)	2,779	
Other provision	1,173	3,714	217
Main components of balance sheet (closing balances)	**2022**	**2023**	**%**
Total assets	5,946,815	6,456,668	9
Gross customer loans	3,584,751	4,066,527	13
Gross customer loans (FX-adjusted)	3,428,089	4,066,527	19
Stage 1+2 customer loans (FX-adjusted)	3,307,240	3,970,390	20
Retail loans	1,916,055	2,248,406	17
Corporate loans	1,124,524	1,415,644	26
Leasing	266,661	306,339	15
Allowances for possible loan losses	(154,361)	(125,806)	(18)
Allowances for possible loan losses (FX-adjusted)	(147,621)	(125,806)	(15)
Deposits from customers	4,893,078	5,165,700	6
Deposits from customers (FX-adjusted)	4,672,951	5,165,700	11
Retail deposits	3,833,282	4,343,036	13
Corporate deposits	839,669	822,664	(2)
Liabilities to credit institutions	152,193	249,178	64
Total shareholders' equity	779,095	890,188	14
Loan Quality	**2022**	**2023**	**%/pps**
Stage 1 loan volume under IFRS 9 (in HUF million)	3,177,291	3,483,290	10
Stage 1 loans under IFRS 9/gross customer loans	88.6%	85.7%	(3.0)
Own coverage of Stage 1 loans under IFRS 9	1.1%	0.7%	(0.3)
Stage 2 loan volume under IFRS 9 (in HUF million)	281,096	487,099	73
Stage 2 loans under IFRS 9/gross customer loans	7.8%	12.0%	4.1
Own coverage of Stage 2 loans under IFRS 9	16.0%	9.3%	(6.6)
Stage 3 loan volume under IFRS 9 (in HUF million)	126,364	96,137	(24)
Stage 3 loans under IFRS 9/gross customer loans	3.5%	2.4%	(1.2)
Own coverage of Stage 3 loans under IFRS 9	60.2%	57.1%	(3.1)
Provision for impairment on loan losses/average gross loans	0.33%	(0.07%)	(0.40)
Performance Indicators	**2022**	**2023**	**pps**
ROA	2.3%	3.3%	1.1
ROE	16.7%	25.4%	8.8
Total income margin	4.41%	5.24%	0.83
Net interest margin	2.78%	3.76%	0.98
Operating costs/Average assets	1.69%	1.64%	(0.05)
Cost/income ratio	38.3%	31.2%	(7.1)
Net loans to deposits (FX-adjusted)	70%	76%	6
FX rates	**2022 HUF**	**2023 HUF**	**Change %**
HUF/BGN (closing)	204.6	195.7	(4)
HUF/BGN (average)	200.1	195.3	(2)

In 2023, **DSK Group** posted excellent results: its adjusted profit after tax jumped by 68%, exceedingHUF 200 billion, its ROE surpassed 25% with net interest margin and cost efficiency indicators both improving. The FX-adjusted performing loan book grew by 20%, an outstanding rate amongst OTP Group members, thus DSK preserved its market leader position in the Bulgarian credit market.

The main constituents of the full-year profit improvement were net interest income growing by more than one and a half times and risk costs turning into positive.

The increase in net interest income was supported by both dynamic volume growth and widening margin; the latter largely stemmed from the gradual repricing of corporate and leasing exposures priced on the EURIBOR reference rates, in the wake of the rising interest rate environment. However, the increase in the mandatory reserve requirement rate from 10% to 12% in July 2023 had an adverse effect, as the central bank does not pay interest on that stock.

Annual net fees and commissions rose by 5%, and other income grew by 2% last year.

In 2023 operating expenses grew by 12%, while the average rate of inflation was 9.5% in 2023, and nominal wages may have grown by more than 13% in the economy. DSK's personnel expenses grew 14%, owing to the implemented wage increases and the higher bonus payments, while the annual average number of employees dropped by 7%, predominantly because DSK Bank sold its subsidiary providing security and ATM services. The increase in other expenses can be partly attributable to higher consulting and marketing expenses, as well as to supervisory fees. The annual cost/income ratio improved by 7 pps, to near 31%, which is one of the best among Group members.

In full year 2023 the total risk cost line printed HUF 6.5 billion positive amount, as opposed to –HUF 9.8 billion in the base period. Within that, the positive sign of credit-related risk costs was predominantly because of the release owing to the improving macro expectations. The positive amount of other risk costs was due to the contraction in repo volumes and to the release of provisions for interbank exposures.

The ratio of Stage 3 loans dropped by 1.2 pps y-o-y, to 2.4%. However, the ratio of Stage 2 loans increased by 4.1 pps y-o-y, to 12%, largely because a more advanced Stage 2 classification and impairment methodology was introduced in the fourth quarter. As a result, HUF 170 billion worth of loans were shifted from Stage 1 into Stage 2 category.

DSK Bank's performing (Stage 1+2) loans grew by 20% y-o-y (FX-adjusted), the second strongest pace within OTP Group. All segments posted robust performance: mortgage loans jumped by 23%, consumer loans grew by 13%, corporate and MSE loans surged by 24%, while leasing exposures increased by 15%. It is noteworthy that new mortgage loan placements jumped by almost 30% y-o-y, within that in 4Q almost by two-thirds; in 2023 as a whole the placement of new cash loans grew 10% y-o-y, but surged in excess of 40% y-o-y in the fourth quarter.

The deposit book's growth continued: the full-year volume growth was 11% (FX-adjusted).

The net loan to deposit ratio rose by 6 pps y-o-y, to 76%.

OTP BANK SLOVENIA

Performance of OTP Bank Slovenia:

Main components of P&L account	2022 HUF million	2023 HUF million	Change %
Adjusted profit after tax	23,860	128,730	440
Income tax	(5,710)	(8,672)	52
Profit before income tax	29,570	137,402	365
Operating profit	24,046	140,717	485
Total income	51,403	223,315	334
Net interest income	33,688	171,703	410
Net fees and commissions	15,416	46,028	199
Other net non-interest income	2,299	5,584	143
Operating expenses	(27,357)	(82,598)	202
Total provisions	5,523	(3,316)	
Provision for impairment on loan losses	7,048	(2,485)	
Other provision	(1,525)	(831)	(46)
Main components of balance sheet (closing balances)	**2022**	**2023**	**%**
Total assets	1,790,944	5,892,803	229
Gross customer loans	1,204,641	2,796,313	132
Gross customer loans (FX-adjusted)	1,152,296	2,796,313	143
Stage 1+2 customer loans (FX-adjusted)	1,138,715	2,752,055	142
Retail loans	528,839	1,342,421	154
Corporate loans	431,826	1,220,889	183
Leasing	178,050	188,745	6
Allowances for possible loan losses	(14,637)	(33,587)	129
Allowances for possible loan losses (FX-adjusted)	(14,008)	(33,587)	140
Deposits from customers	1,466,625	4,583,072	212
Deposits from customers (FX-adjusted)	1,402,728	4,583,072	227
Retail deposits	1,008,169	3,580,837	255
Corporate deposits	394,560	1,002,235	154
Liabilities to credit institutions	68,172	131,375	93
Issued securities	0	335,400	
Subordinated debt	32,025	63,167	97
Total shareholders' equity	194,843	669,622	244
Loan Quality	**2022**	**2023**	**%/pps**
Stage 1 loan volume under IFRS 9 (in HUF million)	1,062,588	2,514,261	137
Stage 1 loans under IFRS 9/gross customer loans	88.2%	89.9%	1.7
Own coverage of Stage 1 loans under IFRS 9	0.2%	0.3%	0.1
Stage 2 loan volume under IFRS 9 (in HUF million)	127,866	237,794	86
Stage 2 loans under IFRS 9/gross customer loans	10.6%	8.5%	(2.1)
Own coverage of Stage 2 loans under IFRS 9	2.4%	3.4%	0.9
Stage 3 loan volume under IFRS 9 (in HUF million)	14,188	44,258	212
Stage 3 loans under IFRS 9/gross customer loans	1.2%	1.6%	0.4
Own coverage of Stage 3 loans under IFRS 9	68.4%	41.4%	(27.0)
Provision for impairment on loan losses/average gross loans	(0.61%)	0.09%	0.71
Indicators	**2022**	**2023**	**pps**
ROA	1.5%	2.5%	1.0
ROE	12.8%	22.6%	9.8
Total income margin	3.25%	4.31%	1.06
Net interest margin	2.13%	3.31%	1.18
Operating costs/Average assets	1.73%	1.59%	(0.14)
Cost/income ratio	53.2%	37.0%	(16.2)
Net loans to deposits (FX-adjusted)	81%	60%	(21)
FX rates	**2022 HUF**	**2023 HUF**	**Change %**
HUF/EUR (closing)	400.3	382.8	(4)
HUF/EUR (average)	391.3	381.9	(2)

The financial closure of the transaction related to the purchase of Nova KBM d.d. was completed on 6 February 2023. The balance sheet and P&L figures of the purchased bank have been included into OTP Group's consolidated figures since February 2023.

The Slovenian P&L account was adjusted for the one-off items directly related to the acquisition; these corrections are shown at consolidated level, among adjustment items. The balance sheet components were not adjusted for these effects.

In 2023, the combined performance of OTP Group's **Slovenian operation** posted the second strongest result among foreign subsidiary banks, following Bulgaria's DSK. The HUF 129 billion profit after tax includes SKB's 12-month (HUF 32.8 billion), and NKBM's 11-month result. The 22.6% full-year ROE exceeded the sector's profitability.

The 37% cost/income ratio, which does not include synergy effects yet, is markedly below the Group average. In 2023, total income margin (4.31%) improved by more than 1 pp y-o-y, as did net interest margin (3.31%); the latter benefited from the higher interest rate environment, and from the active liquid asset management. The aggregated performing loan volumes organically declined y-o-y, similarly to deposits, but the Slovenian operation is still market leader in net loans to and deposits from customers. In 2023, NBKM successfully issued EUR 400 million worth of MREL-eligible Senior Preferred bonds (3NC2 tenor).

The legal and organizational integration of SKB and Nova KBM began in February 2023, and the management expects it to be completed in September 2024.

To counterbalance the damages caused by the flood in August, Slovenia's government introduced a lot of measures: first, affected individuals and companies could opt for a 12-month payment moratorium, the application deadline was 31 December 2023; in accordance with the low participation rate, the negative result effect is immaterial. Second, banks are obliged to pay bank tax for five years, the rate is 0.2% of the total assets. In the case of the Slovenian operation, this is likely to amount to about EUR 30 million per year, which is deductible form the corporate tax income base. The tax is due from 2025, but the Bank will make accruals in each quarter of 2024 for the expected amount of the tax to be paid in 2025. Last, the corporate tax income rate increased from 19% to 22% for five years, starting from 2024.

OTP BANK CROATIA

Performance of OTP Bank Croatia:

Main components of P&L account	2022 HUF million	2023 HUF million	Change %
Adjusted profit after tax	42,801	53,959	26
Income tax	(9,294)	(11,786)	27
Profit before income tax	52,095	65,744	26
Operating profit	49,013	66,742	36
Total income	102,042	122,951	20
Net interest income	70,547	90,996	29
Net fees and commissions	24,692	25,661	4
Other net non-interest income	6,803	6,295	(7)
Operating expenses	(53,029)	(56,210)	6
Total provisions	3,082	(997)	
Provision for impairment on loan losses	7,102	721	(90)
Other provision	(4,020)	(1,718)	(57)
Main components of balance sheet (closing balances)	**2022**	**2023**	**%**
Total assets	3,224,955	3,278,199	2
Gross customer loans	2,263,825	2,311,788	2
Gross customer loans (FX-adjusted)	2,165,191	2,311,788	7
Stage 1+2 customer loans (FX-adjusted)	2,058,545	2,221,514	8
Retail loans	1,028,471	1,164,441	13
Corporate loans	888,397	880,471	(1)
Leasing	141,677	176,602	25
Allowances for possible loan losses	(108,490)	(97,835)	(10)
Allowances for possible loan losses (FX-adjusted)	(103,791)	(97,835)	(6)
Deposits from customers	2,381,977	2,385,223	0
Deposits from customers (FX-adjusted)	2,275,058	2,385,223	5
Retail deposits	1,696,769	1,742,124	3
Corporate deposits	578,288	643,099	11
Liabilities to credit institutions	337,047	373,142	11
Subordinated debt	24,356	23,438	(4)
Total shareholders' equity	390,583	403,487	3
Loan Quality	**2022**	**2023**	**%/pps**
Stage 1 loan volume under IFRS 9 (in HUF million)	1,886,633	1,932,763	2
Stage 1 loans under IFRS 9/gross customer loans	83.3%	83.6%	0.3
Own coverage of Stage 1 loans under IFRS 9	0.5%	0.6%	0.0
Stage 2 loan volume under IFRS 9 (in HUF million)	265,568	288,751	9
Stage 2 loans under IFRS 9/gross customer loans	11.7%	12.5%	0.8
Own coverage of Stage 2 loans under IFRS 9	7.3%	7.6%	0.3
Stage 3 loan volume under IFRS 9 (in HUF million)	111,624	90,274	(19)
Stage 3 loans under IFRS 9/gross customer loans	4.9%	3.9%	(1.0)
Own coverage of Stage 3 loans under IFRS 9	70.6%	72.0%	1.4
Provision for impairment on loan losses/average gross loans	(0.34%)	(0.03%)	0.31
Performance Indicators	**2022**	**2023**	**pps**
ROA	1.5%	1.8%	0.3
ROE	11.4%	14.2%	2.8
Total income margin	3.51%	4.04%	0.53
Net interest margin	2.43%	2.99%	0.56
Operating costs/Average assets	1.83%	1.85%	0.02
Cost/income ratio	52.0%	45.7%	(6.3)
Net loans to deposits (FX-adjusted)	91%	93%	2
FX rates	**2022 HUF**	**2023 HUF**	**Change %**
HUF/HRK (closing)	53.1		
HUF/HRK (average)	51.9		
HUF/EUR (closing)	400.3	382.8	(4)
HUF/EUR (average)	391.3	381.9	(2)

The **Croatian bank** generated HUF 54 billion profit after tax in 2023 as its profit jumped by nearly 30% y-o-y, bringing the ROE above 14%. The growth in annual profit was shaped by multiple factors: first, the bank's operating profit strengthened by 36%, thanks to the dynamic improvement in net interest income, while the strict cost control resulted in lower cost/income ratio; however, the balance of risk costs deteriorated.

Net interest income grew by 29% last year, driven by an 8% increase in performing loans, as well as a 56 bps y-o-y improvement in net interest margin, amid the rising interest rate environment. Twelve-month net fees and commissions increased by 4% y-o-y, other revenues declined by 7% y-o-y.

In 2023, operating expenses exceeded the previous year's level by 6%, while average annual inflation was more than 8%. Other expenses rose by 5%, at a lower rate than inflation; the effect of higher marketing expenses and training costs was offset by the base effect of expert fees in 2022 in connection with euro adoption. Personnel expenses grew by 8%, as a result of an increase in the average number of employees, a rise in base salary, and higher bonus payments, particularly in the fourth quarter. Overall, the cost/income ratio improved by 6.3 pps, to 45.7% last year.

Following the HUF 3 billion positive amount in 2022, total risk costs amounted to –HUF 1 billion in 2023.

The ratio of Stage 3 loans declined by 1.0 pp y-o-y, making up 3.9% of the portfolio at the end of December. This was supported by both the loan portfolio's overall improvement and a healed corporate loan previously classified as Stage 3. The own provision coverage of Stage 3 loans improved further: it hit 72.0% (+1.4 pps y-o-y) at the end of December.

Performing (Stage 1+2) loans grew by an FX-adjusted 8% y-o-y. The retail segment's y-o-y expansion continued to benefit from the subsidized housing loan facility for first-home-buyers, in a scheme restarted on 21 March 2022; thus the share of this subsidized product within the full-year retail loan disbursement reached 28.5%. The corporate loan book stagnated y-o-y.

FX-adjusted deposit volumes expanded by 5% in full-year 2023 but stagnated in the fourth quarter. Despite the better returns on alternative savings forms, retail deposits increased by 3% y-o-y in FX-adjusted terms. Corporate deposit volumes grew dynamically in the second half of the year, showing a growth of 11% y-o-y. The Bank's net loan/deposit ratio rose by 2 pps y-o-y, to 93% at the end of December.

On 1 January 2023, Croatia adopted the euro. The necessary conversion of loan and deposit volumes, as well as the smooth transition of the bank's IT systems were all successfully accomplished.

OTP BANK SERBIA

Performance of OTP Bank Serbia:

Main components of P&L account	2022 HUF million	2023 HUF million	Change %
Adjusted profit after tax	36,873	68,026	84
Income tax	(6,118)	(10,621)	74
Profit before income tax	42,991	78,646	83
Operating profit	58,544	83,732	43
Total income	104,524	133,589	28
Net interest income	76,635	104,050	36
Net fees and commissions	17,954	18,419	3
Other net non-interest income	9,934	11,120	12
Operating expenses	(45,980)	(49,856)	8
Total provisions	(15,553)	(5,086)	(67)
Provision for impairment on loan losses	(14,422)	(2,293)	(84)
Other provision	(1,131)	(2,793)	147
Main components of balance sheet (closing balances)	**2022**	**2023**	**%**
Total assets	2,708,993	2,874,794	6
Gross customer loans	2,038,480	1,978,855	(3)
Gross customer loans (FX-adjusted)	1,951,119	1,978,855	1
Stage 1+2 customer loans (FX-adjusted)	1,901,668	1,921,146	1
Retail loans	868,659	875,664	1
Corporate loans	937,436	951,833	2
Leasing	95,573	93,648	(2)
Allowances for possible loan losses	(62,386)	(66,259)	6
Allowances for possible loan losses (FX-adjusted)	(59,754)	(66,259)	11
Deposits from customers	1,551,143	1,868,078	20
Deposits from customers (FX-adjusted)	1,485,623	1,868,078	26
Retail deposits	831,288	936,937	13
Corporate deposits	654,335	931,140	42
Liabilities to credit institutions	682,615	506,900	(26)
Total shareholders' equity	358,120	368,344	3
Loan Quality	**2022**	**2023**	**%/pps**
Stage 1 loan volume under IFRS 9 (in HUF million)	1,764,677	1,661,365	(6)
Stage 1 loans under IFRS 9/gross customer loans	86.6%	84.0%	(2.6)
Own coverage of Stage 1 loans under IFRS 9	0.9%	0.7%	(0.2)
Stage 2 loan volume under IFRS 9 (in HUF million)	222,202	259,780	17
Stage 2 loans under IFRS 9/gross customer loans	10.9%	13.1%	2.2
Own coverage of Stage 2 loans under IFRS 9	7.0%	6.7%	(0.3)
Stage 3 loan volume under IFRS 9 (in HUF million)	51,601	57,710	12
Stage 3 loans under IFRS 9/gross customer loans	2.5%	2.9%	0.4
Own coverage of Stage 3 loans under IFRS 9	59.8%	63.8%	4.1
Provision for impairment on loan losses/average gross loans	0.74%	0.12%	(0.62)
Indicators	**2022**	**2023**	**pps**
ROA	1.5%	2.5%	1.1
ROE	10.9%	19.4%	8.5
Total income margin	4.14%	4.98%	0.84
Net interest margin	3.03%	3.88%	0.85
Operating costs/Average assets	1.82%	1.86%	0.04
Cost/income ratio	44.0%	37.3%	(6.7)
Net loans to deposits (FX-adjusted)	127%	102%	(25)
FX rates	**2022 HUF**	**2023 HUF**	**Change %**
HUF/RSD (closing)	3.4	3.3	(4)
HUF/RSD (average)	3.3	3.3	(2)

The **Serbian banking group's** adjusted profit after tax jumped by more than 80% y-o-y, to more than
HUF 68 billion in 2023. The P&L developments were shaped by the dynamic improvement in operating profit (+43% y-o-y) as well as by the decline in risk costs, to a third of the previous year's level; this brought the return on equity ratio to 19.4% (+8.5 pps y-o-y).
Total income grew impressively (+28% y-o-y) in the full year. Within that, net interest income surged by 36%: FX-adjusted performing loan volumes stagnated, but the rising RSD and EUR interest rate environment made its impact through the gradual repricing of predominantly variable rate loans.
The National Bank of Serbia's resolution of 11 September 2023 obligated banks to impose a 4.08% temporary cap on existing variable rate housing loans amounting to less than EUR 200,000, and to impose a 5.03% cap on newly disbursed fixed rate loans. Interest rates shall be frozen for 15 months, from October 2023 to the end of year 2024. The measure's expected impact was recorded as a lump sum in the third quarter of 2023, among adjustment items presented at consolidated level.
Twelve-month net fees and commissions rose by 3% y-o-y.
The annual average rate of inflation was above 10% in 2023; in the high inflationary environment, annual operating expenses grew by 11% y-o-y in local currency. Almost 60% of the expense growth was caused by higher personnel expenses, triggered by wage inflation and higher bonus payments, while the number of employees was stable y-o-y (on FTE basis). Cost efficiency indicators further improved; the annual cost/income ratio (37.3%) was one of the lowest among group members.
In full year 2023, nearly HUF 5.1 billion total risk cost weighed on profit, as opposed to HUF 15.6 billion in the base period. Within that, credit risk costs fell by more than 80% y-o-y, because of the releases made in the third and fourth quarters of 2023. The y-o-y jump in other risk costs was related to provisions for interbank exposures and litigations.
The performing (Stage 1+2) FX-adjusted loan volume y-o-y stagnated. Within that, mortgage loans declined throughout last year in the rising interest rate environment, but the growing demand caused by the interest rate cap reversed the downtrend in the fourth quarter. Despite the stricter lending conditions, the consumer loan book increased y-o-y (+4%), largely driven by cash loans' and car loans' growth. The corporate loan book's expansion continued, too.
The deposit stock surged by 26% y-o-y (FX-adjusted), primarily driven by deposits from large corporations. The bank's net loan/deposit ratio declined by 25 pps y-o-y, to 102%, while interbank funds' volume fell by 26% y-o-y.

Performance of OTP Bank Albania:

Main components of P&L account	2022 HUF million	2023 HUF million	Change %
Adjusted profit after tax	10,175	15,032	48
Income tax	(2,013)	(3,140)	56
Profit before income tax	12,188	18,173	49
Operating profit	9,335	18,269	96
Total income	20,232	33,387	65
Net interest income	16,927	27,912	65
Net fees and commissions	3,067	3,729	22
Other net non-interest income	238	1,746	
Operating expenses	(10,896)	(15,118)	39
Total provisions	2,852	(96)	
Provision for impairment on loan losses	2,505	108	(96)
Other provision	347	(204)	
Main components of balance sheet (closing balances)	**2022**	**2023**	**%**
Total assets	635,364	669,765	5
Gross customer loans	370,875	367,947	(1)
Gross customer loans (FX-adjusted)	369,116	367,947	0
Stage 1+2 customer loans (FX-adjusted)	350,663	345,171	(2)
Retail loans	158,940	161,834	2
Corporate loans	187,729	177,640	(5)
Leasing	3,994	5,696	43
Allowances for possible loan losses	(16,208)	(17,690)	9
Allowances for possible loan losses (FX-adjusted)	(16,264)	(17,690)	9
Deposits from customers	516,668	547,854	6
Deposits from customers (FX-adjusted)	515,946	547,854	6
Retail deposits	447,918	470,591	5
Corporate deposits	68,029	77,263	14
Liabilities to credit institutions	30,279	8,138	(73)
Subordinated debt	0	2,861	(100)
Total shareholders' equity	60,827	81,102	33
Loan Quality	**2022**	**2023**	**%/pps**
Stage 1 loan volume under IFRS 9 (in HUF million)	318,215	312,494	(2)
Stage 1 loans under IFRS 9/gross customer loans	85.8%	84.9%	(0.9)
Own coverage of Stage 1 loans under IFRS 9	1.0%	0.9%	0.0
Stage 2 loan volume under IFRS 9 (in HUF million)	34,417	32,677	(5)
Stage 2 loans under IFRS 9/gross customer loans	9.3%	8.9%	(0.4)
Own coverage of Stage 2 loans under IFRS 9	9.4%	8.2%	(1.2)
Stage 3 loan volume under IFRS 9 (in HUF million)	18,243	22,776	25
Stage 3 loans under IFRS 9/gross customer loans	4.9%	6.2%	1.3
Own coverage of Stage 3 loans under IFRS 9	54.4%	53.3%	(1.1)
Provision for impairment on loan losses/average gross loans	(0.83%)	(0.03%)	0.80
Performance Indicators	**2022**	**2023**	**pps**
ROA	2.0%	2.3%	0.3
ROE	21.1%	21.1%	0.0
Total income margin	4.07%	5.19%	1.13
Net interest margin	3.40%	4.34%	0.94
Operating costs/Average assets	2.19%	2.35%	0.16
Cost/income ratio	53.9%	45.3%	(8.6)
Net loans to deposits (FX-adjusted)	68%	64%	(4)
FX rates	**2022 HUF**	**2023 HUF**	**Change %**
HUF/ALL (closing)	3.5	3.7	5
HUF/ALL (average)	3.1	3.4	9

The consolidated financial statements include the acquired Alpha Bank Albania SH.A. bank's balance sheet from July 2022, while its profit contribution was consolidated starting from August. On 1 December 2022, Albania's Court of Registration registered the merger of Alpha Bank Albania and Banka OTP Albania.

The Albanian P&L account was adjusted for the one-off items directly related to the acquisition; they are presented at consolidated level among the adjustment items. The balance sheet components were not adjusted for these effects.

In 2023, **OTP Bank Albania** generated HUF 15 billion profit after tax (+50% q-o-q; in local currency +44%), which brought ROE above 21%. Most of the change in the P&L lines for last year was induced by the acquisition.

Based on the latest data, the bank's market share by total assets exceeded 9%, which makes it the fifth largest bank in the country. At the end of the year, the number of bank branches was 50, eleven units more than before the acquisition 2Q 2022, while the number of employees was more than 700, 57% higher than before the acquisition. Still, the bank's cost efficiency has improved by 8.6 pps, thus the cost/income ratio stood at 45.3% in full year 2023.

In local currency full-year operating profit grew by 84%, chiefly as a result of the acquisition, owing to the 56% surge in total income, and a 33% growth in operating expenses.

Net interest income grew by 57% y-o-y partly a result of the acquisition, and in part due to the repricing of the loan portfolio in the higher interest rate environment, helping the interest margin (4.34%) improve in 2023 (+94 bps y-o-y). The full-year net fees and commissions increased by 16%, while other income grew sixfold, largely because the ALL/EUR rate appreciated more than in the previous period, and also driven by the inclusion of Alpha Bank Albania.

In 2023 risk cost was near zero, as opposed to the release made a year earlier.

Overall, the FX-adjusted stock of performing (Stage 1+2) loans declined by 2% in 2023 as a result of a 2% rise in retail loans and a 5% drop in corporate ones.

The FX-adjusted volume of deposits from customers grew by 6% y-o-y, as retail deposits increased by 5%, and corporate deposits expanded by 14%.

Liabilities to credit institutions declined by 73% y-o-y, at the same time, intragroup financing also dropped. The amount on the subordinated debt line is related to the Tier2 bond issued in the amount of EUR 7.5 million in December 2023.

CKB GROUP (MONTENEGRO)

Performance of CKB Group:

Main components of P&L account	2022 HUF million	2023 HUF million	Change %
Adjusted profit after tax	9,791	21,814	123
Income tax	(2,184)	(3,923)	80
Profit before income tax	11,975	25,737	115
Operating profit	15,133	23,537	56
Total income	28,816	38,363	33
Net interest income	20,832	29,717	43
Net fees and commissions	7,106	7,797	10
Other net non-interest income	878	848	(3)
Operating expenses	(13,683)	(14,826)	8
Total provisions	(3,158)	2,200	
Provision for impairment on loan losses	639	2,929	
Other provision	(3,797)	(728)	(81)
Main components of balance sheet (closing balances)	**2022**	**2023**	**%**
Total assets	664,395	663,676	0
Gross customer loans	447,921	452,493	1
Gross customer loans (FX-adjusted)	428,371	452,493	6
Stage 1+2 customer loans (FX-adjusted)	407,343	433,473	6
Retail loans	185,443	212,758	15
Corporate loans	221,900	220,715	(1)
Allowances for possible loan losses	(21,893)	(17,625)	(19)
Allowances for possible loan losses (FX-adjusted)	(20,937)	(17,625)	(16)
Deposits from customers	524,479	520,168	(1)
Deposits from customers (FX-adjusted)	501,225	520,168	4
Retail deposits	276,382	325,770	18
Corporate deposits	224,843	194,398	(14)
Liabilities to credit institutions	12,443	2,309	(81)
Total shareholders' equity	99,131	113,004	14
Loan Quality	**2022**	**2023**	**%/pps**
Stage 1 loan volume under IFRS 9 (in HUF million)	389,640	399,886	3
Stage 1 loans under IFRS 9/gross customer loans	87.0%	88.4%	1.4
Own coverage of Stage 1 loans under IFRS 9	1.2%	0.8%	(0.4)
Stage 2 loan volume under IFRS 9 (in HUF million)	36,294	33,587	(7)
Stage 2 loans under IFRS 9/gross customer loans	8.1%	7.4%	(0.7)
Own coverage of Stage 2 loans under IFRS 9	8.9%	5.1%	(3.7)
Stage 3 loan volume under IFRS 9 (in HUF million)	21,987	19,020	(13)
Stage 3 loans under IFRS 9/gross customer loans	4.9%	4.2%	(0.7)
Own coverage of Stage 3 loans under IFRS 9	64.4%	67.2%	2.9
Provision for impairment on loan losses/average gross loans	(0.15%)	(0.67%)	(0.52)
Performance Indicators	**2022**	**2023**	**pps**
ROA	1.6%	3.5%	1.8
ROE	10.9%	21.0%	10.1
Total income margin	4.84%	6.10%	1.27
Net interest margin	3.50%	4.73%	1.23
Operating costs/Average assets	2.30%	2.36%	0.06
Cost/income ratio	47.5%	38.6%	(8.8)
Net loans to deposits (FX-adjusted)	81%	84%	2

FX rates	2022 HUF	2023 HUF	Change %
HUF/EUR (closing)	400.3	382.8	(4)
HUF/EUR (average)	384.9	381.9	(1)

In 2023, the Montenegrin **CKB Group** generated HUF 21.8 billion profit after-tax, twice as much as in the base period. This brought its ROE to 21%. The improvement in the full-year result stemmed from 47% higher net interest income in local currency terms and positive risk costs.

In full year 2023, total income grew by 37% y-o-y in local currency, supported by the 47% jump in net interest income, as well as a 13% increase in net fee and commission income, while other income was stable. The increase in interest income stemmed from the repricing of previously disbursed loans (mostly in the case of corporate and consumer loans), but the higher interest rate of newly disbursed loans also had a benign effect. As a result, net interest margin maintained the improving trend , thus it rose by 1.23 pps to 4.73% y-o-y.

The bank's cost efficiency improved in 2023, just like in recent years; the cost to income ratio dropped by 8.8 pps, to 38.6% y-o-y. Operating expenses increased by 11% in EUR terms in 2023, a third of which was caused by elevated wages and wage-like payments, while the rise in other expenses stemmed from higher expert fees and supervisory charges.

In 2023, total risk cost amounted to +HUF 2.2 billion.

The ratio of Stage 3 loans declined to 4.2% (–0.7 pp y-o-y); their own provision coverage stood at 67.2% (+2.9 pps y-o-y) at the end of the year.

Performing (Stage 1+2) loan volumes rose by an FX-adjusted 6% y-o-y, thanks to a 10% surge in mortgage loans and a 17% jump in consumer loans.

The FX-adjusted deposit volumes grew by 4% y-o-y, driven by the 11% increase in household deposits, and a 50% jump in MSE deposits.

The net loan/deposit ratio stood at 84% at the end of the year (+2 pps y-o-y).

IPOTEKA BANK (UZBEKISTAN)

Performance of Ipoteka Bank (Uzbekistan):

Main components of P&L account	2023 HUF million
Adjusted profit after tax	(21,857)
Income tax	(3,381)
Profit before income tax	(18,475)
Operating profit	33,708
Total income	59,655
Net interest income	46,123
Net fees and commissions	5,261
Other net non-interest income	8,270
Operating expenses	(25,946)
Total provisions	(52,184)
Provision for impairment on loan losses	(51,354)
Other provision	(830)
Main components of balance sheet (closing balances)	**2023**
Total assets	1,187,368
Gross customer loans	961,533
Gross customer loans (FX-adjusted)	961,533
Stage 1+2 customer loans (FX-adjusted)	847,183
Retail loans	715,113
Corporate loans	132,070
Leasing	0
Allowances for possible loan losses	(96,738)
Allowances for possible loan losses (FX-adjusted)	(96,738)
Deposits from customers	327,161
Deposits from customers (FX-adjusted)	327,161
Retail deposits	237,467
Corporate deposits	89,694
Liabilities to credit institutions	561,466
Issued securities	121,082
Subordinated debt	12,162
Total shareholders' equity	145,941
Loan Quality	**2023**
Stage 1 loan volume under IFRS 9 (in HUF million)	687,252
Stage 1 loans under IFRS 9/gross customer loans	71.5%
Own coverage of Stage 1 loans under IFRS 9	2.7%
Stage 2 loan volume under IFRS 9 (in HUF million)	159,931
Stage 2 loans under IFRS 9/gross customer loans	16.6%
Own coverage of Stage 2 loans under IFRS 9	21.6%
Stage 3 loan volume under IFRS 9 (in HUF million)	114,350
Stage 3 loans under IFRS 9/gross customer loans	11.9%
Own coverage of Stage 3 loans under IFRS 9	38.0%
Provision for impairment on loan losses/average gross loans	10.03%
Performance Indicators	**2023**
ROA	(3.3%)
ROE	(23.1%)
Total income margin	9.09%
Net interest margin	7.03%
Operating costs/Average assets	4.0%
Cost/income ratio	43.5%
Net loans to deposits (FX-adjusted)	264%
FX rates	**2023 HUF**
HUF/1,000 UZS (closing)	28.1
HUF/1,000 UZS (average)	30.9

In line with the sale and purchase agreement concluded on 12 December 2022 between OTP Bank and the Ministry of Economy and Finance of the Republic of Uzbekistan, the first step of the transaction was completed on 13 June 2023. Consequently, OTP Bank became the majority shareholder of Ipoteka Bank by acquiring a 73.71% stake, and became indirect shareholder of Ipoteka Bank's wholly-owned subsidiaries. In the second step of the transaction, the shares that remained in the ownership of the Ministry of Economy and Finance of the Republic of Uzbekistan will be bought three years after the first step.

The balance sheet of Ipoteka Bank was consolidated in the second quarter but its P&L was presented in OTP Group's adjusted P&L only starting from the third quarter of 2023. The P&L account was adjusted for the one-off items directly related to the acquisition; they are presented at consolidated level among the adjustment items. The balance sheet components were not adjusted for these effects.

By purchasing **Ipoteka Bank,** OTP Group entered the Central Asian region, and became the first foreign player to participate in the privatization of Uzbekistan's banking sector.

Pursuant to its agreement with the Republic of Uzbekistan, OTP Bank increased Ipoteka Bank's capital by UZS 844.6 billion (about USD 68.5 million), which was registered on 25 December 2023. With this, OTP Bank's ownership stake increased to 79.58%.

Based on end-2023 data, Ipoteka Bank was the fifth largest bank in Uzbekistan, with 7.3% market share by total assets. The Bank had almost 1.8 million retail customers at the end of 2023; since the acquisition, their number grew by 20%, as a result of reshaping the incentive scheme for branches. At the end of 2023, Ipoteka Bank had 39 branches and employed more than 4,400 people.

At the end of 2023, total assets amounted to HUF 1,188 billion, including HUF 962 billion worth of performing loans. In FX-adjusted terms, performing loans have been overall stable since the end of June; but it is favourable within that, the household segment's 41% growth was outstanding. Since the Bank was added to the Group, mortgage loans have increased by 15%, while consumer loans have more than doubled. The improvement in consumer loans owed a lot to the doubling of cash loan volumes, and the quadrupling of car loans.

The deposit book reached HUF 327 billion at the end of 2023. Retail deposits rose by 8% q-o-q, and corporate deposits grew by 42%. These developments were primarily due to a greater focus on deposit collection and, in connection with this, the restructuring of the branch incentive scheme.

At the end of the year, the net loan/deposit ratio stood at 264%. The Bank's liability structure continued to heavily rely on largely state funding sources, which typically finance subsidized loans: liabilities to credit institu. tions made up HUF 561 billion in the bank's balance sheet.

In the second half of 2023, Ipoteka Bank generated HUF 21.9 billion adjusted loss, which was entirely caused by the loss realized in the fourth quarter. Since the consolidation, operating profit amounted to HUF 33.7 billion, including HUF 12.3 billion in the fourth quarter.

The second half adjusted total risk cost in the Uzbek segment amounted to HUF 52.2 billion. Problem loans concentrated in three segments: in a broader sense agriculture, but also in cotton and textile industries. Within agriculture fishery, green house cultivation and hydro cultures, but also the cotton industry were behind the badwill adjustment. This extra provision for impairment on loan losses was recognized partly in Ipoteka Bank's separate P&L, and in part among the adjustment items presented at consolidated level, on the *effect of acquisitions* line[5].

The ratio of Stage 3 loans grew to 11.9% by the end of the year, from 2.7% at the end of the second quarter, and from 8.6% at the end of the third quarter, mostly because corporate exposures were migrated.

The Stage 2 ratio stood at 16.6% at the end of the year. The reason for this growth was the constant review of the loan portfolio, as a result of which mortgage loans were reclassified from Stage 1 to Stage 2 category.

[5] In line with accounting standards, the badwill (which is part of the effect of acquisitions adjustment line) can be updated within 12 months after the consolidation, therefore these impairments were partially recognised on this adjustment line.

Performance of OTP Bank Russia:

Main components of P&L account	2022 HUF million	2023 HUF million	Change %
Adjusted profit after tax	42,548	95,665	125
Income tax	(3,632)	(34,506)	850
Profit before income tax	46,179	130,171	182
Operating profit	98,137	149,297	52
Total income	178,494	223,644	25
Net interest income	118,004	122,084	3
Net fees and commissions	35,251	40,831	16
Other net non-interest income	25,239	60,730	141
Operating expenses	(80,357)	(74,347)	(7)
Total provisions	(51,958)	(19,126)	(63)
Provision for impairment on loan losses	(51,046)	(16,278)	(68)
Other provision	(911)	(2,848)	213
Main components of balance sheet (closing balances)	**2022**	**2023**	**%**
Total assets	1,029,721	1,470,796	43
Gross customer loans	784,958	721,212	(8)
Gross customer loans (FX-adjusted)	589,608	721,212	22
Stage 1+2 customer loans (FX-adjusted)	496,620	624,130	26
Retail loans	468,477	606,912	30
Corporate loans	28,142	17,218	(39)
Allowances for possible loan losses	(173,105)	(133,255)	(23)
Allowances for possible loan losses (FX-adjusted)	(130,392)	(133,255)	2
Deposits from customers	576,865	1,101,084	91
Deposits from customers (FX-adjusted)	453,127	1,101,084	143
Retail deposits	263,310	404,105	53
Corporate deposits	189,816	696,979	267
Liabilities to credit institutions	49,774	19,063	(62)
Total shareholders' equity	306,304	274,516	(10)
Loan Quality	**2022**	**2023**	**%/pps**
Stage 1 loan volume under IFRS 9 (in HUF million)	570,949	510,129	(11)
Stage 1 loans under IFRS 9/gross customer loans	72.7%	70.7%	(2.0)
Own coverage of Stage 1 loans under IFRS 9	5.1%	3.0%	(2.2)
Stage 2 loan volume under IFRS 9 (in HUF million)	91,050	114,001	25
Stage 2 loans under IFRS 9/gross customer loans	11.6%	15.8%	4.2
Own coverage of Stage 2 loans under IFRS 9	31.5%	22.7%	(8.8)
Stage 3 loan volume under IFRS 9 (in HUF million)	122,959	97,082	(21)
Stage 3 loans under IFRS 9/gross customer loans	15.7%	13.5%	(2.2)
Own coverage of Stage 3 loans under IFRS 9	93.6%	95.0%	1.4
Provision for impairment on loan losses/average gross loans	5.85%	2.38%	(3.47)
Performance Indicators	**2022**	**2023**	**pps**
ROA	3.9%	8.0%	4.1
ROE	14.1%	33.9%	19.8
Total income margin	16.23%	18.69%	2.46
Net interest margin	10.73%	10.20%	(0.53)
Operating costs/Average assets	7.3%	6.2%	(1.1)
Cost/income ratio	45.0%	33.2%	(11.8)
Net loans to deposits (FX-adjusted)	101%	53%	(48)
FX rates	**2022 HUF**	**2023 HUF**	**Change %**
HUF/RUB (closing)	5.2	3.9	(25)
HUF/RUB (average)	5.7	4.2	(26)

Owing to the changes in the exchange rates in the reporting period, the Russian operation's balance sheet and P&L statement figures in HUF terms differ from the ones calculated in local currency.

OTP Bank Russia realized HUF 95.7 billion profit after tax in 2023, more than twice as much as in the base period. This improvement can be attributed to the operating profit increasing by half, and to smaller risk costs. This brought the return on equity (ROE) ratio to 33.9% in 2023. As a result, the bank's equity grew by 19% y-o-y in RUB, despite the permission to pay RUB 13.4 billion in dividend in the second half-year. Taxes payable on dividends are presented on the corporate tax line.

Full-year net interest income grew by 41% in RUB, induced by higher interest income from expanding deposit volumes placed at the central bank, as deposits from customers almost doubled on average last year, but the rising interest rate environment also played a role starting from mid-2023. Starting from 24 July the central bank of Russia raised its benchmark rate in five steps to 16% by the end of 2023, from 7.5% in the first half-year. Net interest margin shrank by 53 bps y-o-y.

Net fees and commissions grew by 62% y-o-y in RUB, mostly driven by a jump in income from account maintenance and transaction fees owing to the increase in deposits.

The surge in twelve-month other income reflected the effect of stronger income from currency conversion.

Reasons for the 25% y-o-y growth in twelve-month operating expenses in local currency included wage inflation, and the increase in IT expenses linked to the digital transformation of the bank's operation. The bank's cost to income ratio was 33.2% in 2023 (–11.8 pps y-o-y).

In 2023 total risk cost fell by 60% in RUB, to HUF 19 billion, from HUF 52 billion in the previous year.

Underlying loan quality developments painted a positive picture: the ratio of Stage 3 loans declined by 2.2 pps, to 13.5% compared with end-2022. The own provision coverage of Stage 3 loans stood at 95% at end-2023. The Stage 2 ratio was 15.8% (+4.2 pps y-o-y) at the end of the fourth quarter.

The bank's total assets increased by 91% y-o-y in RUB, chiefly boosted by deposit growth. The deposit book grew by 143% y-o-y, primarily through deposits from large corporations (FX-adjusted). The bank's net loan to deposit ratio declined by 48 pps y-o-y, to 53%. On the asset side, most of the additional liquidity was invested in central bank deposits.

The Russian bank has stopped providing new loans to corporates since the end of February 2022, thus by the end of 2023 the corporate loan volumes dropped by an FX-adjusted 85% from end-2021 levels; they contracted by 39% compared to end-2022. The volume of FX-adjusted performing (Stage 1+2) retail loans expanded by 30% in 2023, predominantly in the car loan and cash loan segments.

At the end of the year, the bank's capital adequacy ratio was 18.2%, firmly above the 8% regulatory minimum requirement. At the end of 2023, the Russian bank's intragroup subordinated loans amounted to USD 27 million, unchanged y-o-y. The Russian operation paid back its maturing intragroup financing in 4Q 2022, thus the amount of intragroup financing decreased to nil by the end of 2022 and remained nil throughout 2023.

Performance of OTP Bank Ukraine:

Main components of P&L account	2022 HUF million	2023 HUF million	Change %
Adjusted profit after tax	(15,922)	45,184	
Income tax	(2,718)	(37,174)	
Profit before income tax	(13,204)	82,358	
Operating profit	79,863	78,294	(2)
Total income	110,805	108,853	(2)
Net interest income	90,007	93,450	4
Net fees and commissions	12,673	10,837	(14)
Other net non-interest income	8,125	4,567	(44)
Operating expenses	(30,943)	(30,560)	(1)
Total provisions	(93,067)	4,064	
Provision for impairment on loan losses	(90,836)	10,654	
Other provision	(2,231)	(6,590)	195
Main components of balance sheet (closing balances)	**2022**	**2023**	**%**
Total assets	1,048,713	1,036,912	(1)
Gross customer loans	529,644	393,741	(26)
Gross customer loans (FX-adjusted)	484,031	393,741	(19)
Stage 1+2 customer loans (FX-adjusted)	396,320	308,454	(22)
Retail loans	43,392	28,223	(35)
Corporate loans	240,664	197,262	(18)
Leasing	112,264	82,969	(26)
Allowances for possible loan losses	(115,754)	(84,671)	(27)
Allowances for possible loan losses (FX-adjusted)	(105,587)	(84,671)	(20)
Deposits from customers	783,009	736,621	(6)
Deposits from customers (FX-adjusted)	716,718	736,621	3
Retail deposits	279,032	274,374	(2)
Corporate deposits	437,686	462,247	6
Liabilities to credit institutions	108,678	91,154	(16)
Subordinated debt	7,798	7,530	(3)
Total shareholders' equity	122,493	157,088	28
Loan Quality	**2022**	**2023**	**%/pps**
Stage 1 loan volume under IFRS 9 (in HUF million)	219,078	208,563	(5)
Stage 1 loans under IFRS 9/gross customer loans	41.4%	53.0%	11.6
Own coverage of Stage 1 loans under IFRS 9	2.1%	1.9%	(0.2)
Stage 2 loan volume under IFRS 9 (in HUF million)	214,442	99,891	(53)
Stage 2 loans under IFRS 9/gross customer loans	40.5%	25.4%	(15.1)
Own coverage of Stage 2 loans under IFRS 9	18.1%	14.4%	(3.7)
Stage 3 loan volume under IFRS 9 (in HUF million)	96,124	85,287	(11)
Stage 3 loans under IFRS 9/gross customer loans	18.1%	21.7%	3.5
Own coverage of Stage 3 loans under IFRS 9	75.3%	77.9%	2.6
Provision for impairment on loan losses/average gross loans	14.01%	(2.38%)	(16.39)
Performance Indicators	**2022**	**2023**	**pps**
ROA	(1.6%)	4.4%	6.0
ROE	(12.4%)	30.5%	42.9
Total income margin	10.92%	10.65%	(0.27)
Net interest margin	8.87%	9.14%	0.27
Operating costs/Average assets	3.0%	3.0%	(0.1)
Cost/income ratio	27.9%	28.1%	0.1
Net loans to deposits (FX-adjusted)	53%	42%	(11)
FX rates	**2022 HUF**	**2023 HUF**	**Change %**
HUF/UAH (closing)	10.2	9.1	(11)
HUF/UAH (average)	11.5	9.6	(16)

Owing to the exchange rate fluctuations in the reporting period, the Ukrainian operation's balance sheet and P&L statement figures in HUF terms differ from the ones calculated in local currency.

In full year 2023, **OTP Bank Ukraine** posted HUF 45.2 billion adjusted profit after tax, which brought its ROE above 30%.

The corporate tax burden increased materially because on 6 December 2023 Ukraine's president signed a bill that increased the corporate income tax rate for banks (it remained unchanged in case of leasing companies) from 18% to 50% retroactively for full year 2023 and set the tax rate at 25% from 2024. As a result, almost HUF 23 billion extra corporate income tax was recorded in the fourth quarter, for the full year 2023.

Full-year operating profit improved by 17% in UAH (but declined by 2% in HUF). Within that, net interest income jumped by 24% in local currency (by 4% in HUF), predominantly supported by the higher interest income on deposits placed at the National Bank of Ukraine. Net interest margin improved by 27 bps in 2023. Twelve-year net fee and commission income stagnated in UAH.

The reason for the decline in full-year other income was the outstandingly high currency conversion income in the base year.

The 17% growth in full-year operating cost level in UAH reflected the high inflationary environment: in 2023, annual average inflation remained above 13%. Within that, personnel expenses increased by 18% in UAH as a result of high wage inflation, via the implemented wage hikes, while the full-year average number of employees dropped by 7%. Overall, cost efficiency indicators were stable last year: the cost to income ratio of 28.1% remained the lowest in OTP Group.

Underlying loan quality developments were overall positive. In full year 2023, total risk cost amounted to +HUF 4.1 billion, as opposed to –HUF 93 billion in the base period.

At the end of 2023, the ratio of Stage 3 loans within the portfolio was 21.7%, the 3.5 pps y-o-y growth was partly caused by the contraction in the loan portfolio. The coverage of Stage 3 loans increased to 77.9% (+2.6 pps y-o-y). The ratio of Stage 2 loans sank by 15.1 pps y-o-y, to 25.4%. The ratio of total provisions to total gross loan volumes was 24.5% at the end of December.

The other risk costs were set aside mainly for the Ukrainian government bond portfolio.

Amid the moderate lending activity, performing (Stage 1+2) loans fell by an FX-adjusted 22% y-o-y. The deposits placed at the central bank grew by 12% last year, to HUF 307 billion by the end of the year.

Last year the deposit book rose by 3% (FX-adjusted). The net loan to deposit ratio fell to 42% (–11 pps y-o-y).

The bank's capital adequacy ratio significantly exceeded the regulatory minimum requirements, reaching 36.6% at the end of December (regulatory minimum: 10.0%).

The outstanding gross intragroup financing to the Ukrainian operation amounted to HUF 83.1 billion at the end of December.

Performance of OTP Bank Romania:

Main components of P&L account	2022 HUF million	2023 HUF million	Change %
Adjusted profit after tax	3,071	20,099	
Income tax	(649)	(3,559)	
Profit before income tax	3,720	23,657	
Operating profit	17,384	20,972	21
Total income	62,596	68,613	10
Net interest income	53,560	53,865	1
Net fees and commissions	4,743	5,019	6
Other net non-interest income	4,293	9,729	127
Operating expenses	(45,212)	(47,641)	5
Total provisions	(13,663)	2,685	
Provision for impairment on loan losses	(11,094)	2,771	
Other provision	(2,569)	(86)	(97)
Main components of balance sheet (closing balances)	**2022**	**2023**	**%**
Total assets	1,687,581	1,600,237	(5)
Gross customer loans	1,228,254	1,136,507	(7)
Gross customer loans (FX-adjusted)	1,171,413	1,136,507	(3)
Stage 1+2 customer loans (FX-adjusted)	1,109,875	1,075,958	(3)
Retail loans	538,979	485,158	(10)
Corporate loans	510,400	524,745	3
Leasing	60,496	66,055	9
Allowances for possible loan losses	(62,442)	(55,856)	(11)
Allowances for possible loan losses (FX-adjusted)	(59,762)	(55,856)	(7)
Deposits from customers	998,452	1,100,016	10
Deposits from customers (FX-adjusted)	951,990	1,100,016	16
Retail deposits	564,695	662,557	17
Corporate deposits	387,295	437,459	13
Liabilities to credit institutions	446,641	261,740	(41)
Total shareholders' equity	181,206	192,650	6
Loan Quality	**2022**	**2023**	**%/pps**
Stage 1 loan volume under IFRS 9 (in HUF million)	990,307	919,683	(7)
Stage 1 loans under IFRS 9/gross customer loans	80.6%	80.9%	0.3
Own coverage of Stage 1 loans under IFRS 9	1.1%	1.2%	0.1
Stage 2 loan volume under IFRS 9 (in HUF million)	173,679	156,276	(10)
Stage 2 loans under IFRS 9/gross customer loans	14.1%	13.8%	(0.4)
Own coverage of Stage 2 loans under IFRS 9	9.6%	8.5%	(1.1)
Stage 3 loan volume under IFRS 9 (in HUF million)	64,268	60,549	(6)
Stage 3 loans under IFRS 9/gross customer loans	5.2%	5.3%	0.1
Own coverage of Stage 3 loans under IFRS 9	54.1%	51.9%	(2.2)
Provision for impairment on loan losses/average gross loans	0.93%	(0.24%)	(1.18)
Performance Indicators	**2022**	**2023**	**pps**
ROA	0.2%	1.3%	1.1
ROE	1.8%	10.9%	9.2
Total income margin	3.86%	4.28%	0.42
Net interest margin	3.31%	3.36%	0.06
Operating costs/Average assets	2.79%	2.97%	0.18
Cost/income ratio	72.2%	69.4%	(2.8)
Net loans to deposits (FX-adjusted)	117%	98%	(19)
FX rates	**2022 HUF**	**2023 HUF**	**Change %**
HUF/RON (closing)	80.9	77.0	(5)
HUF/RON (average)	78.0	77.3	(1)

On 9 February 2024 OTP Bank Plc. concluded a share sale and purchase agreement to sell its directly and indirectly owned 100% shareholding in OTP Bank Romania S.A. to Banca Transilvania S.A. ('BT'). OTP Group is also selling its 100% shareholdings in its other Romanian subsidiaries, OTP Leasing Romania IFN S.A. and OTP Asset Management S.A.I. S.A. to BT under the transaction.

The selling price is EUR 347.5 million which is smaller than the net asset value of the to be sold subsidiaries recognized in the consolidated accounts, accordingly the transaction resulted in a negative P&L impact of HUF 59.5 billion (after tax) on consolidated level, which was booked in 4Q 2023 and presented amongst the adjustment items.

As a result of this, according to IFRS 5, as at the end of 2023 the Romanian operation was presented as an asset classified as held for salein the consolidated balance sheet, and as discontinued operation in the income statement.

As opposed to this, in the adjusted financial statements presented in the Stock Exchange Report – in line with the structure of the financial statements monitored by the management – the Romanian operation was presented in a way as if it was still classified as continuing operation.

OTP Bank Romania generated HUF 20.1 billion profit after tax in 2023, more than 6.5 times as much as in 2022.

Full-year operating profit increased by 25% in local currency, as a result of 13% y-o-y surge in total income and 8% higher operating expenses. In 2023, other income doubled in local currency, net fees and commissions grew by 8%, while net interest income rose by 4%.

The full-year net interest income and other income dynamics were influenced by the fact that the result on intragroup FX-swap deals changed in the third quarter, and their ytd cumulated result (–HUF 10 billion) was moved from other income to the net interest income line, thus this reclassification was neutral on profits. Without this reclassification's effect (a total of –HUF 11.5 billion in net interest income in 2023), full-year net interest income would have grown by 22% y-o-y, mostly because of the stable loan volumes and the repricing of outstanding loan volumes in the higher interest rate environment.

Annual net fees and commissions expanded by 8% y-o-y in local currency, largely thanks to an increase in card commissions.

Full-year operating expenses grew by 8%, the main component of which was the wage hikes by the annual rate of inflation, as well as a rise in other expenses. In the fourth quarter, expenses grew by 10% q-o-q in local currency. The cost to income ratio improved to 69.4% in 2023 (–2.8 pps y-o-y).

Full-year risk costs amounted to HUF +3 billion, mainly driven by the HUF +9.5 billion credit risk cost in the second quarter, which stemmed from the sale of the Romanian factoring company's non-performing loan portfolio.

The ratio of Stage 3 loans rose by 0.1 pp, to 5.3% y-o-y; their own provision coverage stood at 51.9%, –2.2 pps y-o-y) at the end of the year.

Regarding lending activity, performing (Stage 1+2) loan volumes declined by 3% y-o-y (FX-adjusted), largely as a result of a 12% drop in mortgage loans and a 4% decline in consumer loans, which was only partly offset by the 3% rise in corporate loans and a 9% growth in leasing volumes. The decline in mortgage loans was primarily caused by the rising mortgage rates: in full year 2023, new mortgage loan placements shrank by two-thirds.

In FX-adjusted terms, deposits from customers rose by 16% y-o-y; within that, retail deposits grew by 17%, and corporate deposits increased by 13%. A multi-year improvement drove the net loan to deposit ratio below 100% by the end of the year (–19 pps y-o-y); as a result, the volume of liabilities to credit institutions fell by 41% y-o-y.

On 27 October 2023, the additional tax affecting the banking sector was approved. The rate of special the tax will be 2% of the annual gross turnover in 2024 and 2025, while starting from 2026 it will be reduced to 1%.

OTP BANK MOLDOVA

Performance of OTP Bank Moldova:

Main components of P&L account	2022 HUF million	2023 HUF million	Change %
Adjusted profit after tax	9,403	14,700	56
Income tax	(1,385)	(2,059)	49
Profit before income tax	10,788	16,759	55
Operating profit	17,551	13,440	(23)
Total income	27,830	25,268	(9)
Net interest income	19,172	16,349	(15)
Net fees and commissions	2,624	2,389	(9)
Other net non-interest income	6,034	6,530	8
Operating expenses	(10,279)	(11,828)	15
Total provisions	(6,763)	3,319	
Provision for impairment on loan losses	(5,895)	3,106	
Other provision	(868)	213	
Main components of balance sheet (closing balances)	**2022**	**2023**	**%**
Total assets	365,658	428,192	17
Gross customer loans	171,412	150,228	(12)
Gross customer loans (FX-adjusted)	169,571	150,228	(11)
Stage 1+2 customer loans (FX-adjusted)	164,895	144,367	(12)
Retail loans	84,143	67,585	(20)
Corporate loans	75,994	72,279	(5)
Leasing	4,758	4,503	(5)
Allowances for possible loan losses	(11,177)	(7,122)	(36)
Allowances for possible loan losses (FX-adjusted)	(11,095)	(7,122)	(36)
Deposits from customers	264,031	332,062	26
Deposits from customers (FX-adjusted)	259,666	332,062	28
Retail deposits	174,719	204,833	17
Corporate deposits	84,947	127,229	50
Liabilities to credit institutions	42,083	27,489	(35)
Total shareholders' equity	53,430	63,353	19
Loan Quality	**2022**	**2023**	**%/pps**
Stage 1 loan volume under IFRS 9 (in HUF million)	139,227	127,607	(8)
Stage 1 loans under IFRS 9/gross customer loans	81.2%	84.9%	3.7
Own coverage of Stage 1 loans under IFRS 9	2.3%	1.3%	(1.0)
Stage 2 loan volume under IFRS 9 (in HUF million)	27,452	16,760	(39)
Stage 2 loans under IFRS 9/gross customer loans	16.0%	11.2%	(4.9)
Own coverage of Stage 2 loans under IFRS 9	18.3%	11.7%	(6.6)
Stage 3 loan volume under IFRS 9 (in HUF million)	4,733	5,861	24
Stage 3 loans under IFRS 9/gross customer loans	2.8%	3.9%	1.1
Own coverage of Stage 3 loans under IFRS 9	61.3%	60.1%	(1.2)
Provision for impairment on loan losses/average gross loans	3.23%	(2.01%)	(5.25)
Performance Indicators	**2022**	**2023**	**pps**
ROA	2.7%	3.9%	1.2
ROE	19.3%	25.5%	6.1
Total income margin	8.05%	6.73%	(1.32)
Net interest margin	5.55%	4.35%	(1.19)
Operating costs/Average assets	2.97%	3.15%	0.18
Cost/income ratio	36.9%	46.8%	9.9
Net loans to deposits (FX-adjusted)	61%	43%	(18)
FX rates	**2022 HUF**	**2023 HUF**	**Change %**
HUF/MDL (closing)	19.6	19.9	1
HUF/MDL (average)	19.4	19.4	0

In 2023, **OTP Bank Moldova** contributed to the Group's adjusted profit with HUF 14.7 billion profit after tax (+56% y-o-y). The Bank's ROE amounted to 25.5% in 2023.

Total income amounted to HUF 25 billion in 2023 (9% y-o-y); the contribution of net interest income was HUF 16 billion (–15% y-o-y), that of net fees and commissions was HUF 2 billion (–9% y-o-y), and other income was HUF 7 billion (+8% y-o-y).

The reason for the y-o-y lower net interest income was the central bank's interest rate cutting cycle, which began at the end of 2022; as a result, the average interest rate on deposits declined at a slower pace due to the high proportion of term deposits previously placed at higher interest rates. In contrast, interest income on placements with the central bank and on government securities decreased faster. As a result, full-year net interest margin eroded by 1.19 pps, to 4.35%. Net fees and commissions declined as card-related expenditures grew.

In 2023, operating expenses increased by 17% in local currency. They grew at the same rate as inflation, largely driven by the wage hikes at the bank, and to a smaller degree because other expenses rose. The cost to income ratio stood at 46.8% (+9.9 pps y-o-y).

In 2023, risk costs totalled +HUF 3.3 billion, as a result of provisions release.

The Stage 3 ratio stood at 3.9% at the end of 2023 (+1.1 pps y-o-y); their own provision coverage exceeded 60%.

The FX-adjusted volume of performing (Stage 1+2) loans declined by 12% y-o-y largely as a result of the contraction in the first three quarters, as demand dropped in the higher interest rate environment. Within that, retail loans fell by 20% and-, corporate loans decreased by 5%.

FX-adjusted deposit volumes the full-year growth rate to 28%; chiefly because corporate deposits went up by 50%, and retail deposits also surged 17%.

STAFF LEVEL AND OTHER INFORMATION

	31/12/2022				31/12/2023			
	Branches	ATM	POS	Headcount (closing)	Branches	ATM	POS	Headcount (closing)
OTP Core	**352**	**1,866**	**143,078**	**10,985**	**342**	**1,877**	**156,757**	**11,257**
DSK Group (Bulgaria)	305	998	16,559	5,358	302	979	17,494	5,104
OTP Bank Slovenia	49	81	4,925	875	114	436	15,459	2,355
OBH (Croatia)	111	428	11,344	2,294	107	438	10,889	2,400
OTP Bank Serbia	155	265	18,049	2,632	156	275	20,108	2,676
OTP Bank Albania	58	213	831	730	50	129	988	719
CKB Group (Montenegro)	33	116	7,529	497	28	114	8,323	503
Ipoteka Bank (Uzbekistan)					39	682	232	4,444
OTP Bank Russia (w/o employed agents)	108	191	534	4,471	82	165	278	4,587
OTP Bank Ukraine (w/o employed agents)	71	150	263	2,134	71	165	190	2,074
OTP Bank Romania	97	156	8,325	1,826	95	157	13,848	1,780
OTP Bank Moldova	53	156	0	896	53	154	0	867
Foreign subsidiaries, total	**1,040**	**2,754**	**68,359**	**21,713**	**1,097**	**3,694**	**87,809**	**27,509**
Other Hungarian and foreign subsidiaries				619				640
OTP Group (w/o employed agents)				**33,318**				**39,407**
OTP Bank Russia – employed agents				2,431				2,018
OTP Bank Ukraine – employed agents				227				123
OTP Group (aggregated)	**1,392**	**4,620**	**211,437**	**35,976**	**1,439**	**5,571**	**244,566**	**41,547**

Definition of headcount number: closing, active FTE (full-time employee). The employee is considered as full-time employee in case his/her employment conditions regarding working hours are in line with a full-time employment defined in the Labour Code in the reporting entity's country. Part-time employees are taken into account proportional to the full-time working hours being effective in the reporting entity's country.

STATEMENT ON CORPORATE GOVERNANCE PRACTICE

Corporate governance practice

OTP Bank Plc., being registered in Hungary, has a corporate governance policy that complies with the provisions on companies of the act applicable (Civil Code). As the company conducts banking operations, it also adheres to the statutory regulations pertaining to credit institutions.

Beyond fulfilling the statutory requirements, as a listed company on the Budapest Stock Exchange (BSE), the company also makes an annual declaration on its compliance with the BSE's Corporate Governance Recommendations. After being approved by the General Meeting, this declaration is published on the websites of both the Stock Exchange (www.bet.hu) and the Bank (www.otpbank.hu).

System of internal controls

OTP Bank Plc., as a provider of financial and investment services, operates a closely regulated and state-supervised system of internal controls.

OTP Bank Plc. has detailed risk management regulations applicable to all types of risks (credit, country, counterparty, market, liquidity, operational, compliance), which are in compliance with the regulations on prudent banking operations. The Bank Group pays special attention to the management of ESG risks and the implementation of climate protection aspects in business practice. Its risk management system extends to cover the identification of risks, the assessment and analysis of their impact, elaboration of the required action plans and the monitoring of their effectiveness and results. The business continuity framework is intended to provide for the continuity of services. Developed on the basis of international methodologies, the lifecycle model includes process evaluation, action plan development for critical processes, the regular review and testing of these, as well as related DRP activities.

OTP Bank Plc.'s internal audit system is realised on several levels of control built on each other. The system of internal checks and balances includes process-integrated control, management control, independent internal audit organisation and executive information system. The independent internal audit organisation as a key element of internal lines of defence promotes the statutory and efficient management of assets and liabilities, the defence of property, the safe course of business, the efficient operation of internal control systems, the minimisation of risks, moreover it reveals and reports deviations from statutory regulations and internal rules, makes proposal to abolish deficiencies and follows up the execution of actions. The independent internal audit organisation annually and quarterly prepares group-level reports on control actions and audit results for the executive boards. Once a year, the internal audit organisation with the prior opinion of the Audit Committee draws up, for the Supervisory Board, the Board of Directors and the Risk Assumption and Risk Management Committee, objective and independent reports in respect of the operation of risk management, internal control mechanisms and corporate governance functions. Furthermore, in line with the provisions of the Credit Institutions Act, reports, once a year, to the Supervisory Board and the Board of Directors on the regularity of internal audit tasks, professional requirements and the conduct of audits, and on the review of compliance with IT and other technical conditions needed for the audits.

In line with the regulations of the European Union, the applicable Hungarian laws and supervisory recommendations, OTP Bank Plc. operates an independent organisational unit with the task of identifying and managing compliance risks. The Compliance Directorate prepares a report quarterly to the Board of

Directors, and annually to the Supervisory Board, about the Bank's and the Bank Group's compliance activities and position.

IT Controls

Applications are developed by either in-house group resources or by third parties. OTP Bank applies administrative, logical and physical control measures commensurate with the risk in order to protect the IT systems storing and processing data, as follows:

- access to data/systems is only possible on the basis of a predefined authorisation management process that applies the principle of least privilege, ensures segregation of responsibilities, that has regular access right reviews and ensures that dismissed employees' access is revoked in a timely manner;
- user authentication, authorisation and password management processes are controlled by policies and audited;
- the systems have test and development environments with appropriate separation from the production environments that have a secure change management procedure, which ensures that program developments or modifications can only be deployed to the operational environment after proper, controlled testing and approval;
- systems are protected by appropriate network perimeter protection, various security devices and network segmentation, furthermore all network communications are protected with state-of-the-art encryption;
- the IT systems that store and process data are regularly backed up and backup media is stored in controlled premises with adequate protection for long-term retention, and the organisation carries out regular backup restore tests;
- adequate redundancy is applied for IT systems that store and process data to ensure business continuity and disaster resiliency;
- has developed DRPs and BCPs for critical systems and critical business processes, which are regularly tested and reviewed;
- the Bank collects and retains the complete log of all major IT operations and IT security relevant data processing activities and the confidentiality, availability, integrity, authenticity and non-repudiation of these audit logs are ensured;
- there is a continuous, up-to-date protection against malicious codes;
- it ensures the regular implementation of vendor patches and updates for the environments used;
- it uses a data leakage protection (DLP) solution to reduce the risk of inadvertent data loss;
- it ensures the continuous monitoring of the operation events of the physical and virtual environment system elements with automated event detection and management tools;
- the above measures are documented at an appropriate level, which ensures the traceability of the implementation of data security requirements in a transparent manner;
- it ensures permanent secure deletion of the data stored on the media, the destruction of the media and the documentation of the destruction of the media during secure operational media disposal processes;
- it enforces data protection requirements already at the design stage of the implementation of the IT systems storing and processing personal data and of the systems operational processes related to them;
- acquire and maintain ability to adequately handle application related security events (including cyber threats), entailing prevention, detection, identification, isolation, analysis, recovery and reporting;
- remote work is regulated in a controlled and documented way, remote device and user access is protected with multi-factor authentication;
- ensures IT security compliance by its managed regulative framework;
- revision and update of IT security regulations bi-yearly or in a frequency complying legislative requirements or upon major changes;

- ensures vulnerability assessments and penetration tests are carried out as planned;
- defines pools for categorization of installed software into preferred, allowed and prohibited and ensures compliance to that policy.
- it ensures that its employees have adequate knowledge of data protection requirements and provides regular data protection and information security awareness training for them.

General Meeting

The General Meeting is the supreme governing body of OTP Bank Plc. The regulations pertaining to its operation are set forth in the Company's Articles of Association, and comply fully with both general and special statutory requirements. Information on the General Meeting is available in the Corporate Governance Report.

Regulations and information to be presented in the Business Report concerning securities conferring voting rights issued by the Company and senior officials, according to the effective Articles of Association, and ownership structure

The Company's registered capital is HUF 28,000,001,000, that is twenty-eight thousand million one thousand Hungarian forint, divided into 280,000,010 that is Two hundred and eighty million and ten dematerialised ordinary shares with a nominal value of HUF 100 each, and a total nominal value of HUF 28,000,001,000, that is twenty eight billion one thousand Hungarian forint.
The ordinary shares of the Company specified all have the same nominal value and bestow the same rights in respect of the Company.
There are no restrictions in place concerning the transfer of issued securities constituting the registered capital of the Company.
No securities with special control rights have been issued by the Company.

Special Employee Partial Ownership Plan Organization No. I. of OTP Employees and Special Employee Partial Ownership Plan Organization No. II. of OTP Employees (hereinafter referred to as: OTP SEPOPs) were established based on the decision of the Company's certain employees and executives considered as employees pursuant to the Act XLIV of 1992 on Employee Partial Ownership Plan. Management rights of OTP SEPOPs are exercised by a trust named *Alapítvány az OTP Munkavállalók Különleges Résztulajdonosi Programjáért*, founded by the same employees setting up OTP SEPOPs. The Company did not participate either in foundation or in management of OTP SEPOPs.
The Company in line with the ESOP Act initiated an employee share ownership plan having a remuneration purpose and founded OTP Bank ESOP Organization for its execution (hereinafter referred to as ESOP Organization).
Pursuant to the laws, the management rights over the ESOP Organization are exercised by a law firm, the so called trustee. In the case of the ESOP Organization Szűcs Law Firm is entitled to exercise the authorities of the trustee. The Company participated in the foundation of the ESOP Organization, however, after its foundation it cannot participate in its management, and according to the laws, it is not entitled to either give orders or to recall the trustee.

Rules on the restrictions of the voting rights:
The Company's ordinary shares confer one vote per share.
An individual shareholder or group of shareholders may not exercise voting rights in respect of in an extent exceeding 25%, or – if the voting rights of another shareholder or group of shareholders exceed 10% – exceeding 33% of the total voting rights represented by the shares conferring voting rights at the Company's General Meeting.
The shareholder is obliged to notify the Company's Board of Directors without delay if the shareholder directly or indirectly, or together with other shareholders in the same group of shareholders, holds more than 2%

of the voting rights represented by the shares conferring voting rights at the Company's General Meeting. Concurrently with this, the shareholder is obliged to designate the shareholders through which the indirect voting right exists, or the members of the group of shareholders. In the event of a failure to provide such notification, or if there are substantive grounds for assuming that the shareholder has made a misleading declaration regarding the composition of the shareholder group, then the shareholder's voting right shall be suspended and may not be exercised until the shareholder has met the above obligations. The notification obligation stipulated in this paragraph and the related legal consequences are also incumbent upon individuals who are classified or may be classified as the Company's shareholders under Article 61 of the Capital Markets Act. The Company must also be provided with proof of the conditions for exemption from the notification obligation in accordance with Section 61 (7)–(8) and (11) and Section 61 (10), (11a) and (12), of the Capital Markets Act.
Shareholder group: the shareholder and another shareholder, in which the former has either a direct or indirect shareholding or has an influence without a shareholding (collectively: a direct and/or indirect influence); furthermore: the shareholder and another shareholder who is exercising or is willing to exercise its voting rights together with the former shareholder, regardless of what type of agreement between the participants underlies such concerted exercising of rights.
For determining the existence and extent of the indirect holding, the rules of the Credit Institutions Act relating to the calculation of indirect ownership shall be applied.
If the voting rights that may be exercised by a shareholder group exceed the threshold stipulated above, the voting rights shall be reduced in such a way that the voting rights relating to the shares most recently acquired by the group of shareholders shall not be exercisable.
If there are substantive grounds to presume that the exercising of voting rights by any shareholder or shareholders might result in a breach of the rules of the Capital Markets Act relating to the acquisition of a controlling interest, the Board of Directors' authorised representative responsible for the registration of shareholders at the venue of the General Meeting, or the Chairman of the General Meeting, may exclude the affected shareholders from attending the General Meeting or exercising voting rights.

The General Meeting has exclusive authority with respect to the following matters:

- changes to the rights associated with specific series of shares, or the transformation of certain categories or classes of shares; (qualified majority)
- the decision regarding the delisting of the shares (qualified majority). When making the decisions, shares embodying multiple voting rights shall represent one share.

The Company is not aware of any kind of agreements among the owners that could give rise to the restriction of the transfer of issued securities and/or the voting rights.

Rules on the appointment and removal of executive officers, and rules on amendment of the Articles of Association:
The Board of Directors has at least 5, and up to 11 members.
When making the decisions, shares embodying multiple voting rights shall represent one share. The members of the Board of Directors are elected by the General Meeting based on its decision uniformly either for an indefinite period or for five years; in the latter case the mandate ends with the General Meeting concluding the fifth financial year following the election. The mandate of a member elected during this period expires together with the mandate of the Board of Directors.
The Board of Directors elects a Chairman and may elect one or more Deputy Chairmen, from among its own members, whose period of office shall be equal to the mandate of the Board of Directors. The Chairman of the Board of Directors is also the Chief Executive Officer (Chairman & CEO) of the Company,

unless the Board of Directors decides within its competence that the position of Chairman of the Board of Directors and the Chief Executive Officer of the Company are held by separate persons.

The membership of the Board of Directors ceases to exist by
a) expiry of the mandate,
b) resignation,
c) recall,
d) death,
e) the occurrence of grounds for disqualification as regulated by law,
f) termination of the employment of internal (executive) Board members.

The General Meeting has exclusive authority with respect to the following matters:

- the recall of members of the Board of Directors, the Supervisory Board and Audit Committee, and of the auditor; (qualified majority)
  More than one third of the members of the Board of Directors and the non-executive members of the Supervisory Board may be recalled within a 12-month period only if any shareholder holds more than 33% of the shares issued by the Company, which have been obtained by the shareholder by way of a public purchase offer.
- except in the cases referred by these Articles of Association to the authority of the Board of Directors, the establishment and amendment of the Articles of Association; (qualified majority); the General Meeting decides on proposals concerning the amendment of the Articles of Association – based on a resolution passed by shareholders with a simple majority – either individually or en masse.

The Board of Directors is obliged to

- prepare the Company's financial statements in accordance with the Accounting Act, and make a proposal for the use of the profit after taxation;
- prepare a report once a year for the General Meeting, and once every three months for the Supervisory Board, concerning management, the status of the Company's assets and business policy;
- provide for the proper keeping of the Company's business books;
- perform the tasks referred to its authority under the Credit Institutions Act, in particular:
  - ensuring the integrity of the accounting and financial reporting system;
  - elaborating the appropriate strategy and determining risk tolerance levels for each business unit concerned;
  - setting risk assumption limits;
  - providing the necessary resources for the management or risk, the valuation of assets, the use of external credit ratings and the application of internal models.

The following, in particular, come under the exclusive authority of the Board of Directors:

- election of the Chairman & Chief Executive Officer of the Company, and exercising employer's right in respect thereof;
- election of one or more Deputy Chairmen of the Board of Directors;
- determination of the annual plan;
- the analysis and assessment of the implementation of business-policy guidelines, on the basis of the Company's quarterly balance sheet;
- decisions on transactions referred to the authority of the Board of Directors by the Company's organisational and operational regulations;
- decision on launching, suspending, or terminating the performance of certain banking activities within the scope of the licensed activities of the Company;
- designation of the employees entitled to sign on behalf of the Company;
- decision on the increasing of registered capital at the terms set out in the relevant resolution of the General Meeting;
- decision to acquire treasury shares at the terms set out in the relevant resolution of the General Meeting;
- decision on approving internal loans in accordance with the Credit Institutions Act;
- decision on the approval of regulations that fundamentally determine banking

operations, or are referred to its authority by the Credit Institutions Act. The following shall qualify as such regulations:
  - the collateral evaluation regulations,
  - the risk-assumption regulations,
  - the customer rating regulations,
  - the counterparty rating regulations,
  - the investment regulations,
  - the regulations on asset classification, impairment and provisioning,
  - the organisational and operational regulations, which contain the regulations on the procedure for assessing requests related to large loans,
  - the regulations on the transfer of signatory rights;
- the decision on approving the Rules of Procedure of the Board of Directors;
- decision on steps to hinder a public takeover procedure;
- decision on the acceptance of a public purchase offer received in respect of treasury shares;
- decision on the commencement of trading in the shares in a regulated market (flotation);
- decision on the cessation of trading in the shares in a given regulated market, provided that the shares are traded in another regulated market (hereinafter: transfer).

The Board of Directors is exclusively authorised to:
- decide, in the cases specified in the Civil Code, on acceptance of the Company's interim balance sheet, subject to the prior approval of the Supervisory Board;
- decide, instead of the General Meeting, to pay an advance on dividends, subject to the preliminary approval of the Supervisory Board;
- make decisions regarding any change in the Company's name, registered office, permanent establishments and branches, and in the Company's activities – with the exception of its core activity – and, in relation to this, to modify the Articles of Association should it become necessary to do so on the basis of the Civil Code or the Articles of Association;
- make decision on mergers (if, according to the provisions of the law on the transformation, merger and demerger of legal entities, the approval of the General Meeting is not required in order for the merger to take place).

The Board of Directors directly exercises employer's rights in respect of the Chairman & CEO. The person affected by a decision may not participate in the decision making. Employer rights in respect of the executive directors of the Company are exercised by the Board of Directors through the Chairman & CEO, with the proviso that the Board of Directors must be notified in advance of the appointment and dismissal of the Deputy CEOs. With regard to issues related to the exercising of employer's rights in respect of employees, the Company is represented by the Chief Executive Officer and by the senior company employees defined in the Organisational and Operational Regulations of the Company, in accordance with the delegation of authority approved by the Board of Directors. If the Chairman of the Board of Directors and the CEO are different persons, the employer rights in respect of the other executive directors of the Company (CEO, deputy CEOs) are exercised by the Board of Directors through the Chairman of Board of Directors, with the proviso that the Board of Directors shall be notified in advance of the appointment and dismissal of the CEO and Deputy CEOs. With regard to issues related to the exercising of employer's rights in respect of employees, the Company is represented by the persons defined in the Organisational and Operational Regulations of the Company, in accordance with the delegation of authority approved by the Board of Directors.
The Board of Directors may delegate, to individual members of the Board of Directors, to executive directors employed by the Company, and to the heads of the individual service departments, any task that does not come under the exclusive authority of the Board of Directors in accordance with these Articles of Association or a General Meeting resolution.

The Company may acquire treasury shares in accordance with the rules of the Civil Code. The prior authorisation of the General Meeting is not required for the acquisition of treasury shares if the acquisition of the shares is necessary in order to prevent a direct threat of severe damage to the Company (this provision is not applicable in the event of a public purchase offer aimed at buying up the Company's shares), as well as if the Company acquires the treasury shares in the context of a judicial procedure aimed at the settlement of a claim to which the Company is entitled, or in the course of a transformation.

The Company has not made agreements in the meaning of points (j) and (k) in paragraph 95/A of Act No. C of 2000 on Accounting.

Ownership structure of OTP Bank Plc.:

Description of owner	Total equity					
	1 January 2023			31 December 2023		
	Ownership share	Voting rights[1]	Quantity	Ownership share	Voting rights[1]	Quantity
Domestic institution/company	31.80%	31.84%	89,040,716	31.40%	31.46%	87,914,205
Foreign institution/company	50.05%	50.11%	140,129,576	54.43%	54.54%	152,405,042
Domestic individual	16.91%	16.93%	47,338,305	12.93%	12.96%	36,217,730
Foreign individual	0.52%	0.52%	1,464,494	0.48%	0.48%	1,349,320
Employees, senior officers	0.55%	0.55%	1,526,762	0.48%	0.48%	1,338,715
Treasury shares[2]	0.13%	0.00%	354,144	0.20%	0.00%	572,746
Government held owner	0.05%	0.05%	139,946	0.05%	0.05%	139,036
International Development Institutions	0.00%	0.00%	3,183	0.01%	0.01%	28,603
Other[3]	0.00%	0.00%	2,884	0.01%	0.01%	34,613
Total	**100,00%**	**100,00%**	**280,000,010**	**100.00%**	**100.00%**	**280,000,010**

[1] Voting rights in the General Meeting of the Issuer for participation in decision-making.
[2] Treasury shares do not include the OTP shares held by ESOP (OTP Bank Employee Stock Ownership Plan Organization). Pursuant to Act V of 2013 on the Civil Code, OTP shares held by the ESOP are not classified as treasury shares, but the ESOP must be consolidated in accordance with IFRS 10 Consolidated Financial Statements standard. On 31 December 2023 ESOP owned 12,095,524 OTP shares.
[3] Non-identified shareholders according to the shareholders' registry.

Number of treasury shares held in the year under review (2023):

	1 January	31 March	30 June	30 September	31 December
OTP Bank	354,144	1,107,117	585,596	602,180	572,746
Subsidiaries	0	0	0	0	0
Total	**354,144**	**1,107,117**	**585,596**	**602,180**	**572,746**

Shareholders with over/around 5% stake as at 31 December 2023:

Name	Nationality[1]	Activity[2]	Number of shares	Ownership[3]	Voting rights[3, 4]	Notes[5]
MOL (Hungarian Oil and Gas Company Plc.)	**D**	**C**	**24,000,000**	**8.57%**	**8.59%**	
Groupama Group	**F/D**	**C**	**14,256,813**	**5.09%**	**5.10%**	
Groupama Gan Vie SA	F	C	14,140,000	5.05%	5.06%	
Groupama Biztosító Ltd.,	D	C	116.813	0.04%	0.04%	

[1] Domestic (D), Foreign (F).
[2] Custodian (CU), Public Institution (PU), International Development Institutions (ID), Institutional (I), Company (C), Private (PR), Employee or senior officer (E).
[3] Rounded to two decimals.
[4] Voting rights in the General Meeting of the Issuer for participation in decision-making.
[5] Eg: professional investor, financial investor, etc.

Senior officers, strategic employees and their shareholding of OTP shares as at 31 December 2023:

Type[1]	Name	Position	Commencement date of the term	Expiration/termination of the term	Number of shares
IG	dr. Sándor Csányi[2]	Chairman and CEO	15/05/1992	2026	12,000
IG	Tamás György Erdei	Deputy Chairman	27/04/2012	2026	53,885
IG	Gabriella Balogh	member	16/04/2021	2026	17,793
IG	Mihály Baumstark	member	29/04/1999	2026	59,200
IG	Péter Csányi	member, Deputy CEO	16/04/2021	2026	25,939
IG	dr. István Gresa	member	27/04/2012	2026	192,458
IG	Antal György Kovács[3]	member	15/04/2016	2026	126,584
IG	György Nagy[4]	member	16/04/2021	2026	44,400
IG	dr. Márton Gellért Vági	member	16/04/2021	2026	15,800
IG	dr. József Zoltán Vörös	member	15/05/1992	2026	196,314
IG	László Wolf	member, Deputy CEO	15/04/2016	2026	544,502
FB	Tibor Tolnay	Chairman	15/05/1992	2026	54
FB	dr. József Gábor Horváth	Deputy Chairman	19/05/1995	2026	0
FB	Klára Bella	member	12/04/2019	2026	0
FB	dr. Tamás Gudra	member	16/04/2021	2026	0
FB	András Michnai	member	25/04/2008	2026	1,410
FB	Olivier Péqueux	member	13/04/2018	2026	0
SP	András Becsei	Deputy CEO			7,199
SP	László Bencsik	Deputy CEO			15,462
SP	György Kiss-Haypál	Deputy CEO			15,160
SP	Imre Bertalan	MC member			0
SP	dr. Bálint Csere	MC member			10,555
Total No. of shares held by management					**1,338,715**

[1] Board Member (IG), Supervisory Board Member (FB), Employee in strategic position (SP)
[2] Number of OTP shares owned by Dr. Sándor Csányi, Chairman and CEO, directly or indirectly: 4,712,949.
[3] Number of OTP shares owned by Antal György Kovács, Member of Board of Directors, directly or indirectly: 130,884.
[4] Number of OTP shares owned by György Nagy, Member of Board of Directors, directly or indirectly: 1,068,855.

Committees[6]

Members of the Board of Directors

Dr. Sándor Csányi – Chairman
Mr. Tamás György Erdei – Deputy Chairman
Ms. Gabriella Balogh
Mr. Mihály Baumstark
Mr. Péter Csányi
Dr. István Gresa
Mr. Antal György Kovács
Mr. György Nagy
Dr. Márton Gellért Vági
Dr. József Zoltán Vörös
Mr. László Wolf

Members of the Supervisory Board

Mr. Tibor Tolnay – Chairman
Dr. József Gábor Horváth – Deputy Chairman
Ms. Klára Bella
Dr. Tamás Gudra
Mr. András Michnai
Mr. Olivier Péqueux

Members of the Audit Committee

Dr. József Gábor Horváth – Chairman
Mr. Tibor Tolnay – Deputy Chairman
Dr. Tamás Gudra
Mr. Olivier Péqueux

The résumés of the committee and board members are available in the Corporate Governance Report/Annual Report.

[6] Personal changes can be found in the "Personal and organizational changes" chapter.

Personal and organizational changes

As of 1 January 2023, Mr. Antal György Kovács was replaced by Mr. András Becsei as Deputy CEO of the Retail Division. Mr. Antal György Kovács retained his employment status, thus his position as Deputy CEO until the Annual General Meeting closing the financial year 2022, during which time he was mainly be responsible for group governance.

On 28 April 2023, concerning the audit of OTP Bank Plc.'s separate and consolidated annual financial statements in accordance with International Financial Reporting Standards for the year 2023, the Annual General Meeting elected Ernst & Young Ltd. (001165, H-1132 Budapest, Váci út 20.) as the Company's auditor from 1 May 2023 until 30 April 2024.

On 28 April 2023 the Annual General Meeting elected Mr. Antal György Kovács as member of the Board of Directors of the Company until the Annual General Meeting of the Company closing the 2025 business year, but not later than 30 April 2026.

On 28 April 2023 the Annual General Meeting elected
Mr. Tibor Tolnay
Dr. József Gábor Horváth
Dr. Tamás Gudra
Mr. Olivier Péqueux
Mrs. Klára Bella
Mr. András Michnai
as member of the Supervisory Board of the Company until the Annual General Meeting of the Company closing the 2025 business year, but not later than 30 April 2026.

On 28 April 2023 the Annual General Meeting elected
Mr. Tibor Tolnay
Dr. József Gábor Horváth
Dr. Tamás Gudra
Mr. Olivier Péqueux
as member of the Audit Committee of the Company until the Annual General Meeting of the Company closing the 2025 business year, but not later than 30 April 2026.

Operation of the executive boards

OTP Bank Plc. has a dual governance structure, in which the Board of Directors is the Company's executive management body in its managerial function, while the Supervisory Board is the management body in its supervisory function of the Company. It controls the supervision of the lawfulness of the Company's operation, its business practices and management, performs oversight tasks and accepts the provisions of the Bank Group's Remuneration Policy. The effective operation of Supervisory Board is supported by the Audit Committee, as a committee, which also monitors the internal audit, the risk management, the reporting systems and the activities of the auditor.

In order to assist the performance of the governance functions the Board of Directors founded and operates, as permanent or other committees, such as the Management Committee, the Executive Steering Committee, the Remuneration Committee, the Nomination Committee and the Risk Assumption and Risk Management Committee.

To ensure effective operation OTP Bank Plc. also has a number of further permanent committees.

OTP Bank Plc. gives an account of the activities of the executive boards and the committees every year in its Corporate Governance Report.

The Board of Directors held 6, the Supervisory Board held 7 meetings, while the Audit Committee held 3 meetings in 2023. In addition, resolutions were passed by the Board of Directors on 155, by the Supervisory Board on 87 and by the Audit Committee on 29 occasions by written vote.

Policy of diversity

OTP Bank Plc. determines and regulates the criteria for the selection of senior executives in line with European Union as well as domestic legal requirements and directives fundamentally determining the operation of credit institutions.

When designating members of the management bodies (Board of Directors, Supervisory Board) as well as appointing members of the Board of Directors and administrative members (Management), OTP Bank Plc. considers the existence of professional preparation, the highlevel human and leadership competence, the versatile educational background, the widespread business experience and business reputation of the utmost importance, at the same time, it is also highly committed to taking efficient measures in order to ensure diversity with regard to corporate operation, including the gradual improvement in women's participation rate. OTP Bank Plc.'s Nomination Committee continuously keeps tracking the European Union and domestic legislation relating to women's quota on its agenda, in that when unambiguously worded expectations are announced, it promptly takes the necessary measures. In accordance with OTP Bank Plc.'s currently approved strategy, the goal is to have at least one female member in both the Bord of Directors and the Supervisory Board. It is important to note, however, that, as a public limited company, the selection of the members of the management bodies falls within the exclusive competence of the General Meeting upon which – beyond its capacity to designate enforcing the above aspects to maximum effect – OTP Bank Plc. has no substantive influence.

According to OTP Bank Plc.'s Articles of Association, a Board of Directors comprising 5–11 members and a Supervisory Board comprising 5–9 members are set up at OTP Bank Plc. Currently the Board of Directors operates with 11 members and has one female member, the Supervisory Board comprises 6 members and has one female member. The management of OTP Bank Plc. currently comprises 6 members and has no female member.

Fight against corruption and against the practice of bribery

The Code of Ethics (https://www.otpbank.hu/static/portal/sw/file/OTP_EtikaiKodex_EN.pdf), the Partner Code of Ethics (https://www.otpbank.hu/static/portal/sw/file/OTP_Partneri_EtikaiKodex_EN.pdf) publish in 2023 and the Anti-Corruption Policy of OTP Bank Group contains provisions on the fight against corruption and against the practice of bribery, also on the acceptance of individual differences and the denial of discrimination (https://www.otpbank.hu/portal/en/EthicalDeclaration, Anti_Corruption_Policy.pdf [otpbank.hu]). As it can be read in the foreword of the Code and the Anti-Corruption Policy as well, the OTP Bank Plc. and its management have adopted the principle of zero tolerance towards corruption and bribery, taking a definite stance against all forms of corruption and giving full support to the fight against corruption. In addition, the Code states that "As an ethical and compliant institution, the Bank and its management are fully committed to ensuring observance of all relevant legislation, including anti-corruption statutes." The OTP Bank Plc. has set up an ethics reporting system (whistleblowing), which is for the reporting and the handling of the reports on suspected or actual violation of the values set forth in the Code of Ethics, where anonymous reporting of ethics issues is also possible. The OTP Bank Plc. conducts inquiries for the purpose of detecting, preventing anomalies in connection with reports made or anomalies it became aware of otherwise.

Through the OTP Bank Plc.'s ethics reporting system a total of 93 reports were received in 2023. In 29 of these reports, we deemed it necessary to conduct an ethical procedure and 8 case's investigation resulted in declaring ethics offense. The OTP Bank Plc. has created and maintains its Code of Ethics to keep reputational risk and financial losses, which may incur in relation to corruption, bribery and discrimination, on a minimum level. Both employees and newcomers receive education on the Code of Ethics, and in addition, the acceptance to be bound by it is a prerequisite for their employment. In addition, all business partners and clients are communicated about the Anti-Corruption Policy and procedures through the Code of Ethics and Anti-Corruption Policy published

publicly on the OTP Bank Plc.'s website and from 2023 the Partner Code of Ethics has been published on the Bank's website as well.
The Anti-Corruption Policy stipulates that, in view of the fact that existing and established relationships with contractual partners also contain the possibility of corruption, the OTP Bank Plc. will act prudently in its dealings with contractors, in particular in the tendering and preparation process, to minimise the risk of corruption. The OTP Bank Plc. establishes relationships with its contractual partners based on an assessment of professionalism, competence and competitiveness, and does not apply other non-professional selection criteria that contain the possibility of corruption.
Based on the Compliance's proposal, the prohibition of corruption will be reflected in the contractual and regulatory documents used by the OTP Bank Plc. in a clearer and well-defined manner from 2023 onwards, through the inclusion of anti-corruption clauses in the business rules and standard contracts. The clause will state from the very beginning of the business relationship that the contracting partner accepts OTP Bank Plc.'s anti-corruption principles, including the prohibition of corruption and the consequences of breaching this prohibition, which can even be termination of contract.
Any requests from third parties affecting human rights are treated by the OTP Bank Plc. as a priority.
We manage the risks regarding the fight against corruption and bribery within the framework of our operational risk management process. Our quarterly compliance reports cover the changes in risks as well as the steps necessary steps to manage them. The reports are presented to the Executive Steering Committee and the Board of Directors; the annual report is also submitted to the Supervisory Board.

Non-financial performance indicators

- **Internal audit:** 207 closed audits, 1,385 recommendations, 1,383 accepted recommendations.
- **Compliance with Budapest Stock Exchange (BSE) Recommendations (yes/no ratio):** 72 yes, 0 no.
- **Compliance:** 7 closed consumer protection related investigations by the Compliance.
- **Bank security investigations, reports:** we conducted a total of 3,356 bank security investigations and 253 reports were made to the authorities, most of which were related to cases of fraud committed against customers.
  The expected damage value from the detected crimes is about HUF 4.7 billion, which is much higher than the loss realized last year, which was HUF 1 billion. The largest part of the loss occurred in the area of financial offences. With regard to financial offences, a downward trend can be observed in consumer loans, primarily in connection with the offences of personal loans, which was about HUF 28 million, almost a fifth of the previous year's value.
  At the same time, the amount of damage caused by corporate credit fraud was HUF 4.6 billion, of which a significant part of the damage value – HUF 3 billion – was accounted for by one case.
  There was a drastic increase in the trend of online fraud targeting customers until July 2023, but due to the introduced measures, there was a continuous decrease in both the number of cases and the amount of damage from September 2023. Compared to the losses in July, December's fell to about a third, but a significant customer loss was still realized, which exceeded HUF 10 billion in 2023, and with fraud prevention operative measures and monitoring activities, HUF 6.5 billion of customer losses were prevented.
  Compared to 2022, an increase can be observed in connection with bank card abuse, both in terms of the number of attempted abuses and the damage. In 2023, the value of successful bank card abuses exceeded HUF 4.5 billion, of which the value of successful transactions with cards issued by OTP amounted to HUF 3.9 billion.
  As a result of the preventive security measures taken by the bank, the value of fraudu-

lent bank card transactions that failed in 2022 is HUF 10.2 billion. Of this, the value of abuses prevented in the case of cards issued by OTP is HUF 10.1 billion.
The ratio of bank card abuse to turnover increased, in the case of OTP the ratio of bank card misuse to turnover remained lower than the European average published by Mastercard (OTP Bank 0.0203%, European average 0.0400%).

- **Ethics issues:** 93 ethics reports, establishing ethics offense in 8 cases.

OTP GROUP'S SUSTAINABILITY ACTIVITIES FOR 2023[7]

Non-financial statement

The following parts of the document called OTP Bank Plc. non-financial statement up to and including subsection 6.2.

BUSINESS MODEL

OTP Group's business model is focused on serving the financial needs of retail, private banking, micro and small business, medium and large corporate and municipal customers at a high level, both through its branch networks and its constantly evolving digital and innovative remote service channels, as well as through its agents and other contracted partners. The Group served the financial needs of approximately 17.4 million customers at the end of 2023.
The Group aims to continuously develop its services in a constantly evolving digital and technological environment, so that they are easily accessible and secure for an increasingly broad range of customers. In addition to digitalisation, OTP Group places great emphasis on sustainability, aiming to avoid negative environmental and social impacts while at the same time exploiting potential business benefits.
The Bank plays an active role in developing the financial awareness of the population, enriching cultural values, preserving environmental values and ensuring equal opportunities.
OTP Group is present in 11 countries in the Central and Eastern European region and entered the Central Asian region in 2023 with the acquisition of Ipoteka Bank in Uzbekistan.
The parent bank of OTP Group, OTP Bank Plc., is the leading credit institution in Hungary.
In addition to its operations in Hungary, the Bank has foreign subsidiaries in 11 countries through equity investments, in which it typically holds 100% or close to 100% stakes. Among the Group members, OTP's Montenegrin subsidiary is also the market leader, while its Bulgarian, Slovenian and Serbian operations are the second largest in the local market in terms of total assets. The Albanian subsidiary is ranked third, while the Croatian and Moldovan subsidiaries are ranked fourth in the local ranking of banks.
Both OTP Bank and its foreign subsidiaries offer a wide range of banking and financial

[7] **Symbols**
@ For more information see another page of the Business Report or the home page.
The symbols for, and the contents of, the indicators GRI 2-1, ST1, TCFD I, FN-CB-240a.4 etc. are to be found in the @GRI Content Index.
Information relevant to specific subsidiaries and countries are marked by country codes: AL BG HU HR MO MD RO RS RU SI UA UZ

services in both the retail and corporate segments: they collect deposits from their customers and raise funds from the money and capital markets; on the asset side, they provide mortgage loans, consumer loans, business investment and working capital loans, and municipal loans. Depending on the balance sheet structure of the given entity, Group members invest their liquidity reserves in the money and capital markets or receive intergroup funding. In addition, the subsidiary banks and other domestic and foreign subsidiaries provide their clients with a wide range of modern financial services, including asset management and investment services, cash management, treasury and other services. However, there are differences between the various countries in terms of, among other things, business focus, the range of services and products offered and the distribution channels. In terms of business focus, while in most countries of the Group the share of retail, corporate and leasing volumes is relatively balanced, in the Ukraine the weight of corporate and leasing portfolios within outstanding loans exceeds 90 percent, while in Russia the share of retail consumer loans reaches 97 percent and in both countries the share of mortgage loans is negligible.

ESG STRATEGIC DIRECTIONS

OTP Group aims to play a leading long-term financing role in the green and fair transition of the Central and Eastern European region. The Banking Group defines its long-term sustainable, transparent and ethical operation through stable management, responsible and transparent governance, as a responsible employer in the labour market and an active player in society. Our aim is to provide responsible and fair financial services tailored to our customers' needs, to establish open cooperation with our stakeholders based on trust, and to reduce our negative environmental impacts.

OTP Group's ESG strategy, and its related vision and mission have not changed in 2023.

Vision

Responsible financial decisions and socially and environmentally adequate, ethical financial solutions are available for all economic participants and citizens in all of the countries covered by the OTP Group's operations.

Mission

For us, sustainability means taking responsibility for our economic, social and environmental impacts. We firmly believe that by our leading role in the Central and Eastern European Region and our presence in Central Asia, with our pioneering developments, conscious and ethical business operation and exemplary partnerships we create value and contribute to a sustainable future.

ESG strategy

ST4, 305: 3-3, TCFD II.a,b, IV.c The ESG strategy of OTP Group was unanimously approved by the Management Committee in 2021 and is reviewed annually to adapt it to changes in the market and regulatory environment. The strategy rests on the following three pillars: responsible service provider, responsible employer and responsible social actor. In addition to business opportunities, the strategy includes the identification and management of material risks, as well as social and governance objectives. Our goal is to achieve ESG integration in all relevant areas and all relevant topics by 2025.

Strategic goals	Long-term KPIs for the OTP Group	End-2023 results
Responsible service provider • green products and solutions facilitating the green transition of the economy • products and investment services to facilitate investments into the sustainable economy • active ESG risk management	Total green credit portfolio of HUF 1,500 bn by 2025	We exceeded the HUF 414 bn green loan portfolio target for 2023 by more than HUF 200 bn
Responsible employer • active ESG management practices in corporate governance • strengthening employee well-being and development, diversity and employee engagement	Steady increase in the level of employee engagement, to reach a global* 75 percentile at Group level (in 2023: 78%)	The level of employee engagement was 72% at Banking Group level
Responsible social actor		
• strongly reducing emissions from our own operation	Net carbon neutrality by the end of 2022 (goal met), total carbon neutrality by 2030 for OTP Bank	We met the short-term target
• significant contribution to social objectives and SDGs through responsible products and services and through donations	OTP Bank will become a member of the S&P Dow Jones Sustainability Index by 2025	The Bank's score in the S&P Global Corporate Sustainability Assessment improved by 9 percent in 2023 compared to the previous year, up 4 points

* Based on a benchmark of more than 750 companies.

The majority of subsidiary banks have developed their ESG strategy in 2022, setting their own targets, which are also aligned with the parent bank's objectives. The strategies cover segments such as ESG risk management, the development of green lending, the organisational frameworks, social matters and reducing their operations' environmental impacts. The subsidiary banks have also defined KPIs to measure the effectiveness of the achievement of the targets set. The Board of Directors of OTP Bank is also informed of the achievement of ESG targets and the annual review of the plans, as is the Supervisory Board. The Russian, Ukrainian and Moldovan subsidiaries developed their strategies in 2023 and are expected to adopt these in 2024. The two Slovenian subsidiaries have drawn up a joint ESG strategy at the end of 2023 in preparation for the merger, which is also expected to be adopted in 2024.

UN Principles for Responsible Banking

At the end of 2021, OTP Bank signed the commitment to follow the United Nations Principles for Responsible Banking (UN PRB). The Principles provide a framework to ensure that banks' strategies and operation conform to the future vision outlined in the UN's sustainable development goals and the Paris Agreement. The Serbian subsidiary of the Banking Group was the first Serbian bank to join the Principles at the end of 2023, while the Romanian subsidiary has postponed its planned accession until 2024.

OTP Bank fulfils its PRB reporting obligation in this report, in the Reporting and Self-Assessment Template.

Recognising the sustainability performance of subsidiary banks

SI HR After 2022, in 2023 Slovenian NKBM has again been awarded the Green Star Certificate of the Slovenian organisation "CER – Partnership for a Sustainable Economy".

The Croatian subsidiary bank also participated in the 2023 ESG rating of the Croatian Chamber of Economy, where it was ranked third in the financial sector. In addition, the bank is a member of the Croatian Sustainability Index (HRIO), compiled by the Croatian Business Council for Sustainable Development.

GRI 2-6 **Summary ESG data of OTP Group:**

	GRI indicator number	OTP Bank 2022	OTP Bank 2023	OTP Group 2022	OTP Group 2023
@Percentage of women on the Supervisory Board	405-1	17%	17%	24%1	26%1
@Percentage of women on the Board of Directors	405-1	9%	9%	20%1	16%1
@Percentage of women in top management	405-1	0%	0%	23%2	21%2
@Amount donated		HUF 2.5 billion	HUF 3.0 billion	HUF 4.0 billion	HUF 5.0 billion
Number of customers – total	2-6	4.6 million[3]	4.3 million[3]	15.7 million	17.4 million
Number of retail customers	2-6	4.2 million[3]	4.0 million[3]	14.8 million	16.5 million
Number of corporate customers	2-6	0.4 million[3]	0.3 million[3]	0.9 million	0.9 million
@Young customers[5]	2-6	18%	19%	11%	13%
@Micro and small enterprise assets	2-6, FS6	HUF 570 billion[3,4]	HUF 578 billion	HUF 874 billion	HUF 1,146 billion
@Medium and large corporation assets	2-6, FS6	HUF 2,772 billion[3,4]	HUF 3,326 billion	HUF 7.820 billion	HUF 9,405 billion
@Percentage of accessible branches and customer offices		99%	99%	78%	77%
@Customer satisfaction (TRI*M)[6]		66 points	57 points	varies by country	varies by country
@Number of participants in the financial education trainings of OK Training Centres		29,307	37,117	35,237	47,889
@Headcount of employees (active, persons, 31.12)	2-7	10,516	10,715	38,775	44,468
@Percentage of women	405-1	64%	63%	69%	66%
@Female-to-male salary ratio (in the same job category)	405-2	98.57%	98.16%	90.47%	92.24%
@Turnover	401-1	12.2%	12.1%	26.9%	20.8%
@Turnover (excluding agents employed)	401-1	12.2%	12.1%	20.4%	17.4%
@Average training hours	404-1	80	79	35	34
@Employee satisfaction/engagement		76%	76%	70%	72%
@Energy consumption (GJ)	302-1	268,934	245,555	1,091,006	1,107,043
@Energy consumption per employee (GJ)		26.17	23.19	29.22	25.58
@CO_2 emissions (Scope 1+2, tCO_2e) – market-based	305-1, 305-2	7,675	7,115	73,701	70,649
@CO_2 emissions (Scope 1+2, tCO_2e) – with offset	305-1, 305-2	675	-485	66,701	60,874
@CO_2 emissions per employee (tCO_2e) – market-based		0.75	0.67	1.97	1.63
@CO_2 emissions by turnover (tCO_2e/HUF million) – market-based		0.014	0.012	0.044	0.032

[1] Consolidated data for the management bodies of the parent bank and subsidiary banks.
[2] Consolidated data for the parent bank and subsidiary banks.
[3] OTP Core
[4] Consolidated by country.
[5] As a percentage of retail customers.
[6] On a scale of -66 to 134 points, national data.

MATERIALITY ANALYSIS

GRI 3-1 Materiality analysis is a fundamental and guiding element of our activities promoting sustainable development and our sustainability reports. Materiality can be defined in a variety of ways.

The materiality assessment for 2022 is based on the GRI Standards requirements and guidelines. Its basic principle is that material topics are topics that represent the organisation's most significant impacts on the economy, the environment and people, including human rights, (impact materiality).

In the Dow Jones Sustainability World Index approach, the material sustainability factors are those that have, or may, in the future, have significant impacts on the Company's value/value factors, competitive position, including long-term shareholder value-creation and business performance (financial materiality).[8]

The Corporate Sustainability Reporting Directive (CSRD) will require reporting companies to observe the principle of "double materiality". Accordingly, each dimension (impact and financial) was applied in our analysis – prioritising the GRI requirements.

The potentially material impacts:

- the stakeholder survey,
- the other available stakeholder feedback (customer satisfaction survey, employee engagement survey)
- topics of the GRI Standards
- the topics included in ESG ratings, and
- identified on the basis of the topics comprised in the UN PRB impact analysis tools

The **stakeholder survey** was conducted with the involvement of authorities and public bodies, professional associations and representatives of civil society organisations and scientific organisations with experience in various segments of sustainability, having a comprehensive overview, with adequate information on the activities of the OTP Group, sustainability experts, media representatives, the representative of OTP Bank's trade union and representatives of sales partners.

In-depth interviews were conducted with groups of stakeholders as well as individual stakeholders by an external professional consultant without the involvement of the Banking Group's representatives to encourage the expression of honest opinions. The stakeholders identified sustainability topics considered as material regarding the Banking Group. According to the respondents, being a major market participant entails a great deal of responsibility, and they also expect OTP Bank to be an example and provide guidance in relation to sustainability.

The stakeholders clearly found the environmental impacts of financing more important this time than in earlier surveys and in their earlier feedback.

OTP Group's **list of impact areas** was compiled based on feedback from stakeholders and the sources listed above. The areas were first assessed based on the basis of the impacts on sustainability: economy, environment and society. **Evaluation** was based on objective metrics (e.g. number of stakeholders, degree of involvement, financial indicators, ratios) by expert estimation, with the inclusion of an external consultant and the Bank's ESG division.

The financial impacts on the Group of the impacts identified from the aspect of sustainability and the relevance of the GRI indicators for the various materiality areas were determined and ranked on a 7-point scale (-3 to 3) with the assistance of ESG Operational Subcommittee members.

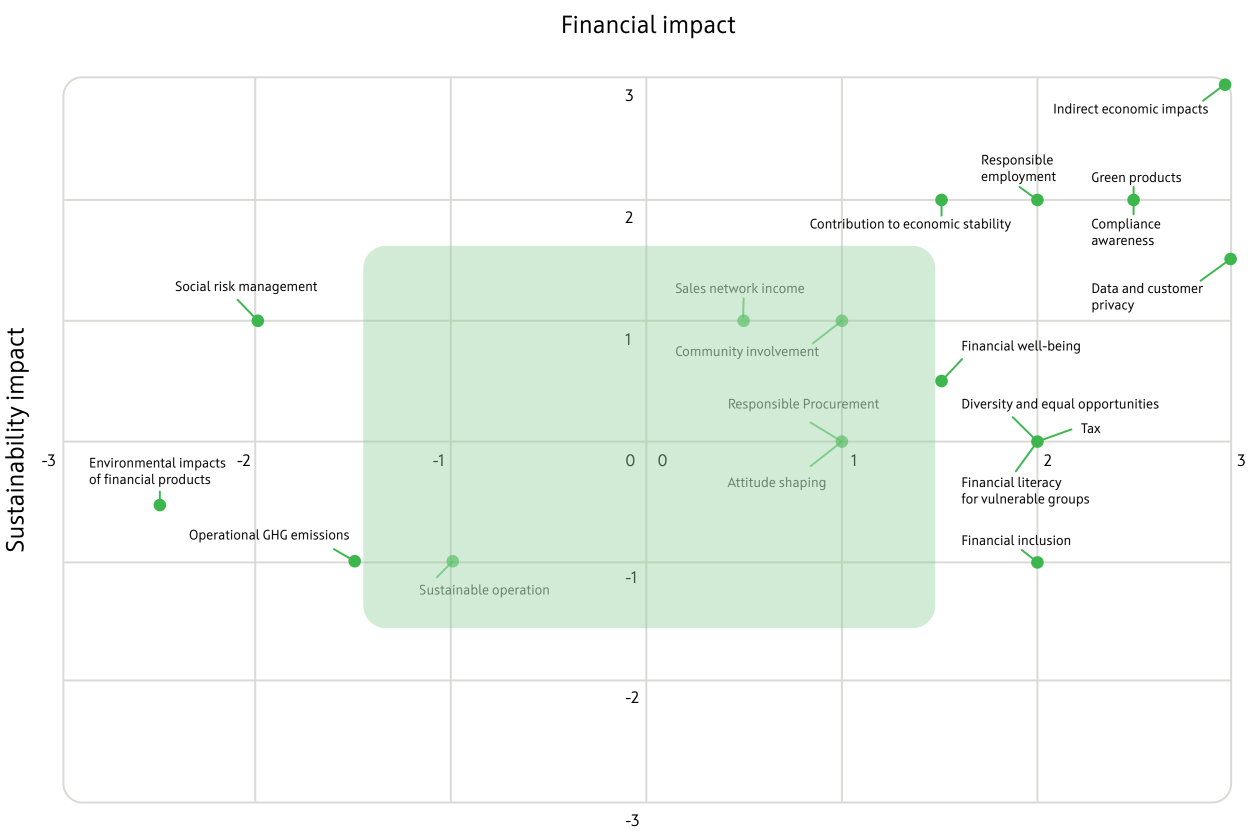
An annual review of the materiality analysis was carried out in 2023, in line with the GRI Standards for 2021. The scope of the Banking Group's activities has not changed significantly compared to previous years. Its range of subsidiaries has expanded, with the most significant change being the acquisition of NKBM of Slovenia and Ipoteka Bank of Uzbekistan in 2023. New, potentially

[8] Financial materiality is defined in various ways, which are essentially identical in terms of content. The Dow Jones Sustainability World Index has been measuring large enterprises' ESG performance since 1999 and has been producing the most comprehensive Corporate Sustainability Assessment (CSA) year after year to date, which is why its definition is regarded as adequately authentic.

material impacts may arise in the case of the Uzbek bank, which will be assessed in detail once integration is completed in 2024. Monitoring external global and regional processes and the methodology of ESG ratings, we have not identified any new material topics. Based on the experience of the previous year's reporting, it was considered expedient to merge certain topics, as they are not treated separately within the Group. This is how the material topics have changed relative to the previous year.

GRI 2-14 Both the 2022 and the revised materiality analysis were approved by the ESG Committee.

GRI 3–2 **OTP Group's material sustainability topics are shown in the white background of the chart:**



Changes in material topics compared to the previous year:

Title of topic	Description of change
Social impacts and indirect economic impacts of financial products	Social and indirect economic impacts of lending and the Indirect economic impacts of investment merged
Tax payment	No change
Contribution to economic stability	No change
Environmental impact and GHG emissions of financial products	Environmental impact and GHG emissions of lending and Environmental impact and GHG emissions of investment products merged
Green products	Green loan products and Green investment products topics merged
Operational GHG emissions	No change
Access to finances	No change
Financial well-being	No change
Responsible employment	Responsible employment and Impact on livelihoods and salary levels merged
Diversity and equal opportunities	No change
Financial literacy for vulnerable groups	No change
Customer data and information security	No change
Compliance	Merging of the topics of Prevention of money laundering, Anti-corruption activities, Compliance awareness and Non-discrimination
Financing of high social risk sectors	No change

1. ESG governance, responsibilities

GRI 2-9, 2-12, 2-13, TCFD I.a,b ESG governance at Banking Group level is unchanged in 2023. In 2021, based on Green Recommendation No. 5/2021 (IV.15.) of the MNB, a conceptual proposal for the establishment of the ESG Committee, the ESG Sub-Committee and the ESG Control Function, which constitute the Bank's standing ESG organisation, was discussed and unanimously approved by both the Management Committee and the Board of Directors. With the decision of the Board of Directors, the Bank's ESG organisation was established in December 2021. The organisation is multi-level: the Board of Directors is the main decision-making body, assisted and reported to by the ESG Committee.
The ESG Committee is a standing committee set up by the Bank's Board of Directors. Its Chair is appointed by the Chairman & CEO from the members of the BoD and its members include OTP Bank's Deputy CEOs and elected directors. The Committee

- is responsible for defining the Bank's and the Banking Group's ESG strategy, plans and policies;
- gives its opinion in advance on all ESG-related proposals to be submitted to the management body;
- the ESG Committee is responsible for identifying ESG risks, formulating strategy, plans and policies, setting target and performance objectives and evaluating them, together with the relevant organisations, in order to define and manage climate change and environmental risks, as well as social and governance risks, assess their consequences.

The ESG Sub-Committee is the standing decision-preparing forum of the ESG Committee, coordinating, consulting on and implementing the work of the ESG Committee in the framework of its technical support work.
The head of the Subcommittee – who is also the leader of the ESG business transformation – is the director of the Green Programme Directorate.
The Board of Directors is provided with a comprehensive report on the implementation and furtherance of OTP Bank's ESG strategy. The Supervisory Board receives written information on the annual report of the Board of Directors.
ESG coordination is also ensured in the subsidiaries, which have established their own ESG organizational units.

GRI 2-19 Compliance-conscious operation and CSR each makes up at an at least 5 percent share of the targets set out for each of OTP Bank's Chairman & CEO, Deputy CEOs and executive directors. These two elements comprise the satisfaction of sustainability criteria as well.

In reviewing the target systems of foreign subsidiary bank executives, sustainability targets were also included among objectives.

The ESG–CSR indicator is a mandatory KPI with a uniform weighting of 5 percent for the senior executives of each foreign subsidiary. Content of the indicator: Performing tasks arising from ESG risks and business opportunities; implementing ESG integration tasks within own competencies in line with the Group's ESG strategy and green KPI; implementing ESG aspects in own business processes and internal regulatory documents; raising ESG awareness within the organisation; providing quality data for sustainability/integrated reporting, for the appropriate functioning of CSR-related processes.

GRI 2-17 Five (45%) of the members of the Board of Directors and two (33%) of the members of the Supervisory Board had completed the five-module ESG training for senior management developed in 2023 (see also @5.5) by the end of the year.

A number of standing committees are directly involved in the management of the Group's environmental, social and economic impacts. They are discussed in the @Responsible Corporate Governance Report.

The organisational structure and governance levels of OTP Bank are shown in the @Organisational Chart.

GRI 2-12, 2-16 The Board of Directors and the Supervisory Board are kept informed by regular (annual, semi-annual) reports from the various committees and divisions. The members of the management bodies can access the documents of all of committees and boards, and can ask any division of the bank for information through the Management Information Portal.

No critical stakeholder remarks were made in 2023; nonetheless, the governing bodies were provided with information on feedback from stakeholders, including employees, customers, shareholders and regulatory bodies:

- A report on the process and results of the group-wide engagement survey was presented to the Supervisory Board.
- Semi-annual reports are prepared for the BoD and the Supervisory Board on customer complaints and the lessons drawn from their management as well as the MNB's consumer protection audit. They were also informed about customer complaints received by the foreign subsidiaries.
- The management bodies are informed on a quarterly basis at the Banking Group level on the closed audits of audit organizations, as well as on the MNB's supervisory procedures and the status of implementation of the recommendations made to the Bank. The Supervisory Board or the Supervisory Board and the Board of Directors reviews and approves the audit reports containing the results of the audits to be carried out by Internal Audit as required by MNB Resolutions and Recommendations before they are sent to the Supervisory Authority.

Other situations affecting the Banking Group of which the management bodies have been informed:

- OTP Bank was included on the list of the Ukrainian National Agency on Corruption Prevention (NACP) in May, as one of the international supporters of the war. Our Bank has indicated in a press release and in several press responses that it considers the NACP's action as unworthy and is seeking to convince the Ukrainian authorities of this, and has also explained that the NACP has made a number of erroneous and untrue arguments in support of its stigmatising decision. The Bank has refuted the most significant of these in detail in its press releases and press responses. OTP Bank stressed that it condemns any aggression against any sovereign country and is committed to supporting Ukrainian citizens and the country's economy.

In the course of discussions with the European External Action Service and the Agency, our Bank made commitments regarding its future plans for the Russian market, and the Agency removed OTP Bank from the list of international supporters of the war in early October 2023.

- In a New York Times article, it was published – and subsequently proven to be false – that money was transferred to a foundation owned by a sanctioned Russian person from a third country through our Russian subsidiary bank. On account of the significance of the matter, the bodies were informed.

GRI 2-9 OTP Bank's Supervisory Board, Board of Directors and standing committees had a total of 117 members on 31 December 2023. Some of them are members of more than one body. 14 of the members are independent[9] and 16 are women. There are a total of three employee delegates in the Supervisory Board and the Ethics Committee. The Supervisory Board, the Board of Directors, the Audit Committee, the Remuneration Committee, the Risk Exposure and Risk Management Committee, the Nomination Committee and the Management Committee are presented separately in the Other Information section of the Annual Report and in the Corporate Governance Report; with information on members, their other important positions and engagements also available in their respective CVs. Other committees are – by virtue of their tasks – made up nearly exclusively of OTP Bank managers; their members do not hold any other external important positions. The primary criterion in the selection of committee members is professional expertise.

[9] According to the @definition applied to independence, they do not hold senior management positions at OTP Bank.

GRI 2–13, 3–3, TCFD I.b The governance and regulation of individual sustainability and ESG domains are implemented as follows:

ESG/sustainability domain	Responsibility, manager	Policy	References
Taxation:	Head of the Accounting and Finances Directorate (Chief Accountant): responsible and accountable for tax policy. The taxation division is independent of the business divisions.	@Tax Policy: • approved by: Board of Directors • presents the principles and practices followed by OTP Group with respect to taxation	@taxation
Compliance:	In terms of compliance, governance and organisational responsibility lies with the Board of Directors and the Supervisory Board. Compliance officer, consumer protection officer: Executive Director heading the Compliance Directorate	@Compliance Policy:	@reporting, monitoring, measures
• responsible corporate governance,		• approved by: Board of Directors	@risk assessment
• non-discrimination,		• declares the requirement to observe the law, the directives and guidelines of national and international supervisory authorities and the internal regulations; its Annexes:	
• consumer protection, • anti-corruption (ABC),		• @Consumer Protection Compliance Program • @Anti-Corruption Policy	
• international sanctions requirements,		• @Sanctions Policy • @Financing services related to the defence sector	
• processing and protection of personal data,	Manager responsible for the Bank's data processing and the protection of customers' personal data: Deputy CEO of the Digital Division and the data protection officer (reporting directly to the top management of the controller or the processor, not accepting instructions from anyone regarding the discharge of their duties)	@Data Protection Policy	@data protection training @fraud
• business ethics, conflict of interest (including the whistleblowing system),	Ethics Committee: guidance, second-tier decision-making regarding reports of ethical offences	GRI 2–23 @Code of Ethics • approved by: Board of Directors @Human Rights Statement • approved by: Executive Director heading the Human and Organisation Development Directorate	@reporting ethical offences, training
• regular statutory reporting to supervisory and other government bodies,	Heads of division and managers of regional profit centres		
• protection from money laundering and terrorist financing	Anti-Money Laundering Committee: decisions on sustaining or creating high-risk business relationships within its competence	@Anti-money laundering	
Security: • overall security,	Responsibility for security rests with the Board of Directors and the Supervisory Board. Manager responsible for compliance with IT security and bank security requirements: Managing Director of the Bank Security Directorate	Security policy: • approved by: Board of Directors • sets forth the principles and main guidelines concerning security at the Bank, • declares the Bank's engagement to maintaining and preserving security at all times.	@reporting, risk assessment
• cyber security		Group Information Security Policy: • approved by: CEO • it declares the directions of development and relevant requirements Group Cyber Defence Strategy	@training @fraud
Risk Management: • all risk types	Audit Committee and Risk Exposure and Risk Management Committee: they monitor the risk management activity. Risk Committees (Credit and Limit Committee, Work-out Committee, Group Operational Risk Management Committee): ultimate decision-making competence on the cornerstones of risk management methodologies. Manager responsible for risk management: Deputy CEO responsible for the Credit Approval and Risk Management Division	Risk Assumption Strategy: • approved by: Board of Directors • defines the risk management framework and the principles and guidelines for risk assumption.	@rules, functions @exclusions @lending policy, responsible lending @operational risk assessment @debtor protection
Green finance:	Green Programme Directorate: supporting all members of OTP Group in taking advantage of the opportunities in green financing	@ESG strategy	@Green Loan Framework @sustainable financial framework
Product development, sales:	Product Development, Sales and Pricing Committee: adopts decisions applicable to OTP Bank and the Hungarian group members on the development, introduction, discontinuation, pricing and terms of new schemes and product variants, and on sales and incentives. Approves major campaign plans. International Product Development, Sales and Pricing Committee: approves the annual action plans of the foreign subsidiary banks.	@Compliance Policy: • approved by: Board of Directors • declares that, in designing its products and services, the Bank pays priority attention to the enforcement of consumer protection principles, and to reducing the information asymmetry between customers and the Bank. Annexed to the policy is @Consumer Protection Compliance Program	@objective, clear information @responsible sales @green products @products with social benefits
		Accessibility for disabled strategy: • the goal is to ensure equal opportunity in service.	@accessibility for disabled
Human resource management: • HR overall,	Manager responsible for human resource management: Executive Director heading the Human and Organisation Development Directorate	HR strategy: • approved by: Management Committee • determines the medium-term areas of focus for human resource management.	@turnover @training @income @freedom of association
• diversity and equal opportunity,		@Diversity Policy: engagement to diversity among the members of management bodies and management. @Strategy for Gender Equality	@organisational diversity
• (occupational) health and safety	Manager responsible for health and safety: Head of the Chairman & CEO Cabinet	Health and Safety Regulation: • approved by: CEO • uniform and comprehensive preventative health and safety strategy to implement safe working conditions that do not constitute a health risk.	@reporting, risk assessment, training, accidents
Procurement/purchasing: • expectation of ethical conduct, • sustainability, environmental criteria	The procurement activity is performed by the requesting organisation.	Procurement policy: • approved by: CEO • regulates the procurement process, scopes of responsibility, procurement principles; stipulates that the procurements of members of the Banking Group are supervised and coordinated by OTP Bank.	@rules @materials used
Environmental protection: • environmental protection in operations, • environmental awareness in procurement	The Chairman & CEO is responsible for the Bank's environmental protection activities. Manager responsible for supervising environmental protection activities: Head of the Facility Services Unit for the Chairman & CEO Cabinet	Environmental Code: • approved by: CEO • ensures legal compliance and facilitates the consideration of environmental criteria and their integration into the Bank's business operations in order to minimise the environmental impacts of operating and maintaining the Bank's organisation; sets out the guidelines on environmentally aware procurement.	@reporting, training @CO_2 Emissions

2. Environmental and social implications of financial services

This chapter presents the activities related to the following material topics, with each material topic presented in several places within the chapter:

ST1: GRI 3-3, 203-2 **Social impacts and indirect economic impacts of financial products**
Impacts: The Banking Group enables consumption and investment through the responsible allocation of resources. Therefore, we have an impact not only on the customers but, indirectly, also on economic growth, people's living standards, and basic needs such as housing, and the utilisation of natural resources. By providing funds, we also contribute to the development of businesses and the economy, and indirectly help create jobs. The effects can also be potentially negative, such as over-indebtedness and over-consumption.

This material topic supports the achievement of the following SDGs:

Engagement: Our aim is to make financial resources available to the region's businesses and households, through prudent lending, to protect depositors' funds and prevent over-indebtedness. It is of paramount importance to us that schemes involving public and international institutions are accessible, and our results often go beyond market share. We help enable access to basic needs.

Acts:
- Active lending in the region
- Strict, conservative risk management by integrating ESG risks
- Debtor protection programmes
- Active role in national and international programmes
- Products for vulnerable social groups (e.g. the youth and pensioners)
- Serving the financial needs of micro, small and medium-sized businesses at a high standard of quality

Stakeholder cooperation: Our Banking Group continuously analyses and measures customer needs and feedback concerning the design and operation of its products and services. We liaise with government and international institutions and regulatory bodies to ensure compliance and in relation to subsidised product schemes.

ST3: GRI 3-3 **Environmental impact and GHG emissions of financial products**

Impacts: The investment projects and operations implemented with our financing and investments have a significant impact on the use of natural resources and generate greenhouse gas emissions. The extent and effectiveness of these depend largely on the characteristics of the organisation or individual carrying out the activity and their efforts to reduce environmental loads.

This material topic supports the achievement of the following SDGs:

Engagement: Our aim is to assess and understand the environmental loads and GHG emissions associated with our services and mitigate the negative impacts, helping the transition to environmentally-sustainable development. The Banking Group is making less use of exclusions, and is instead supporting its customers to implement green solutions in order to ensure that fewer customers are affected by the more difficult and costly financing that will be imposed on brown projects in the future.

Acts: Integrating ESG risks into risk management
Increasingly accurate measurement of GHG emissions of the financed portfolio
Preparing a group-wide decarbonisation plan
Continued compliance with regulatory requirements, including in respect of the green transition

Stakeholder cooperation: The Banking Group also maintains active contact with customers and investors to understand their expectations and to cooperate constructively, and its relations with regulators are aimed at understanding and meeting expectations.

ST4: GRI 3-3 **Green financial products**

Impacts: The impacts of this topic are almost inseparable from the environmental impacts of financial products. Green financial products support the solution of global environmental challenges and the achievement of objectives. The positive impact can occur if activities generating actual environmental benefits are financed. The extent of the impact is largely determined by the scale of these products.

This material topic supports the achievement of the following SDGs in the same way as the previous one:

Engagement: OTP Group strives to create an environment that supports sustainable financing and intends to play a leading role in green financing. The Banking Group also plays a dominant role in the implementation of initiatives of state and international institutions.

Acts: Setting strategic, medium-term targets for green lending
Developing a green loan framework
Gradual availability of green products and product variants in all segments
Active role in national and international programmes

Stakeholder cooperation: The Banking Group also maintains active contact with customers, investors, and state and international financing institutions to understand their expectations and to cooperate constructively. Its relations with regulators are aimed at understanding and meeting expectations.

ST9: GRI 3-3 **Financing of high social risk sectors**

Impacts: The risk of negative social impacts is higher for these funded activities. The negative impacts can be avoided or mitigated by prudent lending.

This material topic supports the achievement of the following SDGs:

Engagement: OTP Group does not finance activities that violate the laws of the given country or international law. We conduct prudent lending, as well as rigorous and conservative risk management. The Banking Group's @Compliance policy and relevant internal regulations contain the applicable sanctions procedures and engagements. The relevant members of OTP Group publish extracts of the group-level @Sanctions Policy on their website.

Acts: Social risk assessment as part of ESG risk management
Application of exclusions list, compliance with sanctions obligations

Demanding that customers comply with laws and regulations

Priority checks of sensitive transactions

Stakeholder cooperation: Its relations with regulators are aimed at understanding and meeting expectations. The Group actively engages with investors to understand their expectations. The Group communicates its expectations to its customers and monitors compliance with these.

Details of activities relating to material topics are presented in the following pages, along with their outcomes and how their effectiveness is assessed.

For further information, visit our @website.

2.1 Sustainable finances

The group-level @green loan framework was completed in 2023, setting out the general principles of green lending, not only in Hungary, but also in Bulgaria, Slovenia, Croatia, Serbia, Albania, Montenegro and Romania.

GRI 201-2 In addition to the extension of the framework to subsidiary banks, several new green lending targets have been added, focusing on sectors that are relevant to OTP Group's portfolio and to climate change mitigation and adaptation. The relevant sectors and activities are defined at country level. The framework covers the following sectors as identified in the EU Taxonomy and the CBI (Climate Bond Initiative) Taxonomy:

- EU Taxonomy: energy, manufacturing, transport, construction and real estate, forestry, waste management;
- CBI Taxonomy: energy, industry, transport, buildings, land use and marine resources, waste and pollution control.

The framework covers non-retail customers, from large multinational corporations to micro-enterprises, including municipalities and condominiums.

The compliance of green activities is verified through the country-specific Green Alignment Assessment Tool (GAAT), for which country-specific supporting documents have been drawn up. When assessing compliance with the EU Taxonomy, minimum safeguards (MS) are also checked, in line with the expectations.

The Green Loan Framework, which is also supported by an SPO, was approved by the MNB in July 2023. It also ensures that loans that meet the conditions of the framework are eligible in respect of the MNB's green corporate and municipal preferential capital requirement programme.

A number of controlling developments have also been implemented during the year, but significant improvements in green data infrastructure are still needed to ensure efficient recording of green loans at group level.

The further detailing of targets continued, and the targets set for 2024 and 2025 have now been approved by OTP Bank's ESG Committee in both retail and corporate breakdown.

To reach our target of HUF 1,500 billion in green loans by 2025, we have committed to dynamic growth in the next two years.

The Banking Group's fundraising activities were again supported by the Group-wide Sustainable Financial Framework in 2023, covering both social and environmental sustainability.

The @framework supported by an SPO[10] is available on the OTP Group website, and has not changed in 2023. Under the framework, the Bank or any of its subsidiaries may issue green and social financial instruments, including bonds, commercial paper (sustainable financial instruments). The framework was worked out on the basis of the ICMA[11] Green Bond Principles, 2021; the ICMA Social Bond Principles, 2021, the LMA[12] Green Loan Principles, 2021 and the LMA Social Loan Principles, 2021.

The framework imposes the following restrictions: sustainable financial instruments

[10] SPO: Second Party Opinion
[11] International Capital Market Association
[12] Loan Market Association

cannot be used to finance loans related to fossil energy production, nuclear energy production, arms and defence, mining, gambling or tobacco.

Financed green categories[13]:
- green buildings,
- renewable energy,
- clean transportation.

Financed social categories:
- job creation and programmes to prevent and/or alleviate unemployment resulting from socio-economic crises, including through the potential impact of SME financing and microfinancing.

OTP Group reports to investors annually within one year of the transaction (bond issue) of the sustainable financial instrument and thereafter until the full allocation of the proceeds. For @allocation report and @impact assessment report for 2022 are available on the website, and the documents for 2023 will be available in summer 2024. OTP Jelzálogbank publishes the key financial and environmental impact data relating to the green mortgage bond it issued in 2021 (allocation report) once a year on its @website, no green bonds and green mortgage bonds were issued in the Banking Group in 2023.

2.2 Green lending

GRI 201-2, ST4: 3-3, TCFD II.a,b, IV.a,c

OTP Group was able to increase the green loan and bond portfolio on its books significantly in 2023, significantly exceeding its HUF 414 billion commitment set for the end of 2023. Compared to the end of the previous year, the portfolio increased from HUF 270 billion to HUF 656 billion. This is an important step towards the Banking Group becoming a regional leader in financing a fair and gradual transition to a low carbon economy and to build a sustainable future.

Corporate lending

The bulk of the green portfolio is comprised of corporate loans and bonds, mainly large corporate and project loans, whose share continued to increase in 2023.

At the end of 2023, the corporate green loan portfolio at group level amounted to HUF 470 billion, with investment projects for the use of renewable energy making up the largest share.

For years, renewable energy projects have been a preferred lending purpose in project financing. In 2023, in response to market needs, we have added new terms and conditions for lending based on market sales of electricity rather than a sales contract covering all or most of the financing term. Already during 2023, the Bank has financed a number of projects where at least part of the cash-flow from free market sales of electricity is the source of the loan repayment. In addition to financing renewable energy production, project loans for the implementation/refinancing of properties with international sustainability building certification (e.g. LEED, BREEAM) were also more prominent in 2023.

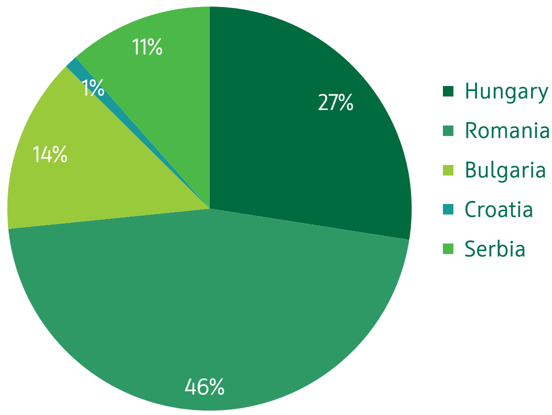
In 2023, two new renewable energy projects were contracted or refinanced in the project finance area, which is part of the green portfolio. At the Group level, this amounted to HUF 19.2 billion, of which OTP Bank's share was HUF 9.6 billion. In Romania, a 48.4 MW solar farm project is under construction and a Bulgarian wind farm with a capacity of 156 MW is being refinanced.

At the end of 2023, the total capacity of renewable energy projects in the portfolio through project financing was 1,414 MW. In terms of capacity, wind energy accounts for two-thirds, solar energy for 31%, and projects for water, biomass and biogas utilisation are also in the portfolio. Most of the projects are financed by the OTP Group, with only a few cases involving third parties as financiers.

[13] The precise criteria are specified in the framework.

Capacity of renewable energy sources (MW)

Project financing portfolio
31 December 2023



In 2023, we signed a green real estate financing contract for a property in Hungary. The loan amount is HUF 30.6 billion and will be disbursed in 2024.

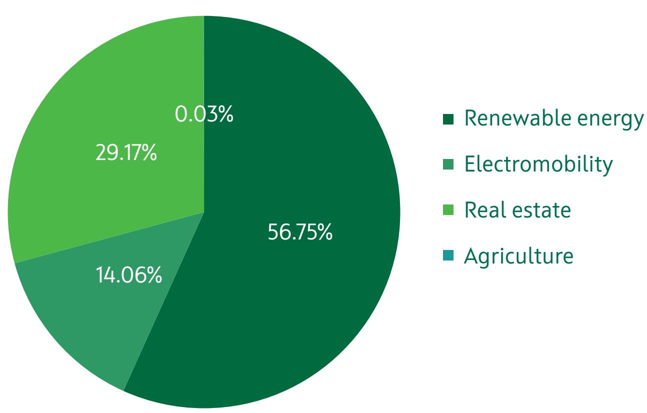
In Hungary, the active participation of banks in state-subsidised lending schemes has been the main contributor to the growth of corporate green lending, given the macroeconomic environment. Both the Széchenyi Investment MAX and MAX+ and the EXIM Baross Gábor Reindustrialisation Green Investment Loan schemes included loan targets that met the conditions of the MNB's green corporate and municipal preferential capital requirement programme. Most of the investments implemented financed energy efficiency improvements and/or developments related to renewable electricity production.

It is typical that micro and small enterprises have made less use of these credit facilities. Developing our own product would not have been a competitive alternative in this environment, and thus we did not offer such product.

The Green Loan Framework also provides borrowing opportunities for agricultural customers, but the portfolio in this sector is not yet significant.

Breakdown of corporate green loans by loan purpose

31 December 2023



Most of the corporate loans (45%) are part of the portfolio of the Hungarian member companies, while 32% are on the books of Bulgarian DSK. The other subsidiary banks with a green loan portfolio each account for less than ten percent of the portfolio.

Typical green loans of subsidiary banks[14]:

BG The Bulgarian subsidiary's portfolio includes loans for renewable energy production and electric vehicle financing. Approximately 50 new transactions were concluded in 2023.

SI The two Slovenian subsidiary banks are seeing a strong engagement to ESG among their large corporate customers, with demand for green loans focusing on energy efficiency, project financing and the financing of the transition, In 2024, green products will be launched as a joint product of SKB and NKBM[15].

HR In 2023, the Croatian subsidiary bank introduced two products for micro and small business customers. Sunny loans are available for solar panel installation and other energy efficiency equipment. The condominium loan can be used for building renovation, energy efficiency improvements and is subsidised by the EU. In 2023, disbursements were made to 36 customers. The Bank also offers financial instruments linked to the use of funds from the EU's national Recovery and Resilience Facility (RFF) as part of several schemes, supporting green transition and/or digital transformation in specific areas of Croatia, as well as supporting R&D&I and other investments that support competitiveness and resilience. In 2023, four loans were accepted by the subsidiary bank.

RS The Serbian subsidiary is involved in several collaborations to help make green loans more accessible. It cooperates with the EFSE (European Fund for Southeast Europe), IFIs (International Financing Institutions) and helps to implement environmental investment projects through the Green for Growth Fund.

UZ The Uzbek subsidiary bank provides businesses with low-interest, preferential loans for solar panel and battery installation. In 2023, approximately 50 businesses used the product. The bank has started negotiations with the EBRD to participate in several schemes.

UA Under the EBRD-supported scheme, small and medium-sized enterprises can purchase electric and hybrid cars with a 20 percent subsidy and receive investment loans for energy efficiency. 90 people used the scheme for vehicle purchases in 2023. The investment loan is a new facility, and has not been disbursed yet in 2023. It was designed to be accessible to local agricultural producers.

RO OTP Bank Romania is seeing a growing demand for green financing among its corporate customers, with loans also provided for solar farm and wind turbine projects. The bank held ESG workshops for corporate customers on responsible finance and investment strategies. In addition, it also helped with the purchase of electric and plug-in vehicles.

MD In 19 cases, the Moldovan subsidiary bank provided loans under the EU4BUSINESS EBRD preferential lending facility, partly for environmental purposes. In 2023, the EIB decided to extend the availability of funds under the Fruit Garden scheme by two years and expanded the eligibility for grain production, livestock breeding and fish farming. In 2023, OTP Bank Moldova disbursed 17 loans. The Moldovan subsidiary has seen a significant increase in lending for energy efficiency and renewable energy investment projects, with numerous companies building solar parks and electric charging stations in the country.

Retail loans

The year-end green loan portfolio amounted to HUF 148 billion.[16]

In July 2023, OTP Bank introduced two new own products, the **OTP Green Housing Loan** and the Green Évnyerő Housing Loan for the purchase, construction and modernisation of new homes. The only difference between the two products is in the repayment schedule. The retail green loan portfolio consists mainly of loans under the Hungarian **Green Home Program** (ZOP), which was available in 2021

[14] The green loan portfolio only includes loans from the Bulgarian, Croatian, Serbian, Albanian and Romanian subsidiary banks and Slovenian SKB Bank.

[15] NKBM portfolios will be included in the green loan portfolio from 2024 onwards, and are not included in 2023 data. In 2023, the definitions of green lending were agreed and the OTP Green Loan Framework was rolled out in the bank, but consistent data reporting has not yet been implemented in the subsidiary acquired in 2023.

[16] This amount comprises only the Hungarian portfolio already accounted for towards the MNB in the latter's Green Preferential Capital Requirement Programme in the case of which the disbursed amount is slightly higher.

and 2022 for the purchase or construction of energy-efficient new homes.
In 2023, a total of HUF 34.5 billion was disbursed for new green housing loan transactions.
The uniform registration of retail green loans in foreign subsidiary banks has not yet been implemented in 2023, therefore, they are not included in the portfolio, but the available schemes are presented below.
BG At DSK Bank, the preferential mortgage loan product has been available from the end of 2022 for residential properties with an energy rating B or better. By the end of 2023, the bank has disbursed approximately 150 loans.
SI At Slovenian NKBM, green housing, electromobility and energy efficiency loans were available in 2023, with preferential interest rates to encourage take-up. The housing loan can be used to buy, build and insulate energy-efficient homes, as well as to install solar panels and heat pumps. By the end of 2023, 55 disbursements had been made, 90 percent of which were used by customers for solar panel installation. For loans for the purchase and installation of energy-efficient equipment and for the purchase of hybrid and electric vehicles, 9 disbursements have been made by the end of 2023, 96% of these for the purchase of electric cars. In the second half of 2023, SKB Bank introduced the green housing loan product, also for the purchase and renovation of energy-efficient residential property.

2.3 Disclosure according to the Taxonomy Regulation

Information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities according to Regulation (EU) 2020/852 regulation

I. Mandatory disclosure

Own indicator The Taxonomy Regulation applies to financial market participants that make available financial products and undertakings which are subject to the obligation to publish a non-financial statement or a consolidated non-financial statement pursuant to Article 19a or Article 29a of Directive No. 2013/34/EU of the European Parliament and of the Council, respectively (Article 1 [b] and [c] of Chapter I of [EU] 2020/852). Pursuant to Article 8 of the Taxonomy Regulation, any undertaking which is subject to an obligation to disclose non-financial information pursuant to Article 19a or Article 29a of Directive No. 2013/34/EU shall include in its non-financial statement or consolidated non-financial statement information on how and to what extent the undertaking's activities are associated with economic activities that qualify as environmentally sustainable under Articles 3 and 9 of (EU) 2020/852 Regulation. The OTP Group report is based on the exposures and balance sheet according to the scope of prudential consolidation in accordance with Regulation (EU) No. 575/2013, Title II, Chapter 2, Section 2 for the types of assets and accounting portfolios specified in point 1.1.2 of Annex V of Commission Delegated Regulation (EU) No. 2021/2178, including information on stock and flows, on transitional and enabling activities, and on specialised and general purpose lending.
The tables below present the consolidated information on OTP Group's mandatory KPIs under Regulation (EU) No. 2020/852 (Taxonomy Regulation), which have been prepared using the template published in Annex VI of Regulation No. 2021/2178. The gross carrying amount of exposures are based on the reference date of 31 December 2023.
OTP Group discloses the relevant KPIs on a consolidated basis, taking into account the scope of prudential consolidation, in accordance with Annex V, point 1.1.1 of EU 2021/2178. Accordingly, the exposures of the various subsidiaries, including those of fund managers and credit institutions, are part of the consolidated credit institution KPIs.
There are several explanations regarding the low taxonomy-aligned stock and KPI percentage disclosed in the mandatory part. First of all, as part of the mandatory reporting, in line with legal compliance, only the exposures

of companies fall under the "non-financial reporting obligation" were included. Significant share of OTP Group's corporate funding (> 90%) is directed to non-financial companies that are not subject of NFRD obligation. This means that the taxonomy related share of such exposures is not included as part of the mandatory reporting. Moreover, the green financing of taking place in non-EU subsidiaries is also not covered by the mandatory reporting and as such excluded from the KPIs.

The interpretation of the alignment requirement for retail exposures has been significantly amended by the draft EU Commission Notice published in December 2023. According to the draft notice, funding towards households that only meet the substantial contribution criterion cannot be considered as aligned. The necessary information and data to fulfil the additional conditions is not available due to the short notice involved. Therefore, following prudent approach, these exposures have not been taken into account in the KPI calculation at this stage.

For taxonomy-eligible stocks, the percentage decreased slightly compared to the same data last year, despite of the increase in green stocks. This is the result of at least two things: an increase in the balance sheet total and a change in methodology.

We would like to highlight, that as disclosed in Table 1 line #20 below, the share of taxonomy-eligible exposures compared to the total asset of non-financial undertakings subject to "non-financial reporting" obligation is more than 16%. Moreover, the their ratio of taxonomy-aligned exposures is close to 6.5%. In addition, the share of the taxonomy-eligible household portfolio compared to total household exposure exceeds 27%, a significant share of which is related to the purchase, construction or renovation of real estate. The same ratio for retail car loans is 38%.

Overall, the main KPI indicators in the mandatory report do not fully reflect the efforts of the OTP Group in the area of sustainable finance. Therefore, information on the broader green portfolio of the OTP Group is presented as part of the voluntary report.

Templates 1 to 5 for OTP Group as published in Annex VI of Regulation No. 2021/2178 and the templates of KPIs for the EU subsidiary banks using the same methodology are part of the mandatory report.

0. Summary of KPIs to be disclosed by credit institutions under Article 8 Taxonomy Regulation:

		Total environmentally sustainable assets (Turnover) HUF mn	Total environmentally sustainable assets (CapEx) HUF mn	KPI – turnover**	KPI – CapEx***	% coverage (over total assets)*	% of assets excluded from the numerator of the GAR (Article 7 [2] and [3] and Section 1.1.2 of Annex V)	% of assets excluded from the denominator of the GAR (Article 7 [1] and Section 1.2.4 of Annex V)
Main KPI	**Green asset ratio (GAR) stock**	**12,451.02**	**23,481.10**	**0.05%**	**0.09%**	64.83%	29.19%	35.17%

* % of assets covered by the KPI (GAR total asset) over banks' total assets.
** Based on the turnover KPI of the counterparty
*** Based on the CapEx KPI of the counterparty, except for lending activities where for general lending turnover KPI is used.

		Total environmentally sustainable activities (Turnover) HUF mn	Total environmentally sustainable activities (CapEx) HUF mn	KPI – turnover (compared to flow of total covered assets)	KPI – CapEx (compared to flow of total covered assets)	% coverage (over total assets)	% of assets excluded from the numerator of the GAR (Article 7 [2] and [3] and Section 1.1.2 of Annex V)	% of assets excluded from the denominator of the GAR (Article 7 [1] and Section 1.2.4 of Annex V)
Additional KPIs	*GAR (flow)*	3.31	346.09	0.000%	0.005%	54.35%	24.61%	45.65%
	Financial guarantees	0.00	0.00	0.00%	0.00%			
	Assets under management	2,033.70	6,130.15	0.01%	0.02%			

Comment 1: For reporting templates: cells with a green background do not need to be completed.
Comment 2: Fees and commissions (worksheet 6) and the Trading book (worksheet 7) are only applicable from 2026.

1. Assets for the calculation of GAR (Turnover, in HUF million):

		Disclosure reference date 31.12.2023														
		Total (gross) carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Total (CCM + CCA + WTR + CE + PPC + BIO)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)								
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
	GAR – Covered assets in both numerator and denominator															
1	**Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation**	**14,106,303**	**3,339,778**	**0**	**0**		**0**	**0**	**0**	**0**	**0**	**3,375,433**	**12,451**	**0**	**0**	**0**
2	**Financial undertakings**	**2,191,060**	**0**	**0**	**0**		**0**	**0**	**0**	**0**	**0**	**4,288**	**0**	**0**	**0**	**0**
3	**Credit institutions**	**1,435,223**	**0**	**0**	**0**		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
4	Loans and advances	854,447										0	0	0	0	0
5	Debt securities, including UoP	580,776										0	0	0	0	0
6	Equity instruments	0										0	0		0	0
7	Other financial corporations	755,837										4,288	0	0	0	0
8	**of which investment firms**	**59,625**	**0**	**0**	**0**		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
9	Loans and advances	59,624										0	0	0	0	0
10	Debt securities, including UoP	0										0	0	0	0	0
11	Equity instruments	1										0	0		0	0
12	**of which management companies**	**26,032**	**0**	**0**	**0**		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
13	Loans and advances	0										0	0	0	0	0
14	Debt securities, including UoP	0										0	0	0	0	0
15	Equity instruments	26,032										0	0		0	0
16	**of which insurance undertakings**	**1,797**	**0**	**0**	**0**		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
17	Loans and advances	1,795										0	0	0	0	0
18	Debt securities, including UoP	0										0	0	0	0	0
19	Equity instruments	1										0	0		0	0
20	**Non-financial undertakings**	**192,736**	**0**	**0**	**0**		**0**	**0**	**0**	**0**	**0**	**31,367**	**12,451**	**0**	**0**	**0**
21	Loans and advances	76,929										20,111	6,135	0	0	0
22	Debt securities, including UoP	115,807										11,255	6,316	0	0	0
23	Equity instruments	0										0	0		0	0
24	**Households**	**11,722,507**	**3,339,778**									**3,339,778**	**0**	**0**	**0**	**0**
25	of which loans collateralised by residential immovable property	4,915,444	3,040,924									3,040,924	0	0	0	0
26	of which building renovation loans	127,689	127,416									127,416	0	0	0	0
27	of which motor vehicle loans	446,413	171,438									171,438	0	0	0	0
28	**Local governments financing**	**0**	**0**	**0**	**0**		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
29	Housing financing											0	0	0	0	0
30	Other local government financing											0	0	0	0	0
31	Collateral obtained by taking possession: residential and commercial immovable properties	10.315										0	0	0	0	0

			Disclosure reference date 31.12.2023													
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Total (CCM + CCA + WTR + CE + PPC + BIO)				
		Total (gross) carrying amount	Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)								
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	**11,562,435**														
33	**Financial and Non-financial undertakings**	**9,385,343**														
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	6,860,587														
35	Loans and advances	6,712,884														
36	of which loans collateralised by commercial immovable property															
37	of which building renovation loans															
38	Debt securities	146,932														
39	Equity instruments	771														
49	Non-EU country counterparties not subject to NFRD disclosure obligations	2,524,756														
41	Loans and advances	2,492,214														
42	Debt securities	30,472														
43	Equity instruments	2,070														
44	**Derivatives**	**41,967**														
45	**On demand interbank loans**	**574,648**														
46	**Cash and cash-related assets**	**605,799**														
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	**954,677**														
48	**Total GAR assets**	**25,679,052**	**3,339,778**	**0**	**0**		**0**	**0**	**0**	**0**	**0**	**3,375,433**	**12,451**	**0**	**0**	**0**
49	**Assets not covered for GAR calculation**	**13,930,092**														
50	**Central governments and Supranational issuers**	**6,307,758**														
51	**Central banks exposure**	**7,401,137**														
52	**Trading book**	**221,197**														
53	**Total assets**	**39,609,144**	**3,339,778**	**0**	**0**		**0**	**0**	**0**	**0**	**0**	**3,375,433**	**12,451**	**0**	**0**	**0**
	Off-balance sheet exposures – Undertakings subject to NFRD disclosure obligations															
54	Financial guarantees	173,787														
55	Assets under management	1,651,364	0	0	0		0	0	0	0	0	22,282	2,034	0	346	1,688
56	Of which debt securities	794,009										933	76	0	0	76
57	Of which equity instruments	274,403										21,349	1,958	0	346	1,612

2. Assets for the calculation of GAR (CapEx, in HUF million):

		Disclosure reference date 31.12.2023														
		Total (gross) carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Total (CCM + CCA + WTR + CE + PPC + BIO)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
	GAR – Covered assets in both numerator and denominator															
1	**Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation**	**14,106,303**	**3,339,778**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**3,390,535**	**23,481**	**0**	**0**	**0**
2	**Financial undertakings**	**2,191,060**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**3,358**	**0**	**0**	**0**	**0**
3	**Credit institutions**	**1,435,223**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
4	Loans and advances	854,447										0	0	0	0	0
5	Debt securities, including UoP	580,776										0	0	0	0	0
6	Equity instruments	0										0	0		0	0
7	Other financial corporations	755,837										3,358	0	0	0	0
8	**of which investment firms**	**59,625**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
9	Loans and advances	59,624										0	0	0	0	0
10	Debt securities, including UoP	0										0	0	0	0	0
11	Equity instruments	1										0	0		0	0
12	**of which management companies**	**26,032**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
13	Loans and advances	0										0	0	0	0	0
14	Debt securities, including UoP	0										0	0	0	0	0
15	Equity instruments	26,032										0	0		0	0
16	**of which insurance undertakings**	**1,797**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
17	Loans and advances	1,795										0	0	0	0	0
18	Debt securities, including UoP	0										0	0	0	0	0
19	Equity instruments	1										0	0		0	0
20	**Non-financial undertakings**	**192,736**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**47,400**	**23,481**	**0**	**0**	**0**
21	Loans and advances	76,929										26,788	14,188	0	0	0
22	Debt securities, including UoP	115,807										20,612	9,293	0	0	0
23	Equity instruments	0										0	0		0	0
24	**Households**	**11,722,507**	**3,339,778**									**3,339,778**	**0**	**0**	**0**	**0**
25	of which loans collateralised by residential immovable property	4,915,444	3,040,924									3,040,924	0	0	0	0
26	of which building renovation loans	127,689	127,416									127,416	0	0	0	0
27	of which motor vehicle loans	446,413	171,438									171,438	0	0	0	0
28	**Local governments financing**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
29	Housing financing											0	0	0	0	0
30	Other local government financing											0	0	0	0	0
31	Collateral obtained by taking possession: residential and commercial immovable properties	10,315										0	0	0	0	0

		Total (gross) carrying amount	Disclosure reference date 31.12.2023 – Climate Change Mitigation (CCM): Of which towards taxonomy relevant sectors (Taxonomy-eligible)	CCM: Of which environmentally sustainable (Taxonomy-aligned)	CCM: Of which Use of Proceeds	CCM: Of which transitional	CCM: Of which enabling	Climate Change Adaptation (CCA): Of which towards taxonomy relevant sectors (Taxonomy-eligible)	CCA: Of which environmentally sustainable (Taxonomy-aligned)	CCA: Of which Use of Proceeds	CCA: Of which enabling	Total (CCM + CCA + WTR + CE + PPC + BIO): Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Total: Of which environmentally sustainable (Taxonomy-aligned)	Total: Of which Use of Proceeds	Total: Of which transitional	Total: Of which enabling
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	**11,562,435**														
33	**Financial and Non-financial undertakings**	**9,385,343**														
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	6,860,587														
35	Loans and advances	6,712,884														
36	of which loans collateralised by commercial immovable property															
37	of which building renovation loans															
38	Debt securities	146,932														
39	Equity instruments	771														
49	Non-EU country counterparties not subject to NFRD disclosure obligations	2,524,756														
41	Loans and advances	2,492,214														
42	Debt securities	30,472														
43	Equity instruments	2,070														
44	**Derivatives**	**41,967**														
45	**On demand interbank loans**	**574,648**														
46	**Cash and cash-related assets**	**605,799**														
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	**954,677**														
48	**Total GAR assets**	**25,679,052**	**3,339,778**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**3,390,535**	**23,481**	**0**	**0**	**0**
49	**Assets not covered for GAR calculation**	**13,930,092**														
50	**Central governments and Supranational issuers**	**6,307,758**														
51	**Central banks exposure**	**7,401,137**														
52	**Trading book**	**221,197**														
53	**Total assets**	**39,609,144**	**3,339,778**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**3,390,535**	**23,481**	**0**	**0**	**0**
Off-balance sheet exposures – Undertakings subject to NFRD disclosure obligations																
54	Financial guarantees	173,787														
55	Assets under management	1,651,364	0	0	0	0	0	0	0	0	0	31,796	6,130	0	2,092	4,039
56	Of which debt securities	794,009										1,389	113	0	1	112
57	Of which equity instruments	274,403										30,407	6,018	0	2,090	3,927

2. GAR sector information (Turnover):

	Breakdown by sector – NACE 4 digits level (code and label)	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				Total (CCM + CCA + WMR + CE + P + BE)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		(Gross) carrying amount		(Gross) carrying amount		(Gross) carrying amount		(Gross) carrying amount		(Gross) carrying amount		(Gross) carrying amount	
		HUF mn	Of which environmentally sustainable (CCM)	HUF mn	Of which environmentally sustainable (CCM)	HUF mn	Of which environmentally sustainable (CCA)	HUF mn	Of which environmentally sustainable (CCA)	HUF mn	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)	HUF mn	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)
1	6420									53,016	7,952		
2	2442									11,420	9,365		
3	1920									27,517	1,928		
4	2120									26	0		
5	4211									739	311		
6	6201									26,372	451		
7	4690									25	0		
8	3250									1,825	0		
9	1107									355	0		
10	1105									4,893	0		
11	6110									2,522	53		
12	6831									5,208	4,984		
13	3511									5,689	2,265		
14	2732									1,744	628		
15	2550									10,979	0		
16	2012									1	0		
17	3513									2,926	2,911		
18	4634									1,453	0		
19	2059									698	93		
20	5221									2,930	0		
21	7010									14,894	21		
22	2110									3,898	0		
23	6190									1,057	19		
24	2219									2,257	160		
25	4730									365	65		
26	2041									1,625	0		
27	3523									1,717	129		
28	N/A									6,585	31		

2. GAR sector information (CapEx):

	Breakdown by sector – NACE 4 digits level (code and label)	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				Total (CCM + CCA + WMR + CE + P + BE)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		(Gross) carrying amount		(Gross) carrying amount		(Gross) carrying amount		(Gross) carrying amount		(Gross) carrying amount		(Gross) carrying amount	
		HUF mn	Of which environmentally sustainable (CCM)	HUF mn	Of which environmentally sustainable (CCM)	HUF mn	Of which environmentally sustainable (CCA)	HUF mn	Of which environmentally sustainable (CCA)	HUF mn	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)	HUF mn	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)
1	6420									53,016	20,676		
2	2442									11,420	4,454		
3	1920									27,517	3,817		
4	2120									26	0		
5	4211									739	163		
6	6201									26,372	259		
7	4690									25	4		
8	3250									1,825	778		
9	1107									355	0		
10	1105									4,893	19		
11	6110									2,522	71		
12	6831									5,208	5,010		
13	3511									5,689	3,953		
14	2732									1,744	663		
15	2550									10,979	321		
16	2012									1	0		
17	3513									2,926	2,920		
18	4634									1,453	0		
19	2059									698	130		
20	5221									2,930	0		
21	7010									14,894	2,820		
22	2110									3,898	417		
23	6190									1,057	8		
24	2219									2,257	169		
25	4730									365	159		
26	2041									1,625	0		
27	3523									1,717	300		
28	N/A									6,585	289		

3. GAR KPI stock (Turnover):

% (compared to total covered assets in the denominator)		Disclosure reference date 31.12.2023														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Total (CCM + CCA + WTR + CE + PPC + BIO)					Proportion of total assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR – Covered assets in both numerator and denominator															
1	**Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation**	**13.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**13.1%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**8.5%**
2	**Financial undertakings**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
3	Credit institutions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
4	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
5	Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
6	Equity instruments	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
7	Other financial corporations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
8	of which investment firms	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
9	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
10	Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
11	Equity instruments	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
12	of which management companies	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
13	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
14	Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
15	Equity instruments	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
16	of which insurance undertakings	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
17	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
18	Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
19	Equity instruments	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
20	**Non-financial undertakings**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.1%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.1%**
21	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.1%
22	Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
23	Equity instruments	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
24	**Households**	**13.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**13.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**8.4%**
25	of which loans collateralised by residential immovable property	11.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	11.8%	0.0%	0.0%	0.0%	0.0%	7.7%
26	of which building renovation loans	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.5%	0.0%	0.0%	0.0%	0.0%	0.3%
27	of which motor vehicle loans	0.7%	0.0%	0.0%	0.0%	0.0%										
28	**Local governments financing**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
29	Housing financing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
30	Other local government financing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
31	Collateral obtained by taking possession: residential and commercial immovable properties	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
32	**Total GAR assets**	**13.01%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**13.14%**	**0.05%**	**0.00%**	**0.00%**	**0.00%**	**8.52%**

3. GAR KPI stock (CapEx):

	% (compared to total covered assets in the denominator)	Disclosure reference date 31.12.2023														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Total (CCM + CCA + WTR + CE + PPC + BIO)					Proportion of total assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR – Covered assets in both numerator and denominator															
1	**Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation**	**13.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**13.2%**	**0.1%**	**0.0%**	**0.0%**	**0.0%**	**13.2%**
2	**Financial undertakings**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
3	Credit institutions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
4	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
5	Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
6	Equity instruments	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
7	Other financial corporations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
8	of which investment firms	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
9	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
10	Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
11	Equity instruments	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
12	of which management companies	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
13	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
14	Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
15	Equity instruments	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
16	of which insurance undertakings	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
17	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
18	Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
19	Equity instruments	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
20	**Non-financial undertakings**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.2%**	**0.1%**	**0.0%**	**0.0%**	**0.0%**	**0.1%**
21	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.0%	0.0%	0.0%	0.1%
22	Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.1%
23	Equity instruments	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
24	**Households**	**13.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**13.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**8.4%**
25	of which loans collateralised by residential immovable property	11.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	11.8%	0.0%	0.0%	0.0%	0.0%	7.7%
26	of which building renovation loans	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.5%	0.0%	0.0%	0.0%	0.0%	0.3%
27	of which motor vehicle loans	0.7%	0.0%	0.0%	0.0%	0.0%										
28	**Local governments financing**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
29	Housing financing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
30	Other local government financing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
31	Collateral obtained by taking possession: residential and commercial immovable properties	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
32	**Total GAR assets**	**13.01%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**13.20%**	**0.09%**	**0.00%**	**0.00%**	**0.00%**	**8.56%**

4. GAR KPI flow (Turnover):

	% (compared to flow of total covered assets)	Disclosure reference date 31.12.2023														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Total (CCM + CCA + WTR + CE + PPC + BIO)					Proportion of total new assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR – Covered assets in both numerator and denominator															
1	**Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation**	**24.1%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**24.2%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**13.1%**
2	**Financial undertakings**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
3	Credit institutions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
4	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
5	Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
6	Equity instruments	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
7	Other financial corporations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
8	of which investment firms	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
9	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
10	Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
11	Equity instruments	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
12	of which management companies	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
13	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
14	Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
15	Equity instruments	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
16	of which insurance undertakings	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
17	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
18	Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
19	Equity instruments	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
20	**Non-financial undertakings**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.1%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
21	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
22	Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
23	Equity instruments	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
24	**Households**	**24.1%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**24.1%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**13.1%**
25	of which loans collateralised by residential immovable property	22.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	22.1%	0.0%	0.0%	0.0%	0.0%	12.0%
26	of which building renovation loans	0.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.9%	0.0%	0.0%	0.0%	0.0%	0.5%
27	of which motor vehicle loans	1.1%	0.0%	0.0%	0.0%	0.0%					1.1%	0.0%	0.0%	0.0%	0.0%	0.6%
28	**Local governments financing**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
29	Housing financing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
30	Other local government financing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
31	Collateral obtained by taking possession: residential and commercial immovable properties	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
32	**Total GAR assets**	**24.08%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**24.17%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**13.14%**

4. GAR KPI flow (CapEx):

	% (compared to flow of total covered assets)	Disclosure reference date 31.12.2023														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Total (CCM + CCA + WTR + CE + PPC + BIO)					Proportion of total new assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR – Covered assets in both numerator and denominator															
1	**Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation**	**24.1%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**24.1%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**13.1%**
2	**Financial undertakings**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
3	Credit institutions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
4	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
5	Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
6	Equity instruments	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
7	Other financial corporations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
8	of which investment firms	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
9	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
10	Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
11	Equity instruments	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
12	of which management companies	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
13	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
14	Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
15	Equity instruments	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
16	of which insurance undertakings	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
17	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
18	Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
19	Equity instruments	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
20	**Non-financial undertakings**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.1%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
21	Loans and advances	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
22	Debt securities, including UoP	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
23	Equity instruments	24.1%	0.0%		0.0%	0.0%	0.0%	0.0%		0.0%	24.1%	0.0%		0.0%	0.0%	0.0%
24	**Households**	**22.1%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**22.1%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
25	of which loans collateralised by residential immovable property	0.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.9%	0.0%	0.0%	0.0%	0.0%	0.0%
26	of which building renovation loans	1.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.1%	0.0%	0.0%	0.0%	0.0%	0.0%
27	of which motor vehicle loans	0.0%	0.0%	0.0%	0.0%	0.0%					0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
28	**Local governments financing**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
29	Housing financing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
30	Other local government financing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
31	Collateral obtained by taking possession: residential and commercial immovable properties	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
32	**Total GAR assets**	**24.08%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**24.13%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**13.12%**

5. KPI off-balance sheet exposures (Turnover):

% (compared to total assets covered)		Disclosure reference date 31/12/2023													
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2	Assets under management (AuM KPI)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.35%	0.12%	0.00%	0.02%	0.10%

5. KPI off-balance sheet exposures (CapEx):

% (compared to total assets covered)		Disclosure reference date 31/12/2023													
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2	Assets under management (AuM KPI)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.93%	0.37%	0.00%	0.13%	0.24%

Summary of credit institution KPIs for the OTP Group's subsidiary banks

0. Summary of KPIs to be disclosed by credit institutions under Article 8 Taxonomy Regulation – DSK Bank EAD (Bulgaria):

		Total environmentally sustainable assets (Turnover) HUF mn	Total environmentally sustainable assets (CapEx) HUF mn	KPI – turnover**	KPI – CapEx**	% coverage (over total assets)*	% of assets excluded from the numerator of the GAR (Article 7 [2] and [3] and Section 1.1.2 of Annex V)	% of assets excluded from the denominator of the GAR (Article 7 [1]) and Section 1.2.4 of Annex V)
Main KPI	**Green asset ratio (GAR) stock**	**0**	**0**	**0.00%**	**0.00%**	75.50%	28.16%	24.50%

* % of assets covered by the KPI (GAR total asset) over banks' total assets.
** Based on the turnover KPI of the counterparty.
*** Based on the CapEx KPI of the counterparty, except for lending activities where for general lending turnover KPI is used.

		Total environmentally sustainable activities (Turnover) HUF mn	Total environmentally sustainable activities (CapEx) HUF mn	KPI – turnover (compared to flow of total covered assets)	KPI – CapEx (compared to flow of total covered assets)	% coverage (over total assets)	% of assets excluded from the numerator of the GAR (Article 7 [2] and [3] and Section 1.1.2 of Annex V)	% of assets excluded from the denominator of the GAR (Article 7 [1]) and Section 1.2.4 of Annex V)
Additional KPIs	*GAR (flow)*	0	0	0.00%	0.00%	68.17%	14.79%	10.25%
	Financial guarantees	0	0	0.00%	0.00%			
	Assets under management	0	0	0.00%	0.00%			

Comment 1: For reporting templates: cells with a green background do not need to be completed.
Comment 2: Fees and commissions (worksheet 6) and the Trading book (worksheet 7) are only applicable from 2026.

0. Summary of KPIs to be disclosed by credit institutions under Article 8 Taxonomy Regulation – OTP banka Hrvatska d.d. (Croatia):

		Total environmentally sustainable assets (Turnover) HUF mn	Total environmentally sustainable assets (CapEx) HUF mn	KPI – turnover**	KPI – CapEx**	% coverage (over total assets)*	% of assets excluded from the numerator of the GAR (Article 7 [2] and [3] and Section 1.1.2 of Annex V)	% of assets excluded from the denominator of the GAR (Article 7 [1]) and Section 1.2.4 of Annex V)
Main KPI	**Green asset ratio (GAR) stock**	**0.00**	**213.87**	**0.00%**	**0.01%**	67.88%	29.27%	32.12%

* % of assets covered by the KPI (GAR total asset) over banks' total assets.
** Based on the turnover KPI of the counterparty.
*** Based on the CapEx KPI of the counterparty, except for lending activities where for general lending turnover KPI is used.

		Total environmentally sustainable activities (Turnover) HUF mn	Total environmentally sustainable activities (CapEx) HUF mn	KPI – turnover (compared to flow of total covered assets)	KPI – CapEx (compared to flow of total covered assets)	% coverage (over total assets)	% of assets excluded from the numerator of the GAR (Article 7 [2] and [3] and Section 1.1.2 of Annex V)	% of assets excluded from the denominator of the GAR (Article 7 [1]) and Section 1.2.4 of Annex V)
Additional KPIs	*GAR (flow)*	0	0	0.00%	0.00%	49.13%	24.53%	50.87%
	Financial guarantees	0	0	0.00%	0.00%			
	Assets under management	0	0	0.00%	0.00%			

Comment 1: For reporting templates: cells with a green background do not need to be completed.
Comment 2: Fees and commissions (worksheet 6) and the Trading book (worksheet 7) are only applicable from 2026.

0. Summary of KPIs to be disclosed by credit institutions under Article 8 Taxonomy Regulation – OTP Bank Romania S.A. (Romania):

		Total environmentally sustainable assets (Turnover) HUF mn	Total environmentally sustainable assets (CapEx) HUF mn	KPI – turnover**	KPI – CapEx**	% coverage (over total assets)*	% of assets excluded from the numerator of the GAR (Article 7 [2] and [3] and Section 1.1.2 of Annex V)	% of assets excluded from the denominator of the GAR (Article 7 [1]) and Section 1.2.4 of Annex V)
Main KPI	**Green asset ratio (GAR) stock**	**0.00**	**213.87**	**0.00%**	**0.01%**	67.88%	29.27%	32.12%

* % of assets covered by the KPI (GAR total asset) over banks' total assets.
** Based on the turnover KPI of the counterparty.
*** Based on the CapEx KPI of the counterparty, except for lending activities where for general lending turnover KPI is used.

		Total environmentally sustainable activities (Turnover) HUF mn	Total environmentally sustainable activities (CapEx) HUF mn	KPI – turnover (compared to flow of total covered assets)	KPI – CapEx (compared to flow of total covered assets)	% coverage (over total assets)	% of assets excluded from the numerator of the GAR (Article 7 [2] and [3] and Section 1.1.2 of Annex V)	% of assets excluded from the denominator of the GAR (Article 7 [1]) and Section 1.2.4 of Annex V)
Additional KPIs	*GAR (flow)*	0	0	0.00%	0.00%	49.13%	24.53%	50.87%
	Financial guarantees	0	0	0.00%	0.00%			
	Assets under management	0	0	0.00%	0.00%			

Comment 1: For reporting templates: cells with a green background do not need to be completed.
Comment 2: Fees and commissions (worksheet 6) and the Trading book (worksheet 7) are only applicable from 2026.

0. Summary of KPIs to be disclosed by credit institutions under Article 8 Taxonomy Regulation – Nova KBM d.d. (Slovenia):

		Total environmentally sustainable assets (Turnover) HUF mn	Total environmentally sustainable assets (CapEx) HUF mn	KPI – turnover**	KPI – CapEx**	% coverage (over total assets)*	% of assets excluded from the numerator of the GAR (Article 7 [2] and [3] and Section 1.1.2 of Annex V)	% of assets excluded from the denominator of the GAR (Article 7 [1]) and Section 1.2.4 of Annex V)
Main KPI	**Green asset ratio (GAR) stock**	**5,521**	**5,653**	**0.00**	**0.00**	60.0%	23.0%	40.0%

* % of assets covered by the KPI (GAR total asset) over banks' total assets.
** Based on the turnover KPI of the counterparty.
*** Based on the CapEx KPI of the counterparty, except for lending activities where for general lending turnover KPI is used.

		Total environmentally sustainable activities (Turnover) HUF mn	Total environmentally sustainable activities (CapEx) HUF mn	KPI – turnover (compared to flow of total covered assets)	KPI – CapEx (compared to flow of total covered assets)	% coverage (over total assets)	% of assets excluded from the numerator of the GAR (Article 7 [2] and [3] and Section 1.1.2 of Annex V)	% of assets excluded from the denominator of the GAR (Article 7 [1]) and Section 1.2.4 of Annex V)
Additional KPIs	*GAR (flow)*	0.00	0.00	0.08%	0.10%	13.33%	4.36%	26.46%
	Financial guarantees	1,990	2,641	0.01%	0.10%			
	Assets under management	0.00	0.00	0.00%	0.00%			

Comment 1: For reporting templates: cells with a green background do not need to be completed.
Comment 2: Fees and commissions (worksheet 6) and the Trading book (worksheet 7) are only applicable from 2026.

0. Summary of KPIs to be disclosed by credit institutions under Article 8 Taxonomy Regulation – SKB Banka d.d. Ljubljana (Slovenia):

		Total environmentally sustainable assets (Turnover) HUF mn	Total environmentally sustainable assets (CapEx) HUF mn	KPI – turnover**	KPI – CapEx**	% coverage (over total assets)*	% of assets excluded from the numerator of the GAR (Article 7 [2] and [3] and Section 1.1.2 of Annex V)	% of assets excluded from the denominator of the GAR (Article 7 [1]) and Section 1.2.4 of Annex V)
Main KPI	**Green asset ratio (GAR) stock**	**0.00**	**0.00**	**0.00%**	**0.00%**	69.2%	26.5%	30.8%

* % of assets covered by the KPI (GAR total asset) over banks' total assets.
** Based on the turnover KPI of the counterparty.
*** Based on the CapEx KPI of the counterparty, except for lending activities where for general lending turnover KPI is used.

		Total environmentally sustainable activities (Turnover) HUF mn	Total environmentally sustainable activities (CapEx) HUF mn	KPI – turnover (compared to flow of total covered assets)	KPI – CapEx (compared to flow of total covered assets)	% coverage (over total assets)	% of assets excluded from the numerator of the GAR (Article 7 [2] and [3] and Section 1.1.2 of Annex V)	% of assets excluded from the denominator of the GAR (Article 7 [1]) and Section 1.2.4 of Annex V)
Additional KPIs	*GAR (flow)*	0	0	0.00%	0.00%	55.0%	23.0%	45.0%
	Financial guarantees	0	0	0.00%	0.00%			
	Assets under management	0	0	0.00%	0.00%			

Comment 1: For reporting templates: cells with a green background do not need to be completed.
Comment 2: Fees and commissions (worksheet 6) and the Trading book (worksheet 7) are only applicable from 2026.

The separate report published by OTP Fund Management and the templates specified in Annex XII of Regulation No. 2021/2178 are presented under a separate sub-heading.

General qualitative information on the content and methodology of KPIs published in Annex XI of Regulation No. 2021/2178:

The scope of assets and activities covered by the KPIs:

Asset portfolio covered

The calculation of the green asset ratio (GAR) for on-balance sheet exposures shall cover the following accounting categories of financial assets, including loans and advances, debt securities, equity holdings and repossessed collaterals:

a) financial assets at amortised cost;
b) financial assets at fair value through other comprehensive income;
c) investments in subsidiaries;
d) joint ventures and associates;
e) financial assets designated at fair value through profit or loss and non-trading financial assets mandatorily at fair value through profit or loss;
f) real estate collaterals obtained by credit institutions by taking possession in exchange for the cancellation of debts.

In accordance with Article 7(1) of Regulation No. 2021/2178, exposures to central governments, central banks and supranational issuers shall be excluded from the calculation of the numerator and denominator of key performance indicators of financial undertakings.

Pursuant to Article 7 of Regulation No. 2021/2178, the following assets are excluded from the numerator of the GAR:

a) financial assets held for trading;
b) on-demand interbank loans;
c) exposures to undertakings that are not obliged to publish non-financial information pursuant to Article 19a or 29a of Directive No. 2013/34/EU;
d) derivatives;
e) cash and cash-related assets;
f) other categories of assets (e.g. goodwill, goods, etc.).

The calculation of KPIs for off-balance sheet exposures considered financial guarantees granted by OTP Group, and assets under management for guarantee and investee non-financial undertakings. Other off-balance sheet exposures such as commitments have been excluded from that calculation.
The exposures of all entities included in the prudential consolidation scope of OTP Bank (credit institution subsidiaries, other financial institutions and non-financial undertakings) are included in – relevant rows in column 'a' (Total gross carrying amount) of total assets – Template 1 of Annex VI of Regulation No. 2021/2178, thus ensuring that the balance of row 55 ("Total assets") is equal to the total assets row of the consolidated FINREP balance sheet. Exceptions to this are entities whose exposures relative to the exposures of credit institutions do not meet the thresholds set by the financial materiality criteria, taking into account materiality criteria.
Based on the guidance in Annex III of EU Regulation No. 2021/2178, gross exposures have been aggregated in the relevant row of Template 1 of the GAR for credit institutions based on the separate report of OTP Fund Management. Exposures on assets under management are shown on a consolidated basis in the asset GAR indicator in summary template 0.
Financial data are identified solely based on the Bank's analytical credit and risk database and FINREP balance sheet data. In respect of alignment with the taxonomy, data were generated through individual data requests or from publicly available data.

Findings concerning Annex VI of Regulation No. 2021/2178, worksheet '0'

The use of CAPEX and turnover-based reporting has necessitated the duplication of KPI cells. The definition of the KPIs shall be based on the following components:

a) the numerator, which shall cover the loans and advances, debt securities, equities and repossessed collaterals, financing

Taxonomy-aligned economic activities based on turnover KPI and CapEx KPI of underlying assets.

b) the denominator, which shall cover the total loans and advances, total debt securities, total equities and total repossessed collaterals and all other covered on-balance sheet assets.

Pursuant to point 1.2.3. (Fees and commissions) of Annex V, KPIs for trading book items and fees and commissions are applicable from 1 January 2026.

Findings concerning Annex VI of Regulation No. 2021/2178, Template 1

The template has been duplicated on the basis of counterparty turnover and CapEx data. The numerators of the two GAR KPIs differ for (general) loans for unknown purpose, bond exposure and equity holdings to non-financial undertakings.
Exposures were analysed along the following customer segmentation:

- financial undertakings
- non-financial undertakings
- retail customers (with the following sub-categories: residential property, home renovation and car loans)
- local governments (only with the following sub-category: housing financing) – rental housing financing or known green loan purpose
- collateral obtained by taking possession, residential and commercial real estate

For the completion of the T-1 gross carrying amount fields, the exposures are filled in based on the bank databases, filtered for the T-1 period in the same way as for the T period. Data on taxonomy alignment is completed based on data from the 2022 report, where available.

Information on financial undertakings
According to the Bank's interpretation in 2024 (for the 2023 financial year) it will not be required to report the share of their Taxonomy-aligned economic activity in respect of exposures to financial undertakings. This is because financial institutions will only publish their GAR indicators in 2024 (concerning the end of 2023) and, therefore, the data are not available for financial institutions to include in their 2024 reports. Financial institutions will, therefore, only have to report them from 2025 (taking into account the latest available data). The published data on taxonomy eligibility is not comprehensive (no environmental breakdown), so the Bank was forced to rely on the information in the Bank's IT systems and the Bank's markers (for transactions that have undergone a green alignment assessment) to identify green exposures for the 2023 financial year. The Bank's short-term plans include the integration of financial counterparty reporting into bank group level controlling systems.

Information on non-financial undertakings

Customers covered by the NFRD were identified as follows:

	Public interest entities subject to NFRD under Hungarian accounting	Public interest entities subject to NFRD for the following EU subsidiary banks: Bulgaria, Croatia, Romania, Slovenia
Number of employees	> 500 persons	> 500 persons
	At least two of the following are met	listed on a stock exchange and
Total assets	> HUF 6 billion	> EUR 20 million
Annual net sales revenue	> HUF 12 billion	> EUR 40 million
Number of employees	> 250 persons	

For the application of the above filtering criteria, data compiled by an external data provider and existing in the banking systems were used. Loans and debt securities exposures to non-financial undertakings were taken into account on the basis of known and unknown loan purposes. In the case of known loan purposes, transactions that have been designated on the basis of the Bank's eligibility and alignment checks have been taken into account. In the case of unknown loan purposes and for equity exposures, the counterparty's disclosed turnover and CAPEX eligibility and alignment information has been taken into account.
If no published information was available for the counterparty concerned, the Bank did not take into account the counterparty's exposures for the purposes of eligibility and alignment in the course of reporting.
The breakdown by environmental objective is not available for publicly available data for Taxonomy-eligible exposures, so the Bank presents data in the total (CCM + CCA) fields for the given exposure category for transparency and ease of interpretation.
A further limitation is that we currently have limited ability to identify and examine the group-level exposure of companies subject to the NFRD. The Bank's short-term plans include the comprehensive and up-to-date identification of the non-financial counterparties concerned by the GAR report and the integration of the necessary data records into the appropriate banking IT systems.

Information on households

In preparing the report, the entities operating in the following countries were considered: Bulgaria, Croatia, Hungary, Romania and Slovenia.
GAR for retail exposures to residential real estate or house renovation loans was calculated as a proportion of loans to households collateralised by residential immovable property or granted for house renovation purposes that is Taxonomy-aligned in accordance with the relevant technical screening criteria for buildings, in particular renovation and acquisition and ownership in accordance with Annex I and Sections 7.1, 7.2, 7.3, 7.4, 7.5, 7.6, and 7.7 respectively of Annex II to Delegated Regulation (EU) No. 2021/2139 or Sections 3.1 and 3.2 of Annex II to Delegated Regulation (EU) No. 2023/2486, compared to total loans to households collateralised by residential immovable property or granted for house renovation purposes.
By households, the Bank means retail customers and sole proprietors.
Under EU Regulation No. 2021/2178, the Bank includes general purpose loans collateralised by residential immovable property in the gross exposure, but these exposures are excluded during the Taxonomy check.
In line with the spirit of the legal interpretation, in order to avoid duplication of exposures, the Bank has decided to show exposures related to building modernisation as defined in Section 7.2 of Annex I of the Delegated Act only in row 28 of Template and to exclude these exposures from loans collateralised by residential immovable property.
GAR for retail exposures to credit consumption loans for car loans shall be calculated as the proportion of loans financing cars complying with the technical screening criteria as laid down in Section 6.5 of Annex I to Climate Delegated Act. This GAR shall include disclosures of transitional activities, and disclosures of stock of loans only for loans granted after (the date of application of this Regulation [EU] No. 2021/2178) and flow of loans.
The special lending field cannot be interpreted for this exposure category and is not completed by the Bank in the report.
According to the European Commission's interpretation published in December 2023, the assessment of exposures to households must also be carried out according to the DNSH (do no significant harm) criteria. The Bank is unable to carry out such an assessment for this year's report due to lack of data. As part of the mandatory report, therefore, only the Taxonomy-eligible category will be presented. By doing so, the Bank will present, as part of the voluntary report, the compliance of its

exposures to households with the criteria set out in the technical screening criteria test (as material contributory exposures that do not meet the DNSH condition).

Information on the financing of local governments

The Bank was unable to identify any exposure to rental housing financing beyond any doubt, so the fields in this category do not contain any data.

Based on the interpretation of the legislation, exposures related to other non-rental housing or known green loan purposes must be excluded from both the numerator and denominator of the GAR. Accordingly, all other exposures to local governments are reported under the category "Other assets not included in the GAR calculation" in the Sovereign Entities row.

Information relating to collateral obtained by taking possession, residential and commercial real estate

For the given exposure class, the methodology used shall contain the gross carrying amount of commercial and residential repossessed real estate collaterals compliant with the technical screening criteria for buildings in Section 7.7 of Annex I to Delegated Act.

The denominator shall include the total gross carrying amount of held-for-sale commercial and residential real estate collaterals repossessed by the credit institution.

Due to the inconsistencies between Annex V and Annex VI of Regulation No. 2021/2178, the Bank has taken the opportunity to insert rows in Annex VI to ensure consistency with Annex V and by reference to Regulation No. 2022/2453, whereby the relevant rows in the first template of Annex VI of Regulation No. 2021/2178 will be presented as follows:

30 Financing of local governments
31 Housing financing
32 Other local government funding
33 Collateral obtained by taking possession, residential and commercial real estate

Findings concerning Annex VI of Regulation No. 2021/2178, worksheet '2'

The Bank's interpretation is that column (a) of the template should contain – in a breakdown by 4-digit NACE code – the core activities of all the Bank's counterparties that fall within the scope of the NFRD.

Findings concerning Annex VI of Regulation No. 2021/2178, worksheet '3'

In this template, the Bank has disclosed the GAR KPI for the loan portfolio, which have been calculated for the covered assets on the basis of the data reported in template 1, using the formulae provided in the template published by the Commission.

The Bank has duplicated this template for turnover-based and CapEx-based disclosures.

Findings concerning Annex VI of Regulation No. 2021/2178, worksheet '4'

The Bank has duplicated this template for turnover-based and CapEx-based disclosures. In disclosing information on changes in portfolio, the Bank has reported exposures incurred in the current year.

Findings concerning Annex VI of Regulation No. 2021/2178, worksheet '5'

In the calculation of the KPIs for off-balance sheet exposures (financial guarantees and assets under management), the Bank has used the data on covered assets provided in Table 1 and the formulas suggested in this table. Exposures for which information was not available in the Bank's systems are not considered and disclosed in this report.

Findings concerning Annex XII of Regulation No. 2021/2178

The Bank makes the following disclosures pursuant to Article 8 (6) to (7) of Regulation No. 2021/2178: The Bank makes the following disclosures pursuant to Article 8 (6) to (7) of Regulation 2021/2178, on the basis of information published by the data owners:

Table 1: Nuclear and fossil gas related activities:

	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	Yes
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	Yes
	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	Yes
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	Yes
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	Yes

Table 2: Taxonomy-aligned economic activities (denominator, in HUF million):

	Economic activities	Amount and proportion – Turnover						Amount and proportion – CapEx					
		CCM + CC		Climate change mitigation (CCM)		Climate change adaptation (CCA)		CCM + CC		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%					0	0%				
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%					0	0%				
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	4,241.3	0.02%	4,241.3	0.02%			5,831.8	0.02%	5,831.8	0.02%		
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%					0	0%				
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%					0	0%				
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0%					0	0%				
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**25,851,399**	**99.98%**					**25,849,808**	**99.98%**				
8	**Total applicable KPI**	**25,855,640**	**100%**					**25,855,640**	**100%**				

Table 3: Taxonomy-aligned economic activities (numerator, in HUF million):

	Economic activities	Amount and proportion – Turnover						Amount and proportion – CapEx					
		CCM + CC		Climate change mitigation (CCM)		Climate change adaptation (CCA)		CCM + CC		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%					0	0%				
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%					0	0%				
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	3,997.4	32%	3,997.4				5,916.6	25%	5,916.6			
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%					0	0%				
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%					0	0%				
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0%					0	0%				
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI**	**8,454**	**68%**					**17,564**	**75%**				
8	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	**12,451**	**100%**					**23,481**	**100%**				

Table 4: Taxonomy-eligible but not taxonomy-aligned economic activities (in HUF million):

	Economic activities	Amount and proportion – Turnover						Amount and proportion – CapEx					
		CCM + CC		Climate change mitigation (CCM)		Climate change adaptation (CCA)		CCM + CC		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	0%					0	0%				
2	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	10.6	0%	10.6				0	0%				
3	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	0%					0	0%				
4	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	0%					171.4	0.01%	171.4			
5	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	507.2	0.02%	507.2				402.3	0.01%	402.3			
6	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	0%					16.4	0%	16.4			
7	**Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**3,374,915**	**99.98%**					**3,389,945**	**99.98%**				
8	**Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI**	**3,375,433**	**100%**					**3,390,535**	**100%**				

Table 5: Taxonomy non-eligible economic activities (in HUF million):

	Economic activities	Turnover		CapEx	
		Amount	Percentage	Amount	Percentage
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		0%		0%
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		0%		0%
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		0%		0%
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1,708.3	0.01%	1,371.6	0.01%
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		0%		0%
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI		0%		0%
7	**Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**22,478,499**	**99.99%**	**22,478,835**	**99.99%**
8	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	**22,480,207**	**100%**	**22,480,207**	**100%**

II. Voluntary report

One of the key objectives of OTP Group's ESG strategy is to increase its green portfolio. The stock of green exposures are presented here according the OTP Group's internal green KPI, which reached HUF 656 billion (including the part identified by green assessment but not yet reported in the controlling system, HUF 679 billion) by the end of 2023. Significant part of this portfolio is towards non-financial corporates not subject to NFRD and as well as the financing activities of subsidiaries outside the EU. As part of the voluntary report, the Bank presents the composition of its broader green portfolio, in both the corporate and retail segments. The internal green KPI is based on exposures comply at least one of the following: OTP Group's Green Loan Framework, the OTP Group Sustainable Finance Framework and the MNB's preferential capital requirements program for green municipal, corporate and retail exposures, the also the EU taxonomy. By end of 2023 OTP Green Loan Framework exposures aligned with EU Taxonomy was approximately 3.4 billion Ft.

The template below shows the extent to which the exposures in the Bank's green portfolio are aligned with EU taxonomy requirements. Exposures in the Taxonomy-eligible category also follow use-of-proceeds approach, while the taxonomy-aligned category is reported based on compliance with the technical screening criterion (TSC). For corporate exposures, the assessment is fully in line with the TSC and MS alignment requirements, while for retail exposures, the compliance with DNSH and MS (Minimum Safeguards) has not been assessed.

in HUF million	Total gross carrying amount	OTP Green Portfolio (CCM + CCA) of which aimed at loan purposes relevant to the Taxonomy (Taxonomy-eligible)	of which environ-mentally sustainable (Taxonomy-aligned)	Share of Taxonomy-eligible exposures*	Share of Taxonomy-aligned exposures*
Non-financial undertakings	9,578,080	508,012	3,396	5.30%	0.04%
Loans and advances	9,282,028	470,508	3,396	5.07%	0.04%
Debt securities	293,211	37,503		12.79%	0.00%
Households**	11,722,507	171,234	62,980	1.46%	0.54%
of which: loans secured by residential real estate	4,915,444	167,142	58,988	3.40%	1.20%
of which: building modernisation loans	127,689	100	–	0.08%	0.00%
of which: car loans	446,413	3,992	3,992	0.89%	0.89%
Total GAR assets	**25,679,052**	**679,246**	**66,376**	**2.65%**	**0.26%**

* Calculated at the gross carrying amount of the relevant exposure.
** DNSH, without MS test.

The Taxonomy-eligible share of non-financial undertakings relative to gross carrying amount exceeds 5%.
A significant proportion of the household exposures in the green portfolio are related to the Hungarian entity, and we expect the green share of the portfolio to increase as data quality improves.
The aggregate Taxonomy-eligible share as a proportion of assets included in the GAR calculation exceeds 2.5% while the share of Taxonomy-aligned exposures exceeds 0.25%.

III. Independent report by OTP Fund Management

Template for the KPI of asset managers:

Standard template for the disclosure required under Article 8 of Regulation (EU) No. 2020/852 (asset managers)	
The weighted average value of all the investments that are directed at funding, or are associated with taxonomy-aligned economic activities relative to the value of total assets covered by the KPI, with following weights for investments in undertakings per below: Turnover-based: 1.35% CapEx-based: 1.93%	The weighted average value of all the investments that are directed at funding, or are associated with taxonomy-aligned economic activities, with following weights for investments in undertakings per below: Turnover-based: HUF 31,796,128,854 CapEx-based: HUF 22,282,164,194
The percentage of assets covered by the KPI relative to total investments (total AuM). Excluding investments in sovereign entities, coverage ratio: 5.42%	The monetary value of assets covered by the KPI. Excluding investments in sovereign entities. Coverage: HUF 89,511,419,370
Additional, complementary disclosures: breakdown of denominator of the KPI	
The percentage of derivatives relative to total assets covered by the KPI: –	The value in monetary amounts of derivatives: –
The proportion of exposures to EU financial and non-financial undertakings not subject to Articles 19a and 29a of Directive No. 2013/34/EU over total assets covered by the KPI: For non-financial undertakings: 2.19% For financial undertakings: 14.77%	Value of exposures to EU financial and non-financial undertakings not subject to Articles 19a and 29a of Directive No. 2013/34/EU: For non-financial undertakings: HUF 36,108,426,625 For financial undertakings: HUF 243,948,380,249
The proportion of exposures to financial and non-financial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive No. 2013/34/EU over total assets covered by the KPI: For non-financial undertakings: 6.08% For financial undertakings: 5.39%	Value of exposures to financial and non-financial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive No. 2013/34/EU: For non-financial undertakings: HUF 100,473,439,807 For financial undertakings: HUF 89,000,990,894
The proportion of exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive No. 2013/34/EU over total assets covered by the KPI: For non-financial undertakings: 8.02% For financial undertakings: 49.91%	Value of exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive No. 2013/34/EU: For non-financial undertakings: HUF 132,484,817,417 For financial undertakings: HUF 824,203,191,271
The proportion of exposures to other counterparties and assets over total assets covered by the KPI: 13.63%	Value of exposures to other counterparties and assets: HUF 225,144,631,767

Standard template for the disclosure required under Article 8 of Regulation (EU) No. 2020/852 (asset managers) – *continued*		
The value of all the investments that are funding economic activities that are not taxonomy-eligible relative to the value of total assets covered by the KPI: –		Value of all the investments that are funding economic activities that are not taxonomy-eligible: –
The value of all the investments that are funding taxonomy-eligible economic activities, but not taxonomy-aligned relative to the value of total assets covered by the KPI: –		Value of all the investments that are funding Taxonomy-eligible economic activities, but not taxonomy-aligned: –
Additional, complementary disclosures: breakdown of numerator of the KPI		
The proportion of Taxonomy-aligned exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive No. 2013/34/EU over total assets covered by the KPI: For non-financial undertakings: Turnover-based: 1.35% Capital expenditures-based: 1.93% For financial undertakings: Turnover-based: – Capital expenditures-based: --		Value of Taxonomy-aligned exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive No. 2013/34/EU: For non-financial undertakings: Turnover-based: HUF 31,796,128,854 Capital expenditures-based: HUF 22,282,164,194 For financial undertakings: Turnover-based: – Capital expenditures-based: –
The proportion of Taxonomy-aligned exposures to other counterparties and assets over total assets covered by the KPI: Turnover-based: – Capital expenditures-based: –		Value of Taxonomy-aligned exposures to other counterparties: Turnover-based: – Capital expenditures-based: –
Breakdown of the numerator of the KPI per environmental objective		
Taxonomy-aligned activities:		
1. Climate change mitigation		
Transitional activities:	Turnover: 0.02% CapEx: 0.13%	HUF 346,004,571 HUF 2,091,506,111
Enabling activities:	Turnover: 0.08% CapEx: 0.18%	HUF 1,360,074,552 HUF 3,008,731,644
2. Climate change adaptation		
Transitional activities:	–	–
Enabling activities:	Turnover: 0.02% CapEx: 0.06%	HUF 327,518,516 HUF 1,029,909,809

Contextual information in support of the quantitative indicators including the scope of assets and activities covered by the KPIs, information on data sources and limitation;

The KPI considered covers the equity and bond assets in the funds and portfolios managed by the Fund Manager, but does not include collective investment schemes and investments in government securities, which may represent a significant proportion of certain portfolios, where data are not available.
For the various activities in this reporting period, only activities related to climate change mitigation and adaptation to climate change are covered.

Further limiting the coverage, the data reporting obligation under Articles 19a and 29a of Directive No. 2013/34/EU only covers a limited number of target companies receiving the Fund Manager's investments, thus in respect of a significant part of the investments, the Fund Manager and its ESG service provider (MSCI ESG Research) do not have usable data.

- Explanations of the nature and objectives of Taxonomy-aligned economic activities and the evolution of the Taxonomy-aligned economic activities over time, starting from the second year of implementation, distinguishing between business-related and methodological and data-related elements;

OTP Fund Management does not have a general objective in respect of Taxonomy-aligned economic activities that is typical of fund management as a whole, but it does take into account the impact of a particular investment on environmental objectives, in particular GHG emissions, waste and pollutant emissions and water load, when assessing the sustainability of a particular investment.

The fund manager has specific environmental objectives for the SFDR funds it manages as follows:

OTP Climate Change Fund (OTP Klímaváltozás Alap)
The primary objective of the Fund is to mitigate climate change and promote adaptation to climate change. The Fund aims to achieve its objective, in accordance with Article 16 of the Taxonomy Regulation, by investing in companies whose activities, mainly through the products they produce, contribute directly to the activities of other companies making a significant contribution to the fight against climate change. The Fund does not have a sustainability objective, but commits to invest at least 51% of its investments in sustainable investments, within which 10% are Taxonomy-aligned environmentally-sustainable investments.

OTP Omega Alapok Alapja (OTP Omega Fund of Funds)
The Fund invests in other actively and passively-managed funds in accordance with the fund of funds structure. The research advisor (MSCI) publishes an ESG rating for some funds, but not for others. This depends partly on the business considerations of the ESG consultant, but also partly on the business considerations of the individual fund managers themselves. The Fund does not have a sustainability objective, but commits to invest at least 51% of its investments in sustainable investments, within which it will not invest in Taxonomy-aligned environmentally sustainable investments.

OTP Ökotrend Alap (OTP Ecotrend Fund)
The Fund seeks to make a commitment to promote environmental features, primarily through its bond portfolio. The Fund plans to invest partly in green government bonds to finance or refinance expenditures that promote the transition to a low-carbon, climate resilient and environmentally sustainable economy. Thus, it falls into one of the six green sectors: renewable energy, energy efficiency, waste and water management, land use and use of living natural resources, clean transport, and adaptation. The Fund does not have a sustainability objective, nor does it have a commitment to a minimum ratio of sustainable investments.

- Description of the compliance with Regulation (EU) No. 2020/852 in the financial undertaking's business strategy, product design processes and engagement with clients and counterparties;

OTP Fund Management is committed to taking sustainability risks into account in its investment decisions and to continuously increasing the number of SFDR-rated products that invest in a significant share of sustainable investments.
For funds and portfolios that have a commitment to sustainable investment under the Taxonomy Regulation, the EU taxonomy DNSH indicators are taken into account in addition to the sustainability indicator calculated by the ESG data provider selected by the Fund Manager (MSCI ESG Research) to determine Taxonomy compliance, in accordance with the commitment of the fund/portfolio concerned.

2.4 Other green services

Cogo – transaction-based CO_2 calculator in the Hungarian mobile bank

New Zealand's Cogo has been selected as a partner of our Bank in 2022 as part of the OTP Startup Booster Programme. As a result of the cooperation, the transaction-based carbon calculator w as launched in the domestic mobile bank at the end of summer 2023, which also encourages the reduction of the carbon footprint. Cogo has more than 10 years of

experience in sustainability, with several banks using its calculator with proven results.
The calculator:

- calculates the monthly carbon footprint,
- compares it with the Hungarian population average, and
- also shows emissions by spending category.

To ensure the most accurate operation possible, Hungarian factors are used in the calculation and are reviewed and corrected on a quarterly basis.
Cogo also improves the knowledge of users: the interface allows users to become familiar with how the calculator works. In the future, we plan to introduce an ecological footprint calculator for MSE customers.
Also in the framework of the 2022 OTP Startup Booster Program, we selected the solution by software company Agremo, with which we started a long-term cooperation.
The software uses drone and satellite imagery data to perform yield analysis and forecasts for agricultural areas. The Serbian subsidiary plans to introduce this in 2024.
So-called **MFB Points** have been present in Hungary since 2017 in OTP Bank branches, intermediating the Hungarian Development Bank's (MFB) products funded by the European Union and MFB itself. In 2023, we operated 167 MFB Points (at 49% of branches), offering both retail and business banking products. In 2023, two loan schemes were available to private individuals, condominiums and housing co-operatives that served an environmental purpose by using renewable energy sources and/or making energy efficiency investments. Three loan schemes were available to companies for the same purposes. In 2023 (due to the deadline for the full closure of the 2014–2020 EU budget cycle), the sale of all loan schemes closed, but disbursements were still made and the portfolio was significant at the end of the year: HUF 31.4 billion in the retail segment and HUF 5.2 billion in the SME segment. The amount of loans disbursed in 2023 was HUF 409 million. Among the products sold at MFB Points, the above loan purposes accounted for 11.4 percent of the portfolio.

BG The DSK Mastercard Wildlife Impact Debit Card was available at DSK Bank in 2023 for the second year running. The joint initiative is aimed at protecting endangered animal species from extinction. Upon the issuance of every new card the Bank and Mastercard contributes one dollar to the costs of protecting and restoring natural habitats. The use of recycled and recyclable material for the manufacture of the card results in a 63 percent reduction in emissions in comparison with conventional bank cards.
RS The Serbian subsidiary bank also continued its cooperation with the Mastercard Priceless Planet Coalition. The subsidiary bank plants a tree whenever a new account is opened or when the Google Pay or the Apple Pay service is activated for an existing account. Over the past three years, more than 80,000 trees have been planted with the bank's help.

Gamechanger

RS Generator (Gamechanger) is the Serbian subsidiary bank's programme that has been helping local startups for a number of years now. In 2023, the Generator Zero competition launched in the context of the programme again sought for and rewarded specifically innovative climate change mitigating and carbon footprint reducing solutions.
In addition to the HUF 6.5 million cash prize, the winner received mentoring and additional prizes from two supporting partner organisations. In 2023, a record 116 entries were received for the competition, which was won by the Fragment board project with its building material made from 73% recycled glass.
The Serbian subsidiary bank rewarded the MOSQ-SWITCH team with an opportunity to be featured. Their product is a booth installed in a public space that sprays customers with a mosquito repellent made of natural materials that lasts for three hours.
RO The Romanian subsidiary bank continued its programme to support the purchase of tickets for public transport by bank card.

In 2023, contactless ticket purchases became available at terminals installed in Timisoara and Satu Mare.

The **OTP Hungaro-Project** helped its customers in drafting applications and in winning grants in 2023 as well. During the year, 90 percent of customers were agricultural businesses. The company submitted 69 grant applications for its customers under the EU Rural Development Programme for irrigation development, at a total cost of HUF 50.4 billion. Under the Factory Saver Scheme, 11 applications were submitted to support energy efficiency and energy production investment projects. Of these, 9 applications (HUF 6 billion in grant amount, total cost of HUF 14 billion) were awarded a grant, and deliberation for two applications were still pending at the end of the year.

2.5 Investments

ST1, ST3, ST4: 3-3, TCFD II.a,b, III.a,b,c, IV.a

Meeting the growing regulatory requirements for investment funds and investment services is an ongoing challenge. The mandatory publication in 2023 of the Statement on the principal adverse impact of investment decisions on sustainability factors and the expansion of the scope of ESG data for issuers provides an increasingly accurate picture of the sustainability characteristics of funds. The range of responsible funds available to customers has expanded.

FN-IB-410a.3. In 2023, the Statement on the principal adverse impact of investment decisions on sustainability factors (also including principal adverse impact indicators) was published for the first time, for both fund managers and portfolio management activity in 2022. These documents are available on the group members' websites in accordance with the requirements of the SFDR Regulation[17]. In the case of the discretionary portfolio management service, in 2023 we expanded the exclusion rules set as a percentage limit to include the MSCI Overall Flag indicator, in addition to the controversial armament that was already in place. The Overall Flag is a general indicator to assess the overall sustainability performance of a company or investment fund (environmental, social or governance controversial issues). For this service, we also apply so-called cumulative risk limits in relation to ESG. Portfolio managers put together their portfolios making sure that the aggregated weight of the lowest scoring elements from the perspective of sustainability – i.e. those categorised as CCC, B and BB on the 7-grade MSCI scale – is as low as possible.

The selection of the funds recommended in the context of investment advice has not changed in 2023, and is based on quantitative and qualitative criteria, including sustainability risk considerations inter alia. Excluded from investment advice are investment funds with high or medium sustainability risks (CCC and B on the MSCI scale).

The scope of issuer ESG data is constantly expanding, so the sustainability perception of financial instruments may change without a change in methodology.

OTP Fund Management applies a screening system based on an exclusion list to take account of the principal adverse impacts, with limits set for tobacco, gambling, coal mining, weapons, alcohol and authoritarian regimes. Data sources for sectoral limits are Bloomberg, MSCI ESG Manager and MSCI BarraOne.

The principal adverse impacts are assessed on a monthly basis, while the ESG limits for the SFDR Article 8 funds are assessed on a weekly basis and are set out in the Sustainability Risk Management Policy.

GRI 203-2 The investments of investment funds are selected as described in the funds' management policies. Some of OTP Alapkezelő's funds (OTP Közép-Európai Részvény Alap/OTP Central European Equity Fund, OTP Quality Alap/OTP Quality Fund, BUX ETF Alap/BUX ETF Fund) focus their investments specifically on the Central and Eastern European region. Such investments accounted for 1.97 percent of the assets managed at the end of 2023.

[17] Regulation (EU) No. 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.

Responsible investments

ST4: 3-3, GRI 201-2 The Banking Group's fund managers offer a number of ESG funds to their customers. The OTP Group's four own funds promote environmental and/or social characteristics and are, therefore, Article 8 compliant products according to the SFDR classification. In 2023, OTP Fund Management established the @OTP Ökotrend Hozamvédett Zártvégű Alap (OTP Ecotrend Yield-Guaranteed Closed-End Fund), whose subscription period closed on 27 October. The fund also offered a suitable opportunity for low-risk investors, aiming to benefit from the economic transformation and green transition resulting from the objectives of the transition to renewable resources, with a particular focus on new energy storage solutions, the automotive industry and new transport technologies. The fund gains exposure to companies active in the sector through options, and provides capital protection and fixed returns through interest-bearing instruments.

The previously registered SFDR Article 8 funds of the Banking Group were also available.

The aim of OTP Fund Management's @Klímaváltozás Részvény Alap (Climate Change Equity Fund) is to select equities that may be potential winners or losers of the global climate adaptation process. As of December 2023, at least 70 percent of the final portfolio must be made up of equities of companies that have a good – "sustainable" – ESG rating besides contributing, in our opinion, to the conservation of planet Earth.

In the case of @Omega Alapok Alapja (Omega Fund of Funds), the objective is to have SFDR Article 8 or Article 9 funds have at least a 70 percent weight. Again, at least 50 percent of the final portfolio must be made up of equities of companies that have a good – "sustainable" – ESG rating. [18]

The number of fund units in circulation of the two open-ended funds decreased in 2023. At the end of 2023, the assets of the OTP Ecotrend Fund amounted to HUF 1.8 billion, the assets of the OTP Climate Change Equity Fund to HUF 29.8 billion and the assets of the OTP Omega Fund of Funds to HUF 36.4 billion. **The three ESG funds accounted for 1.71% of OTP Fund Management's total assets under management.**

RO The Article 8 investment fund of OTP Asset Management Romania SFDR is the @OTP Innovation Fund. The fund invests in international companies that spend a significant proportion of their revenues on research and development (R&D). The investments are effected in the technological, biotechnological, e-commerce and automotive sectors, to name but a few. The aim is to keep the fund's aggregate sustainability risk profile low and make sure that at least 85 percent of the portfolio is made up of medium or low sustainability risk elements, which the fund manager measures in terms of the MSCI ratings. The fund applies an exclusion policy as well. The fund's total asset amounted to HUF 553 million and had nearly 500 investors at the end of 2023.

As well as the Banking Group's own ESG funds, other fund managers' ESG funds are also available for customers. At the end of 2023, the portfolio of investment funds under Articles 8 and 9 of the SFDR accounted for 2.17 percent of the retail securities account portfolio.

In the context of investment advisory activities, the five "green" model portfolios, which meet the most stringent sustainability preferences and are based on the framework set out in the MIFID2[19] framework fitness test, are renewed on a quarterly basis. At renewal, financial products are selected in accordance with the *Statement on the principal adverse impact of investment advice on sustainability factors,* which is effective as from the beginning of 2023. The proportion of customers opting for "green" model portfolios is still low, and we have not seen an increase in demand in this area.

SI Slovenian NKBM offers 29 SFDR Article 8 funds to its customers (managed by Raiffeisen Capital Management, Sava Infond and Triglav

[18] Based on Bloomberg Industry Classification data.

[19] DIRECTIVE No. 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive No. 2002/92/EC and Directive No. 2011/61/EU, and the relevant regulations. The test is designed to assess the customer's financial knowledge, investment objectives, risk-bearing capacity as well as financial situation and income, to help the Bank offer the customer products aligned to these factors.

Skladi), while SKB offers Amundi funds that promote environmental and/or social objectives.

2.6 Products with social benefits

ST1: 3-3

Most of the OTP Group banks offer products aimed at young people and some banks also offer products aimed at the financial needs of the elderly. Several members of OTP Group offer preferential schemes to facilitate housing.

The sustainable financial framework identifies the eligible social category exclusively in the segment of loans and credits available for financing and/or refinancing SMEs. Products beyond this target group are also described below.

OTP Group offered special preferential products for **young people** in 9 countries[20] in 2023. At group level, 13% of retail customers (2.2 million customers) are under 26 years old.

The selection of products varies from country to country. It includes account packages, savings for children, overdraft facilities, bank cards and student loans. Some subsidiaries offer preferential terms for accounts held for the receipt of scholarships.

In 2023, OTP Bank introduced the Student Loan Account, which provides students with preferential account management and banking services. The account can also be opened online. We have extended the discounts for Junior accounts: for those over 14 years of age, there is no charge for mobile or internet bank transfers, or for group direct debits up to a certain amount, and we have also extended the discounts for university students. We have created the Career Start account package, which offers a preferential account management option for customers aged 18–28.

RS The Serbian subsidiary bank has introduced a debit card for 11–18 year olds linked to their parents' accounts.

UZ The Uzbek subsidiary bank offers a preferential loan for BSc and MSc tuition fees, with state subsidisation. For women, the interest on the loan is covered by the state. The loan was taken out by 35,541 people in 2023.

RO During the year, the Romanian subsidiary bank expanded the availability of the debit card for the youngest, making it available from the age of 8, with parental supervision.

The bank has introduced internet banking and mobile banking for 14–18 year olds, and to encourage students to open an account online, administrative fees are waived up to the age of 25. OTP Bank Romania, with the support of the *Szülőföldön magyarul (In Hungarian in the motherland) programme,* is offering a dedicated debit card to students studying in Romania in Hungarian language to access scholarships. The programme affects 185,000 young people.

The number of **pensioner customers** typically surpasses that of younger customers at the banks of OTP Group. Special products are available in 6 countries, Bulgaria, Croatia, Serbia, Albania, Montenegro and Ukraine, to meet their needs. No new product/service was introduced in this segment in 2023.

Piggy Bank

OTP Bank has introduced a new feature on the internet and mobile banking platform to encourage conscious money management and savings. Savings can be put aside in different piggy banks (for different purposes) on an ad hoc basis or on a regular basis. Customers can also assign a target amount and a target date to the piggy banks, making it easy to track where they stand in reaching their target.

The scheme is completely flexible, they can withdraw a part of the amount from the piggy bank before reaching the target, or empty the piggy banks completely and the amount is returned to the payment account with just one click. The popularity of the feature is demonstrated by the fact that in the 5th month after its launch, more than 100,000 customers had a Piggy Bank account.

Minimum packages are available for customers who require a narrower range of services.

[20] Hungary, Bulgaria, Slovenia, Croatia, Albania, Montenegro, Uzbekistan, Ukraine, Romania, Moldova. The age limit is not 26 for all schemes.

Access to basic financial services is provided by such accounts. The Croatian bank offers a preferential package for socially disadvantaged customers. The demand for such basic packages has been rather low for years now; not more than a few hundred customers uses them at any one of our banks.

BG DSK Bank provides customers with reduced mobility accounts with debit cards under preferential terms and conditions, which were used by close to 42 thousand customers at the end of the year.

Disabled customers can apply for the housing accessibility grant at OTP Bank, which was used by 316 customers in 2023.

A state-subsidised loan has been available for couples planning or expecting a child in Hungary for several years. An important feature of the interest-free **Childbirth Incentive Loan** of up to HUF 10 million is that the debt is assumed by the state in case a minimum of three children are born. The loan was originally planned to be available until the end of 2022 but remained accessible in 2023, and due to the uncertainty of eligibility, we experienced a surge in applications in December 2022 and expected a significantly lower take-up in 2023. This expectation came true: In 2023, we disbursed 41 percent less in loan amounts than in 2022. OTP Bank's share of disbursements in 2023 was nearly 40%, while its share of the outstanding portfolio was 42%. The share of loans in the volume of retail consumer credit disbursements fell significantly to 28%.

Access to real estates, modernisation

GRI 203-2 Members of the Banking Group play an important role in the implementation of housing goals primarily through mortgage loans.[21] We provide our customers with predictable loans, taking into account their capacity to bear the costs and helping them to adopt energy-efficient solutions. The number of active housing loans of OTP Group exceeded 500 thousand at the end of 2023, of which the number of new loans was 48 thousand.

In addition to Hungary, we provide increased assistance for house purchasing and renovation in Uzbekistan, Bulgaria, Slovenia, Serbia and Croatia.

Demand for housing loans in Hungary remained subdued in 2023. Approximately 16 thousand contracts were concluded during the year. The number of active housing loans was 217 thousand[22] at the end of the year, while our market share increased by 0.5 percentage points to 31.3 percent by the end of the year.

Throughout the year, there was an interest rate freeze in place, which led us to suspend the sale of mortgage loans with fixed interest rates not until the end of the term, including the market-based Qualified Consumer-friendly Housing Loan (MFL). We introduced a one-off interest rate reduction service for our non-MFL market-based housing loans and general purpose mortgage loans, available from the 121st month.

The OTP 1×1 Housing Loan scheme, launched for second-hand home purchase loans, was available with an interest rate reduction of 50 bps.

In 2023, the Home Qualified Consumer-friendly Subsidised Housing Loan was still available, with nearly 6,000 new transactions during the year, worth HUF 57.7 billion in total. The product accounted for 30 percent of all mortgage loans signed in 2023. As in previous years, non-refundable grants were available under the Family Housing Allowance (CSOK) programme, with a total disbursement of HUF 46.8 billion in 2023.

During the year, 79% of housing loans taken out with the Hungarian Banking Group were used to purchase second-hand homes, a significantly higher proportion than before; only 8% each were used for construction, extension and new home purchases, and 5% for renovation and modernisation.

In 2023, OTP Ingatlanlízing continued to offer a preferential home leasing scheme for customers belonging to the Hungarian Defence Forces. The product was used for 41 new transactions during the year.

[21] OTP Bank Russia does not offer mortgage loans and nor does this type of service account for much of OTP Bank Ukraine's operations either.

[22] OTP Core and OTP Ingatlanlízing.

Several preferential options were also available at the subsidiary banks.

SI Both Slovenian subsidiary banks participated in the loan scheme facilitating first home purchases with a state guarantee for young people, which only a few customers had taken advantage of by the end of the year.

HR The Croatian subsidiary bank also offered preferential loan terms for the purchase of a first home, with state subsidisation. The rate of interest subsidies were higher in less developed regions. In 2023, approximately 900 loans were disbursed, worth HUF 38.3 billion in total.

UZ A state-subsidised housing loan was also available at Ipoteka Bank, with more than 3,500 people taking advantage.

UA The Ukrainian subsidiary bank joined the state assistance programme for owners of war-damaged houses. The support can be applied for via the bank's mobile app and is paid into an OTP Bank account. The service is free of charge.

RO The Romanian subsidiary provided mortgage loans with state guarantee to help young people purchase their first homes. Under the scheme, OTP Bank was able to offer loans with a 15 percent higher loan amount, and also linked to this scheme was the possibility of granting preferential loans for A, B or C energy-efficiency category housing. In 2023, 39 loan transactions amounting to HUF 718 million were concluded. More than 80 percent of the new housing loan applications submitted to the Bank in 2023 were for homes with A and B energy-efficiency category.

MD The Moldovan bank continued its participation in the First Home programme, where the maturity was extended from 84 months to 300 months. In 2023, the bank disbursed 14 new loans amounting to HUF 164 million. The number of active loans under the preferential scheme was 862 at the end of the year.

In Hungary, OTP Bank plays an important role in serving the financial needs of **condominiums.** At the end of 2023, the number of condominium customers was almost the same as the previous year, at over 39,000. At Group level, the number of condominium customers reached 50,000, with OTP Bank Croatia and CKB having a larger customer base in terms of population.

OTP Condominium grant scheme

For the 15th time, the parent bank announced its Condominium Grant Campaign, doubling the amount of support compared to the previous year to HUF 30 million. This time, the professional jury selected 15 winners from nearly a thousand entries. The aim of the campaign was to improve the quality of the close environment of condominiums and housing co-operatives and to promote energy-efficient investments in their operation.

Of the 15 winning condominiums, 8 were outside of Budapest and 7 in Budapest. The winning rural apartment buildings are equally divided between the Transdanubian and Eastern Hungarian regions.

As a new element in 2023, the Bank supported Habitat for Humanity Hungary's Second Chance Program with HUF 1 million for every 100 valid applications submitted. As a result, we gave the organisation a grant of HUF 10 million, and with this money we have created – through voluntary work – a decent and affordable home for a family with young children who have lost their housing. OTP Bank volunteers also participated in the renovation of the home.

Micro, small and medium-sized business customers

ST1: 3-3 Micro and small business loan portfolios varied across the group's banks. There was an outstanding increase of around 20 percent in Croatia, and the portfolio also increased in Montenegro. In several countries – Hungary, Bulgaria, Albania, Romania – the portfolio stagnated.

In Slovenia, the overall portfolio increased as a result of the acquisition of NKBM, while SKB's portfolio decreased y-o-y due to a decline in investment loans that started in the third quarter.

The Serbian subsidiary bank saw a slight decrease in portfolio volume. The expected growth did not materialise because the EIF Guarantee Fund (Cosme), which accounts for 60% of the segment's lending, was exhausted at the beginning of 2023. In addition, as a result of the portfolio re-segmentation, part of the loans have been moved to the medium-sized business category. There were also decreases in the Ukraine, Russia and Moldova.

In Hungary, the segment was dominated by products interest-subsidised by the state. In particular, the **MAX+** products of the **Széchenyi Card Programme** were available to micro, small and medium-sized enterprises, providing them with preferential access to the resources necessary for the maintenance and development of their business. We were the first to launch the Széchenyi Card MAX+ product on the market, with a market share of 41%. Energy efficiency investment projects were prioritised in the scheme (see also @2.2). The Baross Gábor Reindustrialisation Loan Scheme also provided preferential funding to companies to offset the negative impacts of the energy crisis and the disruption in international value chains.[23]

GRI 203-2 The loan products available through **MFB Points** (see also @2.4) were also popular among SMEs as a result of the waiver of bank fees. In 2023, due to the funding cycles of EU grants, no new loan products were available, but there was still HUF 168.8 billion in disbursed loans to support the development of businesses.

OTP Bank has renewed its pre-financing product for agricultural grants, which was launched in December 2023 and will show results in 2024.

OTP Bank's OTP Business Café online series of events supports the knowledge and skills of small and medium-sized entrepreneurs with useful and inspiring discussions. The event feature a given success story, an inspiring interview about the economic success of the business concerned. The series has been running for 3 years and has around 10,000 subscribers on YouTube.

Our subsidiary banks have also worked with a number of public and international institutions to support the SME sector.

RS The Serbian subsidiary bank participated in a programme implemented in cooperation between the Ministry of Finance and the Serbian Development Agency (with EU funding), which provides non-refundable grants and loans to small businesses, sole proprietors and cooperatives for the purchase of production equipment or machinery, as well as for energy efficiency and environmental protection developments. In 2023, 12 new loans were disbursed under the facility for a total of HUF 262 million, with a year-end portfolio of 56 loans totalling HUF 993 million.

UZ A facility is available with the Uzbek subsidiary bank to provide access to loans on preferential terms with state support to local service sector manufacturers and producers for the overall development of enterprises and the economy and society of the Autonomous Republic of Karakalpakstan.

In the framework of the Women Entrepreneurs Programme, the Uzbek subsidiary bank cooperates with the Association for Businesswomen in Uzbekistan, providing training for women entrepreneurs. The training is available in all regions of Uzbekistan and is open to both potential and existing customers.

ME CKB participated in the EBRD's (European Bank for Reconstruction and Development) Regional SME Competitiveness Support Programme, which encourages businesses to meet EU and international standards by offering a preferential scheme to achieve a target in the areas of environmental protection, occupational health and safety, product quality and safety, and energy efficiency. The subsidiary bank has signed a framework agreement for HUF 1.1 billion for the scheme.

RO The Romanian subsidiary bank continued to be a partner bank in several schemes to help SMEs and sole proprietors to cope with the aftermath of COVID-19, the energy crisis and the effects of the war between Russia and the Ukraine. The bank has participated in the Start-up Nation and Women in Tech government-supported programmes.

[23] The scheme was also available to large companies.

For beneficiaries of the programmes, the bank both transfers and pre-finances the grant. In total, 663 SME customers gained access to preferential funding in 2023.

UA OTP Bank Ukraine is participating in a joint programme with USAID to reimburse interest on loans to businesses that have been relocated or affected by war, or to micro and small enterprises in critical areas for economic recovery or that are owned by women.

MD The Moldovan subsidiary bank had access to the preferential scheme of the IFAD (International Fund for Agricultural Development) Young Entrepreneurs Loan, but it was not used by the bank's customers in 2023. From 2023, the subsidised loan was made subject to a maximum area size, which the bank's customers exceeded.

OTP Hungaro-Project and OTP Consulting Romania

The member companies contributed to the achievement of social goals by preparing applications and providing project management services.

In 2023, the OTP Hungaro-Project provided 90% of its services to agricultural enterprises, submitting applications, mainly for environmental projects, as described in Section @2.4. In the social and innovation area, it prepared an application with a total eligible cost of HUF 2.8 billion and a requested grant of HUF 1.4 billion. The application was not evaluated in 2023.

The OTP Hungaro-Project also supports the uptake of sustainable activities and related reporting through its ESG consultancy activities. In 2023, the company held ESG training for SMEs at three locations, supported by the Budapest Stock Exchange and funded by the European Union, with the participation of nearly 50 companies, and supported the preparation of the first ESG report of several companies.

RO In 2023, the Romanian subsidiary was involved in the implementation of three EU-funded projects started earlier, which aim to promote environmental awareness and the development of vulnerable and disadvantaged local communities through the development of human capital.

The two-year AID4NEETs project aimed to help young unemployed people in the north-east and central regions of the country, with a special focus on equal opportunities – minimum criteria were set for Roma, people from rural areas and people from difficult backgrounds. The HUF 1.3 billion project, which concluded in 2023, helped more than 1,000 unemployed young people (NEETs) and supported the creation of 29 businesses.

The SIA – Innovative Students, Entrepreneurs of the Future project, and the Innovative Entrepreneurship for Students project also ended in 2023. The projects had a total budget of HUF 764 million (EUR 2 million) each, developed the entrepreneurial skills of at least 700 students and provided non-reimbursable support to 28 start-ups, creating 130 jobs. The projects were implemented in the seven least developed regions of Romania.

PortfoLion

OTP Group's venture capital fund manager invests in early, growth and mature stage companies. The company automatically excludes companies with a high ESG risk category from potential investments. The company's policy for managing sustainability risks is available on the @website.

In 2023, the company's portfolio also included companies whose activities contribute to social or environmental objectives.

Coding Giants is a Warsaw-based programming school that teaches the most popular programming languages to 7–19 year-olds using proprietary curriculum. 75 percent of the courses are delivered online. The company is the market leader in Poland, teaching around 15,000 students a year with 550 teachers. From September 2023, training has also started in Spain and Italy.

Renewabl enables its corporate customers to monitor their renewable energy consumption 24 hours a day and is working on an end-to-end platform where customers can choose the most appropriate renewable sources for their consumption profile.

OTP Social Lab

The Bank has been working to establish a radically new business model in 2023. The Social Lab aims to create a business programme that is sustainable and has a positive social impact in the longer term by addressing real social and environmental problems through innovative collaboration. The Bank seeks business solutions by using its relevant local knowledge, ecosystem and network of contacts to work with the community concerned.
In 2023, it prepared, in the scope of broader cooperation, a concept that fits OTP Group, is sustainable in the long-term, and is meaningful and pervasive for both society and business. It identified its material areas and set up its operational framework. The sustainable business model and related programmes will bring stakeholders together. The support of initiatives and the operation of the OTP Social Lab will commence in 2024.

2.7 Management of ESG risks

GRI 201-2, TCFD II.a,b, III.a,b,c, IV.a
A separate ESG Programme has been defined within the OTP Group Risk Strategy, prioritising the further development of ESG risk management procedures. Significant progress has been made towards this goal.

In the framework of the ESG Risk Management Programme, tasks for the integration of ESG factors have been formulated for the various risk management areas and progress is monitored on a quarterly basis. The Supervisory Board was informed at the end of 2023 about ESG risk management issues, including developments for the identification and assessment of climate change risks.
The assessment of the adequacy of ESG risk management is mainly based on compliance with the MNB's Green Recommendations[24], on which regularly reporting is made to the Management Committee and the ESG Committee. The Recommendations set out specific expectations for the management of environmental risks. The Bank also monitors the content of the recommendations and guidelines of the European Banking Authority (EBA) and the European Central Bank (ECB). In the case of DSK Bank in Bulgaria and NKBM in Slovenia, the ECB has direct supervisory powers, thus compliance with the EBA/ECB's framework of expectations is a key focus for these banks in the assessment and management of environmental and climate risks. Supervisory expectations are increasingly ambitious in this area.

FN-CB-410a.2, FN-MF-450a.3. The **ESG risk management framework** for lending and monitoring for the corporate business, already applied at Group level from 2022, was revised in 2023, with the most significant change being the tightening of the methodology for the risk classification of leasing transactions for motorised assets, with specific, stricter categorisation rules for trucks. The policy was incorporated into the Credit Risk Policy of OTP Group concurrently with the revision.
The elements of the ESG risk management framework (ESG risk heat map, ESG exclusion list and ESG risk rating system) introduced in the corporate business are applied uniformly across the Banking Group. ESG considerations are reflected in individual corporate lending decisions, and methodologies are continuously developed in line with the evolution of available data and methodologies.
In terms of environmental risks, the Bank has started to establish a baseline database based on geospatial data to map physical risks for the assessment of climate risks. This helps to determine the link between the financial data of the borrowing firms and climate risk data. The methodology for assessing physical risks will also be incorporated into the individual corporate lending process.
HR Together with the Croatian Banking Association and other banks, the Croatian

[24] Recommendation No. 10/2022. (VIII.2.) of the National Bank of Hungary (MNB) on climate change and environmental risks and the integration of environmental sustainability aspects in the activities of credit institutions.

subsidiary has developed a questionnaire to assess the ESG performance of its customers, which will be applied from 2024.

ST9: 3-3, *own indicator* The ESG **exclusion list** has not changed in 2023. The list contains activities and behaviours that, due to their disputed nature or effects, cannot be reconciled with the core principles of OTP Group, the protection of human rights and the promotion of sustainable development.

Among others, the list includes the following exclusions:

- customers whose financing is forbidden in international accords, EU acts or national laws;
- customers and transactions who/which violate the legislation of the country concerned or international laws (e.g. illegal arms trade, prohibited gambling, illegal trade of drugs and medicines);
- financing in relation to controversial weapons (nuclear, biological or chemical weapons, anti-personnel mines);
- manufacturing and trading products that contain PCBs;
- trading in specimens of wild animals under the CITES Treaty or in the products made from them.

The full exclusion list is set out in the Group's internal policies.

Customers are required, as a minimum, to comply with the relevant and applicable environmental and social laws and regulations and have the permits, licences and authorisations required for their operation.

During the corporate credit approval process, the customers' and the transactions' ESG risk rating is seen, and taken into account, by the decision maker, in decision making.

GRI 2-13, TCFD I.a From 2023 onwards, reports on the Group's **ESG credit risk exposure** is provided to the Credit and Limit Committee on a monthly basis and to the Board of Directors on a quarterly basis. Improving data quality and eliminating deficiencies between data systems is ongoing.

UZ In 2023, the Uzbek subsidiary bank applied its previously introduced environmental and social risk management system to all corporate loans. The system was developed with experts from the International Finance Corporation (IFC) and follows the IFC's Environmental and Social Management System (ESMS) methodology. The bank has an ESG risk management policy and regulations in place, as well as an exclusion list, also based on the IFC list. The system has been operational since 2021. As a first step, transactions are screened against an exclusion list and then categorised according to ESG risks in order to determine which ESG assessment needs to be carried out. Following the ESG assessment, the environmental and social conditions of the financing are established and included in the loan contract. Once the contract is signed, the fulfilment of ESG requirements is monitored.

The Group has also further developed **its ESG lending appetite framework.** In addition to the exclusion list, the indicator applied from the beginning of 2023 is to limit the share of new transactions with a high ESG risk rating within new risk exposure by setting a limit. The limit is part of the Risk Appetite Statement for OTP Bank and part of the Corporate Lending Policy for the subsidiary banks in three EU Member States (Bulgaria, Croatia and Slovenia). The utilisation of the limits is back-tested quarterly, as part of internal monitoring. Additional ESG-specific guidelines were incorporated into the 2024 Corporate Lending Policies.

In the case of the collateralised commercial real estate, the application of the **ESG valuation** methodology developed by OTP Jelzálogbank Zrt. was launched in the Hungarian operation in February 2023. Qualification is based on ESG factors. ESG data fields have been created in the bank's record-keeping system, and their completion is partially automated from information in the state's Lechner Knowledge Centre database. The methodology is shared with the subsidiary banks on a scheduled basis by incorporating the valuation procedures into the group-wide property valuation guidelines.

In the retail sector, ESG risks are most significant for retail loans secured by real estate. In the case of residential property collateral, ESG risk categories (4 categories) have been set up for 2023, taking into account the value of the energy feature. In Hungary, ESG risks are identified on a quarterly basis. This methodology has been added to the Collateral Valuation Regulation, and the extension to subsidiary banks is gradual. Energy certificates are not used in all countries of operation of OTP Group, and the lack of availability is estimated according to a methodology developed within the organisation.

GRI 201-2 The second **climate change stress** test was carried out in 2023 as part of the internal capital adequacy assessment process, with an improved methodology. The stress test (CChSTs) focused on the determination of financial losses due to climate change, and assessed the exposure of OTP Group's portfolio to physical and transition risks in the long-term (until 2050) and the short-term (in the next 3 years).

The long-term results show that even under the worst-case so-called Hot House scenario, annual losses would increase only modestly (by about 0.15 percentage points of credit exposure) until 2050, compared to the climate-neutral path. There is, of course, a considerable uncertainty factor in these assessments.

The OTP Group's exposure to physical risks is in line with the average exposure of banks in the euro area. This type of risk is higher in two countries: Russia and Romania.

The OTP Group's exposure to transition risks is somewhat higher than that of average banks in the euro area – because of the higher carbon intensity of the economies in the Central and Eastern European region. In the area of the Banking Group's operations, the economies of Bulgaria and the non-EU member states are significantly more carbon intensive.[25]

The short-term analysis shows that transition risks can lead to a credit loss in the corporate portfolio that is about 10 percent higher in the scenario where transition risks become material, compared to the base stress scenario. In terms of market risks, transition risks are not significant (market risks are interpreted in relation to the risks to the Group's trading portfolio). The third element of the short-term analysis is the operational risk of non-compliance with climate change regulations and other stakeholder expectations. Based on our analysis, this may represent a non-negligible but tolerable reputational loss (~0.15% of total capital).

GRI 305-3, 305-5, TCFD II.c, IV.b As a step to mitigate climate risks in preparation for the decarbonisation plan, a second **estimate of indirect greenhouse gas emissions for the credit portfolio (Scope 3, Category 15 financed emissions) was produced** in 2023. The calculation based on the PCAF (Partnership for Carbon Accounting Financials) Greenhouse Gas Protocol methodology has been refined, and IT development for the integration of customer data and estimation has started. Based on the results, the Banking Group has started to develop a Group-wide decarbonisation strategy, which will be completed by 2025. This is also when we will publish the rate of Scope 3 financed emissions for 2024.

The definition of financed emissions completed in 2023 refers to the year-end 2022 group-level portfolio. Four segments were formed as prescribed by the PCAF protocol: corporate loans, retail mortgage loans, commercial real estates and motor vehicle loans. In lieu of adequate guidance, unsecured real estate loans were not included. On the whole, the calculation covers 74.6% of the total loan portfolio.

It is important to note that there are serious challenges in the area of data quality, mainly due to the lack of data and inaccuracy; and overcoming these challenges is a priority in the short-term. The calculation is the current best available approximate estimate.

In 2023, ESG risk management in **operational risk** has not changed materially, and we have continued to apply the processes we had previously put in place. The Group-wide ESG operational risk tolerance score is monitored on a quarterly basis.

The integration of ESG risks has already been implemented in 2021. In the annual process-based risk and control self-assessment,

[25] At purchasing power parity, as a proportion of GDP.

respondents also assess expected losses in the coming year from an ESG relevance perspective, while at the same time assessing less frequent losses in the medium/long-term through the estimation of changes. For risks with an expected loss of more than HUF 200 million, the responsible departments must develop measures to mitigate the risks. Loss data are also monitored from the aspect of ESG relevance. To ensure tighter control, we intend to place greater emphasis on the quality of loss data and the monitoring of risk mitigation measures.

In 2012, the MNB authorised the partial use of the AMA (Advanced Measurement Approach) methodology for the calculation of the operational risk capital requirement, one of the conditions of which is that an annual scenario analysis is carried out in the assessment of operational risks. For the assessment of low probability but significant impact events, the Group uses scenario analysis – with standardised estimation – to assess the realistic long-term impact of events. The same methodology is applied in the scenario analyses for the parent bank, foreign subsidiaries and Merkantil Bank. In 2023, OTP Bank Ukraine has identified the largest expected loss (financial impact of the occurrence of the risk) among the group members, at HUF 1.8 billion.

OTP Bank gave a similar figure. Compared to the previous year, the expected loss value of the climate change scenario increased for the majority of subsidiaries, but was among the 15 to 20 scenarios analysed with small to medium expected losses for the member companies.

Business impact analysis and business continuity plans also include consideration of the potential impact of climate change risk.

2.8 Portfolio breakdown by sector

GRI 2-6, FS6, FN-CB-410a.1

Micro and small enterprises Assets by sector, on-balance sheet exposure to own customers without leasing and consolidation, 31.12.2023[26]	**Hungary**	**Bulgaria**	**Croatia**	**Slovenia**	**Serbia**	**Albania**	**Montenegro**	**Uzbekistan**	**Russia**	**Ukraine**	**Romania**	**Moldova**
Agriculture, forestry, fishing	7%	24%	16%	5%	2%	3%	3%	0%	1%	0%	8%	44%
Mining, quarrying	0%	0%	0%	0%	0%	0%	1%	0%	0%	0%	0%	0%
Manufacturing	9%	12%	7%	19%	23%	15%	13%	0%	8%	0%	10%	11%
Electricity, gas, steam and air conditioning supply	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%
Water supply; sewerage, waste management and remediation activities	0%	0%	0%	1%	1%	0%	0%	0%	0%	0%	1%	0%
Construction	19%	8%	6%	16%	8%	4%	9%	0%	42%	0%	14%	4%
Wholesale and retail trade; repair of motor vehicles and motorcycles	29%	29%	9%	18%	37%	33%	35%	0%	23%	2%	34%	26%
Transportation and storage	6%	11%	4%	9%	9%	2%	13%	0%	4%	0%	10%	4%
Accommodation and food service activities	5%	3%	6%	8%	2%	30%	10%	0%	4%	0%	3%	1%
Information, communication	3%	1%	1%	3%	3%	1%	2%	0%	0%	0%	2%	0%
Financial and insurance activities	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	3%	1%
Real estate activities	9%	2%	1%	1%	0%	2%	2%	0%	1%	0%	1%	2%
Professional, scientific and technical activities	5%	3%	3%	9%	5%	1%	6%	0%	5%	0%	6%	2%
Administrative and support service activities	5%	2%	44%	3%	2%	2%	3%	0%	11%	0%	3%	1%
Public administration and defence; compulsory social security	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Training	0%	0%	1%	1%	1%	1%	0%	0%	0%	0%	1%	0%
Human health and social work activities	1%	3%	2%	2%	1%	3%	0%	0%	0%	0%	3%	2%
Arts, entertainment and recreation	1%	0%	1%	2%	0%	0%	0%	0%	1%	0%	0%	0%
Other services	1%	1%	1%	2%	1%	4%	2%	0%	1%	0%	1%	0%
Activities of households as employers; undifferentiated goods for own use	0%	0%	0%	0%	0%	0%	0%	0%	0%	57%	0%	0%
Not classified	0%	0%	0%	0%	6%	0%	1%	100%	0%	40%	0%	1%
Total (HUF billions)	**578.2**	**92.2**	**70.2**	**54.7**	**52.7**	**29.5**	**6.9**	**224.8**	**0.6**	**0.9**	**24.8**	**10.5**

[26] The table includes data for sectors with a share of more than 0.5 percent. As a result and due to rounding, not all columns sum to 100%. Industrial classification is according to UN (ISIC) classification. The size of the company is according to the current legal classification.

Medium and large enterprises Assets by sector, on-balance sheet exposure to own customers without leasing and consolidation, 31.12.2023[27]	**Hungary**	**Bulgaria**	**Croatia**	**Slovenia**	**Serbia**	**Albania**	**Montenegro**	**Uzbekistan**	**Russia**	**Ukraine**	**Romania**	**Moldova**
Agriculture, forestry, fishing	6%	3%	4%	1%	6%	2%	1%	0%	0%	21%	18%	8%
Mining, quarrying	0%	0%	0%	0%	6%	2%	0%	0%	0%	0%	0%	0%
Manufacturing	8%	22%	16%	27%	21%	11%	4%	0%	22%	28%	12%	17%
Electricity, gas, steam and air conditioning supply	4%	19%	14%	5%	15%	16%	0%	0%	0%	0%	3%	0%
Water supply; sewerage, waste management and remediation activities	0%	1%	2%	1%	0%	0%	0%	0%	4%	0%	1%	0%
Construction	4%	4%	13%	6%	7%	15%	10%	0%	20%	0%	12%	1%
Wholesale and retail trade; repair of motor vehicles and motorcycles	9%	15%	14%	13%	18%	29%	29%	0%	30%	42%	15%	44%
Transportation and storage	2%	4%	5%	5%	5%	1%	3%	0%	0%	4%	5%	3%
Accommodation and food service activities	3%	4%	8%	2%	1%	7%	21%	0%	0%	0%	4%	0%
Information, communication	0%	4%	3%	3%	7%	4%	0%	0%	0%	0%	1%	5%
Financial and insurance activities	34%	9%	2%	15%	0%	1%	1%	0%	2%	0%	8%	7%
Real estate activities	15%	11%	3%	6%	7%	1%	2%	0%	23%	4%	17%	4%
Professional, scientific and technical activities	3%	2%	4%	7%	1%	0%	1%	0%	0%	0%	1%	0%
Administrative and support service activities	1%	0%	1%	1%	1%	1%	2%	0%	0%	0%	1%	0%
Public administration and defence; compulsory social security	3%	2%	9%	3%	5%	0%	26%	0%	0%	0%	2%	2%
Training	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%
Human health and social work activities	0%	0%	1%	2%	0%	4%	0%	0%	0%	0%	1%	8%
Arts, entertainment and recreation	0%	0%	0%	1%	0%	0%	0%	0%	0%	0%	1%	0%
Other services	4%	0%	0%	0%	0%	5%	0%	0%	0%	0%	0%	0%
Not classified	1%	0%	0%	0%	0%	0%	0%	100%	0%	0%	0%	0%
Total (HUF billions)	**3,376.8**	**1,427.8**	**900.5**	**1,244.8**	**956.0**	**186.9**	**230.9**	**188.7**	**30.2**	**236.7**	**550.6**	**75.3**

The environmental and social risks of economic activities are defined for Level 4 NACE codes. All activities within the Mining sector group are high risk. In the case of the activities involved in Real Estate Activities, Administrative and Support Services, Human Health and Social Work Activities and Other Services, the highest consolidated environmental and social risk rating is medium. Professional, Scientific and Technical activities are low-risk activities. The risk rating of activities in the rest of the sector groups ranges from low to high.

Exposure calculations are not based on Schedule RC-C and Schedule RC-I, and the classification is not in line with the NAICS classification.

[27] The table includes data for sectors with a share of more than 0.5 percent. As a result and due to rounding, not all columns sum to 100%. Industrial classification is according to UN (ISIC) classification. The size of the company is according to the current legal classification.

3. Financial welfare, responsible customer service

This chapter presents the activities related to the following material topics, which are discussed at multiple places within the chapter:

ST6: GRI 3-3 **Financial welfare:**

Impacts: With its products and service provision methods, the Banking Group can contribute to the financial welfare of its clients and enable them to make the responsible financial decisions best suited to their particular life situations. The group's practices influence the extent to which responsible cash handling options are available or unavailable to customers in different financial and social circumstances. Financial products and services are often complex, and the information provided by the Banking Group is essential to understanding them.

This material topic supports the achievement of the following SDGs:

Engagement: We are committed to promoting our customers' financial welfare and we offer them products that are aligned with their real needs and possibilities. We always aim to make sure that our communication and customer service is fair, clear and straightforward. Our objectives are also presented in our @Responsible Marketing Policy and @Consumer Protection Compliance Program.

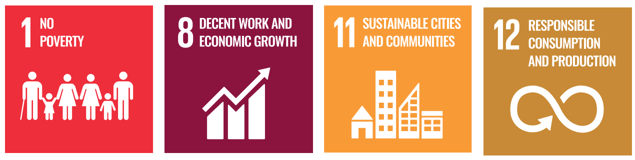
Acts:
- Designing ethical and fair products
- Transparent and understandable product structure
- Providing tools and knowledge to enable good financial decisions, offering educational videos and calculators
- Continually enhancing our responsible marketing communication practices
- Highly visible information in plain language
- Thorough exploration of customer situations and requirements
- Responsible sales, product offers

Stakeholder cooperation: We carry out preliminary research on the practices we intend to introduce, often running pilots to test them. We regularly carry out customer satisfaction surveys. We conduct mystery shopping to check compliance with the requirements. Our clients can report inappropriate practices in our complaints handling system (see @4.3); all complaints are investigated and the customer is always informed of the outcome of the investigation. We are on the lookout for opportunities to work with NGOs to promote responsible practices (e.g. Advertising Self-Regulatory Board, banking associations).

ST5: GRI 3-3 **Equal opportunities in accessing financial services:**

Impacts: Access to financial services is a prerequisite for financial wellbeing. Positive social/economic impacts can be achieved only if disadvantaged groups are also able to manage their finances, with reasonable effort, through the digital channels, bank branches or ATMs available.

This material topic supports the achievement of the following SDGs:



Engagement: To ensure equal opportunities and promote the principles of social solidarity, it is also crucial that the bank's services be accessible, that disadvantaged people also have access to the basic functions required for managing their finances and, to the extent possible, are able to borrow as well. We impose strict conditions on the use of our services, both for the stability of the Banking Group and in the interests of our clients.

Acts: Expanding online services
Maintaining the option of personal customer service, strengthening the advisory function
Developing accessibility for disabled
Products available to vulnerable groups as well (see Chapter 2.6)

Stakeholder engagement/compliance:
We carry out preliminary research on the practices we intend to introduce, often running pilots to test them.
We conduct mystery shopping to check compliance with accessible customer service requirements. We look for opportunities to work with NGOs to promote responsible practices.

Details of activities relating to material topics are presented in the following pages, along with their outcomes and how their effectiveness is assessed.

For more details on our principles and overall objectives, please visit @our website.

3.1 Responsible communication and sales

ST6: 3-3

Responsible communication takes many forms on many levels within the Banking Group.

Information and communication about banking products and services is a highly regulated area in most countries where OTP Group operates. Regulations tend to require providers to make a wide range of information available. Responsible communication means complying with such rules while also using clear language and raising awareness.

Clear communication is a priority for us at all times. To this end, all new employees of OTP Bank's Marketing and Communication Directorate attend in-house training on the subject; after their initial training, they receive regular further and refresher training and share best practices, which is intended to ensure that such best practices are applied at all times.

The Tone of Voice manual, in which the use of plain language is prescribed as a basic goal and requirement, is available across the Group. The manual contains templates and guidance on advertising, websites and social media communication.

We have started to measure what our clients think about clear communication and how their view is changing.

The parent bank and several subsidiaries improved their information and communication practices during the year.

- In order to make our customer communications more transparent and help service users in their planning, OTP Bank introduced in 2023 a practice of announcing 30 days in advance all IT system shutdowns that meet the definition of bank holiday; the information is provided to clients on our website and on the signature pads in branches.
- We updated our internal regulations and our branch data systems by standardizing the range of services available in the branches, and we also modified their wording to make external communications clearer.
- At the end of 2023 we relaunched the website where we explain the services available at ATMs; all ATM services are presented in detail, and short video summaries are provided about the more complex services.
- The website also offers answers to our clients' frequently asked questions (FAQs) related to complaint handling.
- The branch locator on the Bank's website is to be revamped in early 2024 so that it can return more precise results and present a clear, filterable view of services and other information, including on accessibility.
- Videos and screenshots available on the Bank's regularly updated IBMB Guide page help clients use the new internet and mobile banking features.
- The savings pages of the Bank's website are constantly being updated, also enhancing client focus; the investment fund search function has also been updated.

SI NKBM of Slovenia has a dedicated website to inform its clients about what to consider before taking out a loan; it also provides useful information on what to do after borrowing.
HR The Croatian subsidiary has continued to review its communication practices and solutions to achieve simpler language, clearer structures and easier navigation. The Bank tries to use colloquial language at all times and communicate in a more personal, customer-centric way. In 2023 the subsidiary continued to prioritise the promotion of the packages and products intended for students. In compliance with the requirements formulated by the Croatian National Bank, the subsidiary discloses the potential risks of the products in their descriptions.
RS The Serbian subsidiary modified its text message communication practices in order to provide clearer information; it rewrote all language that could have been misleading for clients due to the use of banking jargon.
ME CKB also worked on improving the content of its text messages to ensure clearer and more straightforward communication. The bank intensified its product communications via Viber, also drawing clients' attention to the important changes.
UA In 2023 the Ukrainian subsidiary again faced a number of crises due to the war. It adopted a crisis response policy and, in order to provide timely and transparent information to clients, within two hours of any incident the bank publishes information on its website and on social media regarding shutdowns or errors in the bank's core system, products or services.
RO OTP Bank Romania modified its mortgage loan application guide to educate its clients, presenting the benefits of a more energy-efficient home and encouraging greener choices.
OTP Group works to ensure that the products it offers and sells to its customers are aligned with their life situations and needs, and help them achieve their financial goals. Remuneration criteria and incentives are adapted to the local markets, they are not uniform across the Banking Group. None of the members of the Banking Group introduced material changes to their **sales processes.** DSK Bank launched a new incentive scheme. All front office staff in branches that perform above the NPS target[28] receive a fixed bonus.

Improving financial awareness regarding banking services

In addition to informing clients responsibly, we promote responsible cash handling in a number of other ways, providing a more comprehensive knowledge and understanding

[28] Net Promoter Score – a measure of customer satisfaction

of banking services and offering features that help clients achieve stability in their finances. Animated videos on **data security** have been added to the **OTP Knowledge Bank YouTube channel;** these videos explain in plain terms how financial products and services work. The third video had more than 1 million views, while the first two videos had nearly 700,000 views each. We believe that these outstanding viewing figures demonstrate the importance of this topic and the wide reach of the videos. During the year, a total of 14 general financial education videos were available, supplemented with videos specifically presenting OTP Bank's services. In 2023 the general-content videos were viewed a total of 1.99 million times; films on subjects other than phishing were viewed 260,000 times.

The next step: Our research shows that young people's cash handling habits are shaped by the role models in their families; however, parents are often unaware of this fact and try to avoid speaking about money in front of their children. Because of the importance of this topic, we have put family role models at the heart of a campaign we launched in November 2023. Three short clips were produced by the end of the year, showing how the families of three online media personalities manage their money and how they involve the children as well. At the end of each video useful tips are offered by experts (a psychologist, a banking specialist, the head of education at the OTP Fáy András Foundation). The videos direct visitors to the page @akovetkezolepes.hu, which is a new financial awareness website of OTP Bank. The website offers parents and anyone else interested in financial education a wide range of clear and structured practical information on good money management practices.

We launched a series entitled **Finance Made Easy** in cooperation with RTL Online and the Bank360 online platform. In the videos, experts from OTP Bank and Bank360 discuss and suggest solutions to financial issues that arise in typical life situations. Short films were produced about a variety of topics such as when and what financial products can be of use for children, and how to track income and expenditures in a convenient and more purposeful way. The video series was launched at the end of 2023 and will continue in 2024 as well, covering the subjects of equal opportunities and charitable donations. While the financial situations presented in the videos are generic, we do recommend specific OTP Bank products in our communications promoting them.

In an important outcome resulting from our cooperation with Cogo, a carbon calculator is now available in the Personal Finance Manager module of OTP Bank's mobile banking app (see also @2.4). We have added this feature in order to encourage customers to make financially as well as environmentally sound decisions.

BG DSK Bank implemented a joint initiative with the largest media group in Bulgaria (Net Info). In the "Your Money" programme, 10 videos and a series of online articles were created, delving into the most important aspects of banks, the banking system and money. Videos were produced with titles such as "Why do banks exist?", "How to get a loan" and "What is a POS?".

The bank also shares informative content on its social media platforms about banking products in general, and has started a "Financial Tuesday" series on LinkedIn, where it also shares useful information about the banking system and its products and services.

SI In Slovenia, NKBM and SKB joined forces to improve financial literacy. The focus of their activities in 2023 was to promote the 50:30:20 rule, which makes it easier to reach financial goals. The principle behind this rule is to spend 50% of your income on basic needs and household expenses, 30% on leisure activities and 20% on savings. This and other useful ways to save money are demonstrated in six animated films based on the life of a fictional Slovenian family. The videos showed, for example, how to plan monthly expenses, how to save for future goals or retirement, and how to become financially independent. These stories from the life of the Bogataj family can be viewed on both banks' websites, social media channels and other digital channels, and a dedicated website has also been created. SKB has set up a webpage for posting educational videos that help clients improve their awareness in how they manage their personal finances. The bank continued its #Nevergiveup motivational campaign in 2023; in this campaign, it communicates messages and challenges to the customers. Throughout the year, the focus has been on healthy exercise and sporting careers; the bank also put out a message at the time of the natural disaster in August, encouraging people to help and volunteer.

RS The Serbian subsidiary enhanced the My Finance feature available in its mobile banking service and allowing retail clients to split their savings and set target dates for their goals.

AL Each month the Albanian subsidiary publishes financial planning and education news and posts financial challenges and games on its social media platforms. In 2023 the bank ran several campaigns to promote environmental awareness and the use of recyclable materials.

MD Our Moldovan subsidiary also promoted environmental awareness across society, raising awareness on several occasions of how to consume in rational ways and why reuse and recycling are important.

3.2 Debtor protection

ST1, ST6: 3-3

A number of conditions need to be met – from a correct assessment of possibilities through the Bank's prudent risk management to an adequate regulatory environment – for borrowing to actually be the way forward for our clients. In addition to implementing these, OTP Group also considers it a key objective to offer solutions to distressed debtors.

The interest rate freeze introduced in Hungary in order to reduce the credit risk of customers continued in 2023. That aim is also served by the Qualified Consumer-Friendly Housing Loans (MFL) scheme. By the end of 2023 the share of MFL loans had increased to 60 percent of all personal loans granted by OTP Bank.

In real estate loans, the interest rate moratorium led us to stop selling loans that do not have a fixed interest rate until the end of the term; we offered only Family Housing Allowance loans, which have consumer-friendly classification.

Debtor protection programmes are available across the Group; compared to the total loan portfolio, only a small number of debtors make use of these schemes. In 2023 we introduced several changes to prevent the non-performance of loans. We produced training videos and simplified and extended our communications in order to help distressed clients find out about the options available to them. A video about solutions for payment difficulties was posted on our Knowledge Bank channel described in the previous chapter.

Together with our foreign subsidiary banks, we reviewed our processes related to debt protection programmes, the options available to clients, and the effectiveness and operation of the programmes. While the overall proposal describing the opportunities for improvement will be finalised only in 2024, our Russian, Ukrainian and Slovenian subsidiaries were already expanding their debtor protection options in 2023.

SI Following the floods in Slovenia, our Slovenian subsidiary banks offered their clients a moratorium on loan payments.

Whenever clients are in arrears, OTP Bank immediately contacts them; after all, the chances for settlement decrease as the amounts in arrears increase. Debtors in arrears have several options, such as extending their repayment period, reducing their repayments or capitalizing the amount in arrears.

We recommend repayment insurance to our customers.

In 2023 Merkantil Bank shared an information video on its website, in which it explains the debt settlement options available to clients in arrears.

At OTP Bank the number of people resorting to debt protection schemes increased significantly during 2023, reaching almost 15,000 by the end of the year (up from around 10,000 at its beginning). The total amount of these loans almost doubled, to HUF 24 billion. Clients in arrears with their overdraft payments represent the largest proportion of debtors in debt protection programmes, while the steepest rate of increase was measured in housing loans. We believe that the increase in the number of participants in the programme is attributable mainly to the economic environment, the rising cost of living.

Total restructured loans at our foreign subsidiaries amounted to HUF 411 billion, of which non-performing exposures represented HUF 218 billion.

Own indicator **Share of overdue loans in the retail and MSE segments* (31.12.2023):**

	OTP Core		OTP Group	
Mortgage loan	HUF 72 billion	4.0%	HUF 122 billion	2.0%
Consumer loan	HUF 79 billion	5.0%	HUF 274 billion	5.5%
MSE loans	HUF 38 billion	6.8%	HUF 87 billion	6.1%

* More than 90 days overdue.

3.3 Customer satisfaction

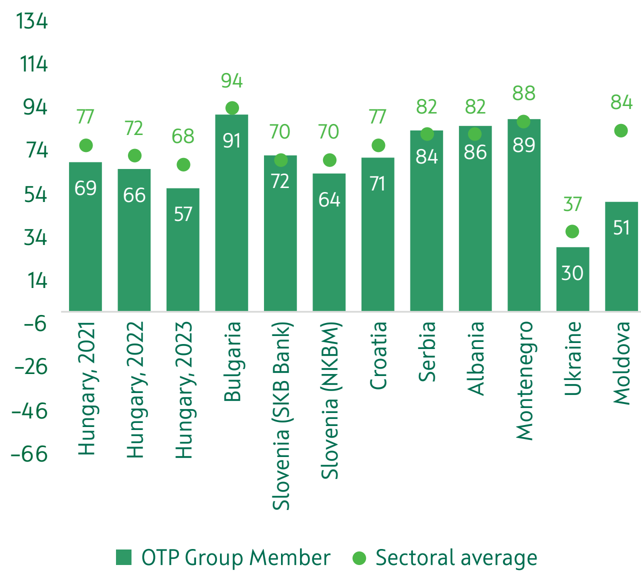
GRI 2-29

Feedback from customers is a priority for OTP Group both in terms of overall satisfaction and our customers' views on our new services.

The satisfaction of our retail clients is measured with the standard TRI*M method across the Group, which some of the member companies supplement with the NPS or the SQM methodology.
TRI*M gauges the overall satisfaction and loyalty of our own customers as well as customers of all of our major competitors, along with the main factors for satisfaction. Information is also analysed by customer segment (e.g. career starters, juniors, premium customers). We perform one measurement per year per country on a representative[29] sample of 1,000 persons. In some countries the survey covers retail as well as corporate clients; however, the results presented apply to the retail segment in each case.
OTP Bank's customer retention score was 57[30] in 2023, down nine points y-o-y. Satisfaction varied among competitors, with two showing improvement and two a worsening trend. The average TRI*M value of competitors was 68 points. OTP Bank is perceived more favourably by Junior customers and higher earners. Customers consider the Bank better than its competitors in terms of access to branches and ATMs. In addition to the general aspects of banking (e.g. price, respect, product and service offering, clear information), the second most important factor for customer satisfaction and loyalty is security and reliability.

[29] Based on distribution by age, sex, education, municipality type, region. Data was collected online in Hungary, Croatia, Serbia and Slovenia. Personal interviews were conducted in the rest of the countries.
[30] The TRI*M score can range between -66 and 134 points.

TRI*M, 2023



Satisfaction with OTP Group member banks increased in Croatia and Serbia[31], even as the sector average tended to decrease in the countries surveyed. The customer retention rate of OTP Group banks remains above the peer average in Slovenia (SKB Bank), Serbia, Albania and Montenegro. The Bulgarian subsidiary achieved the highest level of satisfaction. Overall satisfaction with banks is still well above the regional average in Bulgaria.
In Moldova we performed below our competitors due to the change in the bank's name and the fact that the OTP Bank brand is not yet sufficiently established there. The performance of the Ukrainian subsidiary is significantly affected by the fact that OTP is a second bank for most clients there. Similarly to other smaller banks in that country, our customer retention is lower than that of the main banks. The war does not affect the bank's image.
SI NKBM of Slovenia also uses the Net Promoter Score method to measure the satisfaction of customers in general terms and also with specific service channels, and to assess the opinions of the different customer segments. The overall result in the retail business line was 19 points[32] (a good result, two points higher than in the previous year), while the NPS for branches was 91 and for digital channels it stood at 78. The bank also uses other methods to measure satisfaction, for example by looking at opinions on different products and segments.
RU The Russian subsidiary also uses the NPS methodology. In 2023 NPS stood at 23, 4 points up y-o-y. In 2023 the subsidiary bank also used CSI[33] methodology to measure customer satisfaction; the result was good, a score of 8.1 on a scale of 1 to 10. The performance of the subsidiary is significantly influenced by the fact that its product portfolio is focused on consumer loans and it therefore tends to be the second bank of its customers.
OTP Bank measures Service Quality Management (SQM) for retail and SME clients by conducting online surveys[34]. In 2023 service quality increased and was again outstanding. Achieving 90% in the retail segment and 95% for business customers, it exceeded its targets in both segments.
SI SKB of Slovenia uses the same methodology to assess customer service. In 2023 satisfaction with in-branch services was 96 percent, contact centre satisfaction was 90 percent, and satisfaction with electronic channels (e-mail, website) was 82 percent.
BG In addition to TRI*M, DSK Bank also uses the NPS indicator to measure the experience

[31] There were no surveys conducted in Moldova and Ukraine in 2022 and in Romania in 2023.
[32] On a scale of -100 to +100
[33] Customer Satisfaction Index
[34] All branches are measured either on a semi-annual or on a quarterly basis. The number of questionnaires depends on the frequency of transactions in the preceding period.

of customers visiting its branches. In 2023 its NPS continued the positive trend of the previous year, rising to a level above 80 points.

3.4 Accessibility of financial services

ST5: 3-3

Providing a wide range of services tailored to customer needs is a priority for our Banking Group. We are constantly expanding our customer service methods and functions, and work on explaining to our clients the wide range of options available to them for managing their finances. Our customers typically welcome the introduction of new possibilities and regard them as positive developments.

Remote access through digital channels

The expansion of digital channels is a persistent, long-term trend. The Group's objective is to broaden the range of products that are partly or fully digitally accessible, making sure that the processes are accessible as conveniently, and for as many customers, as possible.
The Banking Group also prioritises the sharing of knowledge on how to use on-line channels, thereby also encouraging their use.
Over 2 million retail banking customers of OTP Bank were digitally active at the end of 2023, and the proportion of digital-only customers has also been increasing steadily.
In 2023 we again developed and launched several new digital features. The Piggy Bank feature helps our customers improve their financial awareness and achieve their savings goals, while the Bill Splitter functionality allows our clients to easily share a bill, for instance when dining out with friends.
SI In Slovenia, NKBM made several of its services available to clients electronically in 2023. These include managing an investment portfolio, changing card limits and managing text message notifications. The bank improved the process of applying for consumer loans combined with insurance, introduced Google Wallet and developed an electronic signature process for the micro- and premium segments, as a result of which certain documents can now be signed without visiting a branch.
The subsidiary also offers a video banking service, which was used by 300 to 400 clients per month in 2023.
RS At the end of the year the Serbian subsidiary introduced the option of opening bank accounts via video chat. The bank also introduced a chatbot to automate the responses to customer queries on the website. Feedback from customers has been positive.
RO The Romanian subsidiary now supports Apple Pay for customers with a Visa debit card.
MD A new mobile banking application was launched by the Moldovan subsidiary. Logins are easier and faster in the app, which is more customer-friendly to use.

In-branch and ATM service

OTP Group also serves its customers through its extensive network of branches and ATMs. It had more than 1,500 branches as of the end of 2023 (@Staff level and other information[35]). Many financial transactions are more convenient and faster to transact on electronic channels, therefore the role of branches and ATMs is changing. While a slight reduction in their numbers is a typical trend everywhere, branches remain an important channel for serving customers. There functions are also constantly being expanded and their services are being adapted to the needs of customers.

GRI FS13 The Banking Group has the largest branch and ATM network in Bulgaria and Montenegro and very extensive networks in Hungary, Slovenia and Serbia. In 2023 there was a significant number of branch closures only in Russia; the overall number of branches in the Banking Group increased due to acquisitions. NKBM of Slovenia had 65 branches and Ipoteka of Uzbekistan had 162 at the end of 2023.
OTP Bank also operates a dedicated **innovation branch,** where we continuously seek and test

[35] In addition, OTP Pénzügyi Pont and OTP Ingatlanpont have 6 and 30 customer service points, respectively, and Merkantil Bank has one bank branch.

innovations to simplify and digitize processes so that, on the basis of the feedback received from our customers, we can provide services that are even better aligned with client requirements. In 2023 the employees of our innovation branch played an active role in judging an in-house competition of ideas for greening the operations of OTP Bank; some of the ideas will be put into practice during the revamping of the branch network.

Our focus points in our **branch services** include the continuous improvement of quality standards, providing advisory services based on the customer's need, and solving complex banking issues. The aim is to build long-term relationships based on trust through serving our clients. One of the main aims of the ongoing branch renovations is to create a more comfortable, ergonomic and discreet environment. The Client Oriented Programme aims to achieve this. At selected branches, digital education for clients was treated as a priority in order to encourage them to carry out routine transactions using electronic channels. In the same programme, we also increased the frequency of customers being served by dedicated advisors; this is facilitated by a redesign of the queue management system, which has made appointment scheduling easier. The results of the changes are very positive, with the average service time for cash payments of up to HUF 1 million reduced by around 30 percent, to 4.1 minutes, and branch waiting time reduced to 6.5 minutes.

Several members of the Group prioritised the development of more efficient branch operating practices, including a reduction in **waiting times.** We aim to serve our customers within 10 minutes in 80% of cases. Around half of all group members met this target during the year. Our Croatian subsidiary saw a significant increase in branch traffic in the first months of the year due to the introduction of the euro in 2023; while this resulted in longer waiting times, by the second quarter more than 70% of customers had to wait for no more than 10 minutes. The Montenegrin and Serbian subsidiaries started to measure waiting times, which in itself improved the results.

Our Montenegrin bank also reorganised its branch processes and centralized the servicing of large corporate clients.

In order to provide **greater confidentiality** (an important consideration for customers), the parent bank started to roll out to its nationwide branch network the use of ambient music. This is to make sure that customers do not overhear what is being said and also feel more relaxed while waiting.

Customers interested in taking out real estate loans had access to OTP Bank's remote expert system at 117 smaller branches in 2023. With the help of this system, the residents of micro-regions can receive high-quality services at our branches as they can consult with our well-trained and highly experienced specialists via videophone. Through the branch video banking service, customers can contact branch employees remotely, from their homes.

SI SKB worked with property agencies to set up a network of outsourced mortgage lending experts, who can assist borrowers effectively in the process of buying real estate as they are closer and more accessible to customers.

UZ RU In Russia, self-service terminals are available in all branches for banking transactions, while the Uzbek subsidiary bank now offers digital internet banking to its corporate clients.

BG SI RS RO Advisory functions are the priority for cashless branches, the number of which is constantly rising. In 2023 the number of cashless branches reached 28 at group level, with 16 cashless branches in Hungary, 5 in Bulgaria, 3 in Serbia, and 2 each in Slovenia and Romania. Cash transactions can be executed in such branches at the smart ATMs provided.

In addition to electronic channels, **ATMs** now play an increasingly important role in routine financial transactions. The number of ATMs has increased as a result of acquisitions.

SI Since March 2023 clients have been able to withdraw cash and check their balances free of charge using their Visa or corporate debit cards at the ATMs of NKBM and SKB in Slovenia. Since July clients have also been able to withdraw cash with their Visa debit cards free of charge from OTP Bank ATMs.

The Banking Group is continuously and dynamically increasing the number and proportion of cash-in ATMs, which provide a wide variety of other financial services besides accepting cash deposits. In 2023 Hungary achieved the target of having at least one ATM in every bank branch where clients can both withdraw and deposit cash; the total number of such machines reached 425 by the end of the year. The amount deposited at ATMs is growing dynamically, up 19% in 2023 compared to a year earlier. The increase in the number of cash-in ATMs continued at several subsidiaries; more than 1,100 (~20%) such machines were available to clients across the Group.

GRI 3-3, FS13 Owing to its extensive branch network, OTP Group provides substantial access to in-person financial transacting for the populations of **disadvantaged regions** in several countries. Nevertheless, these regions have a lower concentration of bank branches and ATMs. Only some of the members of the Banking Group have information on how our competitors perform in these regions.[36] The Croatian subsidiary has fewer access points in both disadvantaged and non-disadvantaged areas than its competitors. The networks of our Serbian and Russian banks offer very similar coverage to the competitors. Our Ukrainian bank has two branches located in regions with low population density; these branches also have the special function of serving clients from the Hungarian minority. Formerly a state-owned bank, the subsidiary in Uzbekistan is present in all regions of the country and, in a comparison with its competitors, its ATM network is denser than its branch network.

[36] No disadvantaged regions can be identified in Bulgaria and Slovenia.

Access points in disadvantaged regions*:

	Branch		ATM	
OTP Bank – Hungary**				
Number of access points (as a % of the total number of access points)	63	(18%)	194	(10%)
Number of new access points (as a % of all new ones)	0	(0%)	12	(15%)
Number of terminated access points (as a % of total terminated)	4	(29%)	5	(7%)
Change from the previous year	-6%		4%	
DSK Bank – Bulgaria				
N/A – there are no disadvantaged regions defined				
OTP Bank Slovenia (SKB + NKBM)				
N/A – there are no disadvantaged regions defined				
OTP Bank Croatia				
Number of access points (as a % of the total number of access points)	19	(18%)	28	(6%)
Number of new access points (as a % of all new ones)	0	N/A	1	(4%)
Number of terminated access points (as a % of total terminated)	1	(25%)	1	(7%)
Change from the previous year %	-5%		0%	
OTP Bank Serbia				
Number of access points (as a % of the total number of access points)	8	(5%)	39	(14%)
Number of new access points (as a % of all new ones)	0	N/A	0	(0%)
Number of terminated access points (as a % of total terminated)	0	N/A	10	(200%)
Change from the previous year %	0%		-7%	
OTP Bank Albania				
N/A – there are no disadvantaged regions defined				
CKB – Montenegro******				
Number of access points (as a % of the total number of access points)	0	(0%)	15	(13%)
Number of new access points (as a % of all new ones)	0	N/A	0	(0%)
Number of terminated access points (as a % of total terminated)	0	(0%)	0	(0%)
Change from the previous year %	N/A		650%	
Ipoteka Bank – Uzbekistan				
Number of access points (as a % of the total number of access points)	0	(0%)	0	(0%)
Number of new access points (as a % of all new ones)	0	(0%)	0	(0%)
Number of terminated access points (as a % of total terminated)	0	(0%)	0	N/A
Change from the previous year	N/A		N/A	
OTP Bank Russia				
Number of access points (as a % of the total number of access points)	42	(6%)	5	(3%)
Number of new access points (as a % of all new ones)	0	N/A	0	(0%)
Number of terminated access points (as a % of total terminated)	0	(12%)	3	(18%)
Change from the previous year %	0%		-38%	
OTP Bank Ukraine				
Number of access points (as a % of the total number of access points)	2	(3%)	25	(15%)
Number of new access points (as a % of all new ones)	0	N/A	7	(32%)
Number of terminated access points (as a % of total terminated)	0	(0%)	1	(17%)
Change from the previous year %	0%		N/A	
OTP Bank Romania				
Number of access points (as a % of the total number of access points)	42	(44%)	49	(31%)
Number of new access points (as a % of all new ones)	0	N/A	1	(33%)
Number of terminated access points (as a % of total terminated)	0	(0%)	0	(0%)
Change from the previous year	0%		2%	
OTP Bank Moldova				
Number of access points (as a % of the total number of access points)	5	(9%)	18	(12%)
Number of new access points (as a % of all new ones)	0	N/A	7	(18%)
Number of terminated access points (as a % of total terminated)	0	N/A	3	(9%)
Change from the previous year %	0%		29%	

* Sub-regions and districts defined as such under the laws of each country, determined according to social and demographic indicators, and indicators related to housing and living conditions, the local economy and labour market, infrastructure and the environment.

** At this time, the branches/offices of OTP Ingatlanpont, OTP Pénzügyi Pont, OTP Merkantil and OTP Faktoring are not present in disadvantaged regions.

3.5 Accessible customer service

ST5: 3-3

We seek to provide equal access for persons living with disability through services adapted to their special needs. In Hungary we have launched a dedicated project in preparation for the new Accessibility Act, which is to enter into force in 2025.

OTP Bank reviewed its complex accessibility for disabled strategy in 2023.
In a project launched to comply with the Accessibility Act, we assessed the prevailing conditions and identified the needs for improvement in 2023. There is greater need for improvement on our electronic channels, but investments are also needed in the branch network. Starting in 2023, we formulated and published our recommendations to the entire Banking Group on how to improve accessibility across all digital and physical channels and all disability groups.
Our accessibility survey conducted in 2022 provided a solid basis for this accessibility for disabled project, in terms of both the physical network and digital accessibility for disabled. We organised a digital accessibility for disabled convention in 2023 in order to raise awareness among our colleagues and lay the groundwork for accessible services. At our service planning day for employees, our staff had the opportunity to experience an accessible adventure park. We also plan to cover the topic of accessibility for disabled and equal opportunities in a video within our Finance Made Easy series (see @3.1).
RU The Russian subsidiary bank revised its training on how to serve disabled persons.
In 2023 we offered the following accessibility for disabled tools to the clients we served.

To assist customers with reduced mobility:

- Physical accessibility for disabled is provided in all branches in Hungary, with one exception[37]. In Slovenia, all but three branches are accessible. With the exception of the Serbian and Albanian subsidiaries, more than 50% of the branches at our subsidiaries are wheelchair accessible. 77% of the branches of the Banking Group are accessible.
- We also strive to make ATMs wheelchair accessible. As of the end of 2023, 46% of the ATMs of the Banking Group were accessible[38].
- The OTP Bank website supports one-handed use.

We assist our blind and visually impaired customers as follows:

- There is a tactile push button on the branch ticket dispenser at every branch of OTP Bank Hungary and the Croatian and Russian subsidiaries. The push button allows visually impaired customers to signal their arrival. At group level, 62% of queue management systems have a push button. A tactile strip helps locate the push button and navigation is assisted with Braille signs.
- Tactile guide strips are available in 179 OTP Bank branches, while all of our Russian branches have a tactile sign at the entrance.
- At group level, nearly half of all ATMs are Braille-enabled. Text-to-speech software is installed at 1121 ATMs of OTP Bank (60% of the total), and 39% of the Moldovan subsidiary's ATMs provide audio support.

We assist our hearing impaired customers as follows:

- In Hungary, KONTAKT Interpreter Services can be used by customers in 167 branches; this service enables a sign language interpreter to assist with administrative tasks in the branch through live video chat. Utilisation of the service was still low in 2023. These interpreting services are available in 24 branches of the Serbian subsidiary bank.
- An induction loop (signal amplifier) is available for clients using a hearing aid at 118 branches of the parent bank, 11 branches in Croatia and at the Merkantil Bank branch.
- 11 major branches of OTP Bank and 29 branches of the Serbian subsidiary have colleagues trained in sign language.

[37] Accessibility for disabled is not feasible at this branch due to the listed building regulations and the characteristics of the building and its environment (there is a significant height difference between street level and the branch floor level, which are connected by stairs).
[38] The collection of this information started in 2023, and data were not available for all subsidiary banks.

As a result of the accessibility for disabled improvement project, all OTP Bank branches will have laptops for video interpreting services as well as tactile guide strips for the blind.

Digital accessibility for disabled is widely available at OTP Bank, Merkantil Bank, OTP Pénzügyi Pont, OTP Jelzálogbank and OTP Lakástakarékpénztár. The Web Content Accessibility Guidelines – WCAG 2.1 "A" level recommendations – were taken into account in the design, development and content editing of the websites in order to enable navigation with alternative devices and the use of text-to-speech software. Due to the technology used to develop them, the websites of the subsidiaries OTP Ingatlanpont, OTP Alapkezelő, OTP Egészségpénztár and OTP Faktoring already provide some accessibility features; when these websites are due for an update, accessibility criteria will be fully taken into account already in the design stage.

The website of OTP Ingatlan Befektetési Alapkezelő Zrt. was under development as of the end of 2023; its new website will satisfy accessibility for disabled criteria.

OTP Bank continues developing and adding accessible parts and components to its mobile application (on both Android and iOS) and to its internet banking site. The OTP Pension Fund website is accessible for blind and partially sighted people, while the OTP Travel and PortfoLion websites and mobile apps have certain accessibility features for blind and partially sighted people.

Digital accessibility for disabled at foreign subsidiary banks was partially implemented during 2023, as follows.

HR The Omoguru widget (mini app) operates on the website of our Croatian subsidiary; it helps customers suffering from dyslexia and reading difficulties understand the content of the website. The InternetBank and the MobileBank services include functions facilitating access for visually impaired users.

BG, SI, RS, UZ DSK Bank's website is accessible for visually impaired users. The website and InternetBank of the Slovenian subsidiary does not support automatic display changes, making it easier to understanding the content. At the Serbian subsidiary accessibility is focused on the mobile banking application; the basic features have been adapted to support text-to-speech and speech synthesis. For the time being, speech synthesis is limited to English. On the Uzbek bank's website visually impaired people can opt for a black and white version and increase font size; there is also the possibility to have text read out automatically in certain scenarios.

RU The Russian subsidiary helps mentally handicapped people via the chat function and has simplified the language of its information leaflets, to which it has also added easy-to-read diagrams. There are notes in Russian made available to persons who have difficulty absorbing visual information. These options are provided on the website, in internet banking and mobile banking.

4. Ethical business practice

Details of activities relating to material topics are presented in the following pages, along with their outcomes and how their effectiveness is assessed.

ST7: GRI 3-3 **Compliance:**

Impacts: Through our practices we influence the reliability of the financial sector, the ethical and moral standards of our employees, and the prevalence of (financial) crime in general. The greater our weight on the market of a country, the greater the impact we may have; nevertheless, even where we are smaller players, we may have a pull effect through the good practices we implement.

This material topic supports the achievement of the following SDGs:

Engagement: We are committed to utmost compliance with the laws and to operating ethically. Preventing corruption and money laundering is important to us and we act with circumspection and take all the necessary steps when investigating potential breaches.

We deal with customer complaints fully, quickly and fairly. An extract from our @Compliance Policy, our @Competition law policy, @Anti-Corruption Policy, our @Code of Ethics and related documents, and the @Human Rights Declaration are available on our website.

Acts:
- Operating a network of compliance officers, continuous training of staff
- Further enhancements to our internal communications about changes in relevant legislation
- Minimum compliance standards and policies for all members of the Group
- Operation and development of the sanctions pre-screening function
- Complex, multi-channel compliance knowledge and awareness development for employees
- Revising the Code of Ethics and operating a whistleblowing system; delivering the related training and information
- Comprehensive anti-corruption programme and anti-corruption clause
- Revision of the Gift Policy
- Regular and individual conflict-of-interest checks
- More centralized pre-qualification of suppliers
- Fair complaints handling

Stakeholder cooperation: Cooperation with financial control/supervisory/audit bodies and authorities, and the police in relation to the prevention and detection of crime. Complaint management, and cooperation with the Financial Arbitration Board.

GRI 418: 3-3 **Customer data and information security:**

Impacts: The secure processing of data also affects our customers' financial welfare and may also have repercussions for the general levels of financial crime. By protecting the personal data of our clients, we respect their privacy.

This material topic supports the achievement of the following SDGs:

Engagement: Data protection and the protection and confidential processing of the personal data of customers are a basic and indispensable condition for the reliability of the Banking Group.
Our goal is to protect the data of our clients and our IT systems as best as possible and prevent incidents.
Our @Data Protection Policy available on our website.

Acts: Internal cyber security audits
Security awareness raising among customers/residents and employees
Continuous development of security systems and work processes, training of our employees

Inclusion of stakeholders: We cooperate with, among others, the National Police Headquarters (ORFK), ELTE University, and the banking associations of some countries. We use a range of tools and platforms to promote security awareness among our customers and staff.

Details of activities relating to material topics are presented in the following pages, along with their outcomes and how their effectiveness is assessed.

For our core principles and comprehensive objectives relating to compliance[39] and security, see @our website).

4.1 Compliance and adherence to laws and regulations

We consider it a fundamental principle that the law, international standards and norms and ethical requirements must be adhered to.

The purpose of the compliance function is to identify and manage compliance risks[40]. The compliance role is performed by the Compliance Directorate. It works with a focus on the control and management of compliance risks associated with data protection, consumer protection, ethics, conflicts of interest, sanctions, money laundering and the capital markets. In 2023 OTP Bank merged its Data Protection and Consumer Protection departments. Their closer cooperation allows us to give more concerted attention to queries from clients and the authorities alike. A further aim is to ensure that data protection and consumer protection considerations are given ever greater priority when introducing products and developing processes.

GRI 2-13 Our group-wide compliance policy demands that we place emphasis at all times on preventing compliance risks from becoming a reality. When an action or incident constituting a breach nevertheless occurs, we take appropriate and effective measures in order to address it. We are operating a group-wide compliance officer network. The Head of Compliance reports on compliance quarterly

[39] Compliance with legislative requirements and international norms and standards on ethical business conduct
[40] Compliance risk is the risk of potential legal consequences, supervisory or other official sanctions, significant financial losses or reputational damage due to a failure to adhere to legislation or other non-legislative standards and internal rules applicable to financial organisations.

to the Bank's Board of Directors, and annually to its Supervisory Board.

In 2023 the relevant Hungarian subsidiaries implemented both the Legislation Monitoring Policy and the Competition Law Compliance Procedure. As regards the latter, competition law training will be provided to the management and staff of subsidiaries in 2024, and the centralized competition law training for foreign group members will also be developed.

In order to respond quickly to changes in legislation, the Bank notifies all its regulation officers whenever a summary of changes in legislation is published. We are constantly on the lookout for information on opportunities and technical innovations that can make our operations more automated and fully compliant. This remains a goal for us in 2024 as well.

We are constantly monitoring EU regulations and the changes taking place in the regulatory environment (including the recommendations of the European Banking Authority [EBA], the European Securities Market Authority [ESMA), the European Central Bank [ECB]) and examining and analysing all legislation applicable to the operations of the Bank and/or the Banking Group. We also monitor EU employment legislation and produce monthly/quarterly reports on the most important news regarding EU lawmaking that may have implications for the Banking Group in terms of capital markets, capital requirements and resolution matters. We produce weekly English-language briefings on changes to EU law in order to improve our compliance with legislation.

Our foreign subsidiaries are expected to meet the **same group-wide minimum compliance standards.** These minimum standards are regularly communicated to the subsidiaries in a priority order. There is now consistency across the Group in terms of consumer protection, capital market compliance, data protection, conflicts of interest, ethics, sanctions provisions and compliance governance.

In 2023 we reviewed how the minimum standards issued so far are applied in practice across the Banking Group.

In the area of governance, we contributed to the drafting of a Corporate Governance Manual for banks, based on certain supervisory requirements (the MNB's Green Recommendation, the EBA Guidelines on internal governance); the Manual is intended to ensure (among other things) better compliance with ESG regulatory requirements.

In **capital market compliance** a number of small improvements were made to combat insider trading and enhance market monitoring and the oversight of personal transactions. In 2023 the personal transaction reporting practices of employees involved in investment service activities were audited. As a result of this audit, there was a demonstrable further improvement in compliance awareness.

In 2024 we will review our internal regulation on capital markets compliance and update and automate capital markets compliance processes.

We have further strengthened our **sanctions pre-screening.** Having switched from World-Check Online to World-Check One, the entire Banking Group now has access to a wider database and screening criteria when carrying out the simplified identification of sanctioned and high-risk corporate clients; this has strengthened our first line of defence further. An in-house collection of questions and answers (FAQs) about sanctions was developed for guidance purposes, intended primarily for the corporate business line. In 2023 we revised our sanctions policy, which now allows for a more sophisticated risk assessment (four-tier risk rating). The new rules will enter into force in early 2024. The practical application of the compliance checklist for the detection of sanction risks is now being monitored at the subsidiaries in order to ascertain whether they comply with the relevant expectations of the Group.

During the **compliance risk assessment** performed annually in two separate cycles, we did not identify any high risks that would require Group-level action in 2023. The assessment of ethical and corruption risks is also part of the risk assessment process. The result of the assessment is forwarded to the Group

Operational Risk Management Committee and it is also a part of the annual Compliance Report. Where high-risk areas are identified, we expect the relevant functional areas to draft and implement action plans. The compliance risk assessment system is supported by an IT application.

Enhancing compliance awareness

GRI 2-15 Training the employees – based on identical principles across the Banking Group – is one of the key elements of enhancing compliance awareness. The training of the employees is monitored and where deficiencies are identified, arrangements are made to update or transfer knowledge, as necessary. Special training courses are also provided on a continuous basis with a focus on specific compliance topics.

Mandatory compliance trainings at OTP Bank:
- Compliance orientation material – Content: compliance function and organisation, ethics and conflicts of interest, personal transactions, market abuse, "Chinese wall" rules – Timing: a mandatory requirement for every newly hired employee when they come on board
- Compliance I. training material – Content: compliance risks and policy, Code of Ethics, non-discrimination and conflicts of interest, forms of insider trading and market abuse – Timing: annual refresher for all staff
- Consumer protection training – Content: main rules and their application, damage to reputation, customer loss, avoidance of consumer protection fines – Timing: annual refresher for all staff
- Data protection training – Content: the importance of data protection, data protection organisation at the Bank, processing of personal data, data impairment – Timing: annual refresher for all staff
- High-risk transactions – Content: transactions under sanctions and sensitive transactions – Timing: annual refresher for staff concerned

The compulsory training courses are followed by tests in which a score of at least 70% is required. Failure to complete the training may – after several warnings – result in consequences under the labour law.

Compliance awareness raising was organised by the parent bank and delivered in the following channels:
- A series of articles on the internal communication platform: in 2023, these articles focused on the Code of Ethics, conflicts of interest, gift policies and whistleblowing.
- Newsletters for the Compliance Officer Network.
- Compliance Officers' Forum: IT platform with important information, training materials and newsletters.
- Compliance Officers' Professional Conference: annual professional training.
- Two international compliance conferences for the top compliance officers of foreign subsidiary banks.
- Training on the use of the sanctions screening system, money laundering, sanctions-related and sensitive transactions, and data protection.
- Study visits for employees of subsidiary banks for the purposes of mutual knowledge sharing.
- Consumer protection workshop for compliance officers of the Budapest region to assess the problems and risks identified by them.

In addition to the above, the subsidiary banks implemented several measures of their own:
BG The Bulgarian subsidiary bank expanded its network of compliance officers in 2023. It delivered general and targeted compliance training courses on subjects including sanctions, conflicts of interest and data protection.
SI In Slovenia, SKB Bank organised a comprehensive campaign about whistleblowing. At NKBM, compliance staff visited the branches.
HR The Croatian subsidiary organised a whistleblowing campaign to promote ethical behaviour and compliance with the Code of Ethics.
AL Following the merger with Alpha Bank, the Albanian subsidiary restructured its

compliance department in 2023. All employees declared whether they had any conflicts of interest arising from the merger. The 43 conflicts of interest declared were analysed and recommendations for solutions were made to the employees concerned and their superiors. Compliance staff received more training on sanctions and embargoes; this was followed by further development efforts and awareness-raising campaigns in several relevant departments of the organisation. Campaigns and training courses were held on the subjects of whistleblowing, ethics and gifts.

ME In Montenegro, training was provided on topics such as data protection, sanctions, ethics, conflict of interest, etc. Regular one-to-one training sessions were introduced for new hires.

RO The Romanian subsidiary introduced internal consumer protection training and tightened control over consumer protection content in the complaint handling process.

MD In Moldova a new whistleblowing channel was introduced and business ethics training was delivered.

Code of Ethics and reporting of ethical offences

GRI 2-23, 2-24 The basics and principles of ethical business conduct is summarized in the @Code of Ethics. Our Code of Ethics was significantly revised in 2023 through a restructuring of its content. A new chapter summarizes what is expected of employees in terms of ethical conduct, and a separate chapter sets out the business ethics commitments of OTP Group. A separate document was created to summarize the external guidelines, legislation and internal documents applicable to the Code.

We also created our group-wide @Partner Code of Ethics, the purpose of which is to provide clear and unambiguous guidelines and expectations on ethical business conduct for those who enter into a business relationship with OTP Group. OTP Group aims to ensure that all its suppliers, business partners, agents and other contractual partners undertake to comply with the provisions of the Partner Code of Ethics (or equivalent own regulations) by accepting the General Terms and Conditions, which form an integral part of the contract with the OTP Group member; alternatively, they may make this commitment under a separate clause within their contract or in a declaration of acceptance. The foreign subsidiary banks and the relevant subsidiaries in Hungary started the implementation of the Codes in 2023. The mandatory compliance training course was updated with additional questions on the new sections of the Code of Ethics and the Partner Code of Ethics, and all employees were informed of the changes in newsletters.

GRI 205-2, 2-15 All new employees, executive officers and sales agents are required to sign the Code of Ethics to familiarize themselves with it and to accept it. Some members of OTP Group run dedicated training courses about the Code of Ethics. Completing this course is mandatory for new hires and sales agents within a certain time limit of starting to work for us. The Code of Ethics, the reporting of ethical breaches and legal infringements, and the issue of conflicts of interest are all included in the compulsory annual compliance training.

GRI 2-26 Every bank of the OTP Group operates a whistleblowing system. The conditions for filing whistleblowing reports and the relevant contact information are provided in the Codes of Ethics, which are published on the banks' websites, or in the accompanying documents detailing the reporting procedures. On the parent bank's website, detailed information is provided in a dedicated document entitled @OTP Bank Plc.'s whistleblowing system. Whistleblowing reports may be made anonymously as well. A new group-wide online whistleblowing platform was also developed and tested in 2023; it will be launched in 2024 and may be used to report to OTP Bank Plc., its subsidiary banks and the relevant subsidiaries in Hungary.

Reports received by complaint management

regarding matters of relevance to the Code of Ethics or the Bank as a whole are transferred to the Ethics Department on the basis of a separate rule.
The Banking Group received a total of 180 notifications in 2023 via its whistleblowing hotlines. Together with cases carried over from previous years, a total of 176 reports were closed, of which only 60 cases were categorised as ethical issues. We found 24 cases of ethical offense, of which eight occurred at OTP Bank, seven at DSK Bank, one at the Albanian, three at the Uzbek and two at the Russian subsidiary bank; three took place at Merkantil Group.
The Code of Ethics prohibits all forms of **discrimination.** The Bank is making efforts to create a working environment in which individual differences are accepted and appreciated. Any negative discrimination based on a person's actual or perceived characteristics or traits is prohibited.

GRI 406-1 Four reports relating to discrimination were submitted to OTP Bank and one each to DSK Bank and the Moldovan subsidiary. All six cases were investigated and one of them (at OTP Bank) was substantiated. It involved an employee who had committed an ethical offense by using discriminatory language in an internal letter.

GRI 410-1 Training on the Code of Ethics, including requirements pertaining to human rights. 84% of security guards, who are either employed or subcontracted by the Banking Group, have received training on the Code of Ethics. 73 percent of the security personnel engaged through subcontractors received such training across the Group. Training coverage has been complete at OTP Bank and its Bulgarian, Serbian, Albanian, Ukrainian and Moldovan subsidiaries. There is no training for outsourced employees at SKB Bank in Slovenia and at the subsidiaries in Uzbekistan, Russia and Romania. At NKBM of Slovenia and the Croatian and Montenegrin subsidiary banks, some but not all security guards employed through subcontractors attended such training in 2023.

Anti-corruption activities

OTP Group is committed to combating corruption and has declared zero tolerance towards all forms of bribery and the gaining of unfair advantages. Our Compliance Policy includes our @Anti-Corruption Policy. The policy is also available on the group member companies' websites. The policy lays down the principles of the Group's anti-corruption activity, identifies the areas particularly exposed to the risk of corruption and serves 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 employees concerned. The basic principles and provisions laid down in the policy are applicable across the whole of the organisation of each group member, fully covering all facets of their operations from the drafting of their internal regulatory documents, to the contracts to be concluded with their partners, to all actions of every individual employee, in all of the activities of the group members. The scope of the policy covers all employees and contracted partners of the group members as well as all other persons participating in the performance of their activities in any way.
We launched a **comprehensive anti-corruption programme** in 2023 We drew up an action plan to identify what activities and areas should be inspected on a risk basis. Implementation of the programme has started and will continue in 2024.
We produced an **anti-corruption clause,** which stipulates that our partners must always report if they become subject to corruption proceedings and that OTP Bank will have the right to terminate the contract in such a case. In addition, partners must explicitly state that they will not use the money received from the Bank for corruption. The clause was added first to the Corporate Business Rules, which the Bank's partners must sign off on when they conclude a contract with us. In 2024 this clause will also be added to the General Contracting Terms and Conditions for suppliers. Derogations from the clause may be allowed only in exceptional and justified cases

(and subject to informing Compliance), at the sole discretion and under the risk and responsibility of the contracting organisation.
When the Code of Ethics was revised, a **Gifts Policy** was added as a new annex; this Policy sets out the detailed rules on business gifts and invitations. We imposed a lower cap on gifts, linking it to the definition in the Income Tax Act on what constitutes a small gift in terms of value (HUF 23,200 in 2023). Our foreign subsidiary banks also linked their caps on gift value to the applicable legislative provisions, if any. All countries have values similar to the one applicable in Hungary. A change was introduced to the way gifts handed over in the customer area should be reported, with the aim of increasing the willingness to report such instances. Invitations to events must always be reported to Compliance, and the department will decide on its acceptability. Since 2023 OTP Bank has been sending out transparency information to partners invited by it to a certain subset of events (selected based on value and/or type of event).

GRI 205-2 OTP Bank's Code of Ethics also defines and prohibits all activities involving, or relating to, corruption and lays down rules relating to gifts. The annual compliance **training,** which is mandatory for all employees, also covers corruption via the Code of Ethics. Each year the members of the managing bodies sign off on the Code of Ethics, i.e. they are fully informed. They do not receive training.
All of our tied agents and suppliers were given information on our Code of Ethics at the time of contracting, which may have taken place in 2023 or in prior years. About 98 percent of contractual partners (~15,240 agents, ~21,560 suppliers) were provided with information on the relevant provisions of the Code of Ethics and the Anti-Corruption Policy during the year – either directly or on the websites of OTP Bank and its subsidiaries[41].

GRI 205-1 Corruption risk assessment was carried out as part of the compliance risk assessment process in the Banking Group, with one exception: at NKBM[42], risk assessment was carried out using an earlier system. There was no risk assessment at Ipoteka Bank. We assessed corruption risks in 459 (69%) of the Banking Group's 666 organisational units. No significant corruption risks were identified in the risk assessment process.

GRI 205-3 The Banking Group was not subject to any public lawsuits relating to corruption in 2023. There were two confirmed corruption incidents, one at OTP Bank and one in Merkantil Group. A branch employee of OTP Bank reported that she had received chocolates and small cash gifts on 5 occasions from a lawyer she regularly recommended to clients. An ethics procedure was launched and it established that ethical misconduct had taken place. At Merkantil Bank, a trader received indirectly from one of the bank's partners some of the commission paid to that partner by the Bank. In both cases we took the necessary action and dismissed or sanctioned the employees involved.

Lobbying

It is through industry bodies, predominantly the Hungarian Banking Association and the Association of Investment Service Providers that OTP Bank participates in the reviewing of legislation concerning the financial sector and coordinating that review process. It also takes part in the work of the Corporate Governance Committee of the Budapest Stock Exchange. In 2023 the Bank registered in the EU Transparency Register, which shows what and whose interests the various organisations lobby for at EU level, and also provides information on the financial and human resources dedicated to these purposes.
In 2023 we participated in, among other things, the drafting of the Hungarian ESG Bill, which is to implement the Corporate Sustainability Reporting Directive.
Foreign subsidiaries are also members of local banking associations, while our Croatian

[41] A few small subsidiaries do not have websites.
[42] Corruption risks were assessed among subsidiaries subject to consolidated supervision with OTP Bank Plc., covered by the group governance function of OTP Bank Plc.'s Compliance Directorate.

subsidiary participated in public consultations organised by advocacy organisations. Since June 2023 the CEO of the Ukrainian subsidiary bank has served as Chairman of the Board of Directors of the Ukrainian Independent Banking Association.

Supplier qualification

Suppliers are pre-qualified by OTP Bank if the value of the procurement is expected to exceed a gross amount of HUF 1 million or, in the case of IT procurements, HUF 3.6 million. This pre-qualification system requires that the supplier has no public debts and that it complies with statutory requirements regarding health, security and environmental protection. Sanctions screening was integrated in the qualification process in relation to the war in Ukraine. In 2023 the pre-qualification process was centralized with IT support at 15 Hungarian subsidiaries.
Extensive pre-qualification systems are also in place at DSK Bank, NKBM and SKB Bank, and OTP Bank Albania. Since 2022 NKBM has expected its suppliers to complete a separate ESG questionnaire. The minimum pre-qualification standard for other subsidiary banks was revised in 2023 and a group-wide policy was established. From 2024 onwards, our foreign subsidiary banks will be required to pre-qualify suppliers whose contract exceeds the sum of EUR 10,000. Ipoteka will apply the minimum standard from 2024.

GRI 2-6, 205-2 The procurements of the OTP Group are related primarily to making sure that the requisites for the performance and sale of services are available. OTP Bank's procurement policy declares the requirement of responsible and ethical conduct on the part of suppliers (see above, Anti-corruption activities). OTP Bank worked with 4,394 suppliers in 2023, whereas OTP Group had around 22,000 suppliers. The procurement strategy assigns special significance to sustainability considerations. The aim is to maintain business relations only with suppliers and entrepreneurs that undertake environmental and social responsibility in compliance with Hungarian and international treaties, standards and laws. The environmental aspects of procurements are listed in the Bank's Environmental Policy. Details on our procurement principles are available on @our website.

Proceedings by authorities, and other legal procedures

GRI 2-27 There were 3 major[43] cases dealt with by the authorities/legal cases involving the Banking Group in 2023:

- The MNB imposed a HUF 49 million fine on OTP Bank for shortcomings identified in its anti-money laundering and terrorist financing activities. Weaknesses were identified in relation to the reporting of suspected money laundering transactions, the internal control and information system and monitoring activities, risk assessment, customer due diligence practices, risk mitigation measures and money laundering prevention training.
- The MNB carried out a comprehensive audit of the OTP National Voluntary Health and Mutual Fund. The audit found several deficiencies and a fine of HUF 9.5 million was imposed.
- The Russian subsidiary bank paid fines totaling HUF 62.5 million for 148 cases of inadequate communication with debtors (interactions without consent, exceeding the permitted frequency of interactions, misleading communication).

[43] Major case: the fine charged in one case, or in multiple cases in aggregate, equals at least HUF 10 million. Cases in which no fine is charged are essentially not categorised as major cases, but our member companies may decide otherwise.

GRI 2-27, 206-1, 417-2, 417-3

Closed proceedings by authorities, and other legal procedures, fines paid, 2023:

	OTP Bank					OTP Group				
	All closed cases	All cases closed with fines	Fine paid	Fine charged for practice applied in 2023	Fine charged for practice applied in earlier periods	All closed cases	All cases closed with fines	Fine paid	Fine charged for practice applied in 2023	Fine charged for practice applied in earlier periods
	No. of items		HUF million			No. of items		HUF million		
Violation of competition rules1	0	0	0	0	0	2	2	1.5	0.7	0.7
Violation of consumer protection rules	30	25	13.8	13.8	0	232	42	28.7	22.3	6.4
Violation of rules on equal opportunity (not under the labour law)	0	0	0	0	0	1	0	0	0	0
Supervisory procedures	6	4	64.4	58.4	6.0	214	155	144.4	128.1	16.4
Violation of IT security/Cyber security rules	0	0	0	0	0	0	0	0	0	0
Violation of taxation rules	2	0	0	0	0	5	0	0	0	0
Violation of environmental rules	0	0	0	0	0	3	0	0	0	0
Violation of marketing communication rules	0	0	0	0	0	1	1	0.3	0.3	0
Violation of information provision rules	1	1	0.4	0.4	0	1	1	0.4	0.4	0
Violation of data protection rules	4	1	10.0	10.0	0	20	5	11.1	10.1	1.1
Violation of labour law rules	0	0	0	0	0	7	0	0	0	0
Violation of health and safety rules	1	0	0	0	0	3	0	0	0	0
Other proceedings	0	0	0	0	0	8	8	7.8	4.9	2.9
Total 2023	**44**	**31**	**88.5**	**82.5**	**6.0**	**489**	**214**	**194.2**	**166.8**	**27.4**
Total 2022	41	17	93	93	0	358	117	186	152	34
Total 2021	25	12	17.5			452	74	76.4		
Total 2020	26	9	16.1			168	66	83.3		
Total 2019	33	14	136.2			2521	71	265.4		

* Also includes breaches of antitrust and anti-monopoly rules.
The Interchange competition case reported in 2022 was still ongoing in 2023. The Romanian subsidiary bank had 9 competition cases pending at the end of the year.
There may be a significant cross-country difference between the administrative practices applied; hence the significant differences between the numbers of procedures.
Data were presented in earlier years in a different way (in accordance with the GRI Standards 2016 requirements), therefore comparability is limited.

4.2 Prevention of money laundering

As a responsible financial service provider we spare no effort to make sure that the Banking Group is not used for money laundering. Money laundering is when attempts are made to conceal or cover up the origins of money originating from crime. Perpetrators or other persons typically try to use services of financial institutions to produce proof of the legitimate origin of the money. One of the main objectives of the anti-money laundering function is to ensure concerted action at a group level, based on a group-wide anti-money laundering policy.

In accordance with the relevant AML regulations one of the main obligations of the Banking Group is to execute adequately in-depth customer due diligence actions. Its aim is to get to know the customer and the business relationship from the aspect of risks, and to identify transactions that do not fit in with the customer profile so constructed and that are thus suspicious from the aspect of money laundering. In the customer due diligence process we ask our customers for data to establish the identity and intents of the persons using the Bank's services and the backgrounds of the various transactions. In accordance with

the applicable statutory requirements we do not execute orders for customers who do not provide proof of their identity.
In addition to legal compliance we continuously monitor the latest trends in money laundering as well as the modes of perpetration; we also introduce risk management actions to prevent money laundering.
In 2023, the anti-money laundering prevention organisation was transferred from the Security Directorate to the Compliance Directorate. We have upgraded the former departmental function to a general departmental level, with a separate department to handle customer acceptance and transaction monitoring. We have significantly increased the headcount of the department.

GRI 2-13 The anti-money laundering division provides monthly statistical data and explanations to the Anti-Money Laundering Committee, and prepares proposals on current issues at the Committee's quarterly meetings.
In 2023, we launched a new, more advanced version of our anti-money laundering **monitoring system** at OTP Bank. We have already begun providing this system to our foreign subsidiary banks as well. We have made targeted improvements to our international transaction screening system, in order to make it more efficient in handling transactions with Russian stakeholders.
At OTP Bank, annual training on money laundering is mandatory for all branch employees and employees working at the head office who are involved in the activities defined in the Act on the Prevention and Combating of Money Laundering and Terrorist Financing (the "AML Act") and are therefore legally required to undergo training. Special training materials have been prepared for branch staff, head office staff and senior staff. In addition to the compulsory annual training, a total of 38 online training sessions were held for a total of 731 new branch and corporate employees. In addition, the anti-money laundering division regularly delivers training for the new hires of the branches and provides in-person training for branches frequented by high-risk customers. Employees who have completed the training act with increased awareness, identify risky customers and identify transactions that are suspicious of money laundering more easily.
The foreign subsidiary banks also deliver mandatory trainings on the subject for all of their employees at least once a year. In three of the subsidiary banks, "only" customer-facing staff are required to complete the training.
In the context of the fight against money laundering, OTP Bank is continuously cooperating with the competent domestic and international authorities and interest organisations. In the context of such cooperation arrangements we also share best practices, whereby all participants can improve the effectiveness of their actions against money laundering. We are a member of the Europol Financial Intelligence Public Private Partnership; we have been involved in the organisation's project to fight against human trafficking and sexual exploitation, working closely with the Financial Intelligence Unit. In 2023, we started working on the anti-terrorist financing workstream.

4.3 Complaint management

GRI 2-25

We strive to achieve error-free customer service; we investigate and address the reported complaints. We aim to prevent complaints by continuously improving our practices.

The regular (typically semi-annual) reports on complaints and their handling are also received by the top managers of our member companies. In order to prevent complaints, we assign great significance to the continuous training of our employees. We strive to investigate complaints faster than prescribed by legislation, and we aim to reduce response times. We constantly monitor and analyse the number, type, reason and response time of all complaints received. In the case of errors affecting multiple customers, or in the case of losses of larger amounts, the issue is notified to the division concerned, an action plan is prepared, and the progress of rectification is monitored.

At OTP Bank, there are several types of complaints that can be promptly resolved, for which we provide immediate solutions that are acceptable to our customers. For customers who can be identified by e-mail address, we further accelerate the procedure by replying via e-mail. E-mail messages on the status of their complaints are sent to customers.

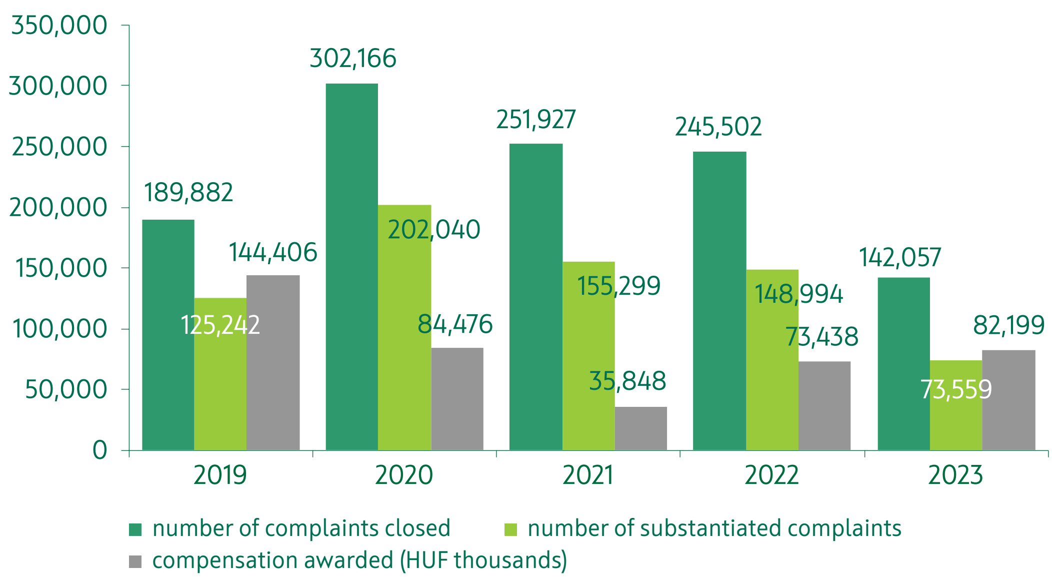
The complaints function uses a continuous feedback process after the closure of complaint tickets, asking for feedback from customers via email regarding the solutions provided.

In 2023, we have also introduced a performance management system for complaint handling. As part of this, we have reviewed our processes from a lean perspective, and created flowcharts to standardise them. The effectiveness of the changes is demonstrated by the significant reduction in the number of overdue cases, and there is further potential for a significant reduction in the amount of overtime previously required.

In 2023, we began overhauling the IT system used for complaint handling. In addition, during the year, we held face-to-face meetings with the business areas concerned to find possible solutions to 5 of the most common complaints.

For credit card complaints, we will move from transaction-based to complaint-based reporting in 2023. A single complaint may be associated with multiple transactions, which is the reason for the significant decrease in the number of customer complaints compared to previous years.

Customer complaints, OTP Bank*



* OTP Bank, OTP Jelzálogbank, OTP Lakástakarékpénztár

There were two complaints about accessibility, and no complaints about the transparency of the product structure.

In 2024, we plan to improve our complaint feedback system, and aim to reduce both the number of complaints received and the per-complaint response time by 10 percent.

BG SI RS AL ME RU RO Complaints management satisfaction measurement is in place in OTP Bank, the Bulgarian subsidiary bank, the Slovenian subsidiary bank NKBM, as well as the Serbian, Albanian, Montenegrin, Russian and Romanian subsidiary banks. According to our customers' feedback, the methods and effectiveness of our complaint management is within the adequate range.

BG The Bulgarian subsidiary bank has standardised its responses to the most frequent complaints.

SI SKB Bank in Slovenia has created an e-learning curriculum on effective complaint handling, and has made it mandatory for all new entrants and existing employees. NKBM has introduced daily reminders to staff working on outstanding complaints. The process of delegating and following up on complaints has been improved.

RS The Serbian subsidiary bank has introduced a new method of receiving and handling oral complaints.

RO The Romanian subsidiary bank has introduced new complaint handling software, which has significantly reduced the number of errors. The skills of the staff dealing with complaints have been improved.

MD The Moldovan subsidiary bank has improved the complaint handling skills of its branch managers.

OTP Otthonmegoldások Kft. has restructured its customer service tasks to ensure fast complaint resolution. As a result, around 80% of legitimate complaints were resolved within 2 working days.

Complaints handling procedures and definitions are being standardised across the Group and as a result, the data content of complaints handling gradually become more consistent. However, as cultural attitudes and financial literacy differ from country to country and shape customers' complaint reporting habits, customer complaints data from different subsidiaries are not comparable.

Own indicator Customer complaints:

		2019	2020	2021	2022[2]	2023[5]
Number of complaints closed	thousand units	N/A	589	513	537	452
Number of substantiated complaints	thousand units	N/A	358	274	294	244
Compensation paid[1]	HUF millions	367	188	131	8,241	224
Amount of compensation per warranted complaint[1]	HUF	2,300	500	480	28,030	916
Total number of complaints relating to accessibility for disabled	No. of items	N/A	N/A	N/A	2[4]	16
Number of complaints related to product structure transparency[3]	No. of items	N/A	N/A	N/A	12,751[4]	12,756

[1] OTP Bank Croatia and OTP Bank Russia were unable to provide compensation figures.
[2] HUF 7,947 million of the damages was paid by the Montenegrin subsidiary bank.
[3] 99% of complaints were registered by the Russian subsidiary; this included all complaints received in relation to the operation of the product.
[4] The Russian, the Romanian and the Montenegrin subsidiary, as well as the Financial Point, do not keep records of complaints relating to accessibility for disabled, and therefore could not provide such data. No data could be provided regarding the transparency of the product structure by OTP Bank, the Romanian and the Montenegrin subsidiary and the OTP Financial Point.
[5] The Montenegrin subsidiary bank was unable to supply data.

Typical complaints

At OTP Bank, the largest number of complaints received in 2023 was in relation to card fraud. Complaints related to current accounts, card charges, cash withdrawals and deposits were also common.

BG At the Bulgarian subsidiary, most complaints were in regard to increased credit limits for credit cards, disputed online card transactions, disputed e-banking transfers, problems with e-banking services, misuse of personal data and fraudulent loans.

SI At SKB Bank in Slovenia, the most frequent customer complaints were in regard to a change in the legal interpretation about the partial reimbursement of the cost of loans that were repaid early. Complaints about credit cards and online transfers (including fraud) were also common. Most of the complaints received by NKBM were regarding bank cards, ATMs and bank accounts.

HR Most of the complaints received by our Croatian subsidiary bank were regarding the introduction of the euro; the vast majority of these complaints were received in January.

RS Our Serbian subsidiary bank received complaints primarily regarding bank cards, bank accounts and loans. A significant number of these were related to fraud or incorrect credit card transactions. The most frequent subject of complaints regarding loans was changing interest rates.

AL In our Albanian subsidiary bank, the majority of complaints were regarding the merger, as well as ATM and card-related complaints about how frequently these services were used.

ME Most of the complaints received by our Montenegrin subsidiary bank were regarding card transactions, account management fees and the calculation of interest on loans.

UZ The complaints received by our Uzbek subsidiary bank were primarily about loan contract amendments, the repayment of incorrectly deducted loan amounts, as well as specific issues with mortgage, consumer and education loans.

RU For our Russian subsidiary bank, the most common complaints received were related to the loyalty programme, disputed debts, transactions, as well as the functionality of the mobile app.

UA Most of the complaints received by our Ukrainian subsidiary bank were regarding bank cards (not enough ATMs, not receiving text messages) and fraud.

RO At our Romanian subsidiary bank, the most common complaints and problems were regarding product loans, current accounts and the quality of services provided.

MD Our Moldovan subsidiary bank received complaints primarily about bank cards, ATMs, and the mobile application.

4.4 Safe operation

Safe and secure operation is a priority for out Banking Group. With that in mind, we assess and manage operational risks and ensure that we are strongly protected against fraud attempts. What with the expansion of IT services, IT and cyber security are becoming more and more important in the operation of our companies. In particular, fraud management and prevention has become crucially important.

IT, cyber and bank security framework

GRI 2-13 It is a fundamental principle of OTP Group that the primary purpose of our measures is to prevent and inhibit security incidents. The principles and main guidelines concerning security at the Bank are set out in the Security Policy. The Information Security Policy defines, inter alia, the theoretical objectives and application areas of information security, the principles of risk assessment, the requirements of compliance and those of the security awareness training, and confirms the Bank's engagement to the continuous enhancement of the information security management system. IT security also includes cybersecurity. The Security Directorate reports annually on the security situation to the Board of Directors and Supervisory Board.

The Group Information Security Policy, completed in 2022, has been successfully implemented by 9 out of our 10 subsidiary banks existing at that time, and is currently in the process of being implemented by our remaining subsidiary banks as well.

The Bank also has a separate Anti-Fraud Strategy and Policy; anti-fraud processes are governed by a CEO Order. We operate an Anti-Fraud Competence Centre at OTP Bank, and we regularly hold on-line fraud prevention consultations with our subsidiary banks.

We operate a working group at OTP Bank with the involvement of the Security Operations Centre (SOC), in order to seek solutions against data phishing methods committed via IT devices, and to make proposals for business divisions for mitigating risks.

In 2023 we executed the Banking Group's second annual **Cyber Defence Programme** (CDP), aimed at mitigating risks from the cyber space, primarily via the provision of group-wide services. The effectiveness of our cyber defences is measured using the NIST Cyber Defence Framework.

The details of information security **risk management** are laid down in the regulation on the regime of IT logical risk analysis.

We carry out a risk analysis every two years.

In the case of newly introduced systems, before going live we conduct an annual vulnerability test for IT systems classified into the two highest-level security classes; moreover, vulnerability tests are performed on a weekly and/or monthly basis for the supporting operating systems. In 2023, our automated vulnerability scanning tool, task and staff were moved to the first line of defence[44] and we began scanning mobile banking applications at the bank-wide level.

The changes to the ICT (Information and Communication Technology) risk framework in 2023 were also reflected in organisational changes, facilitating a clearer separation of responsibilities between the first and second lines of defence. A new ICT Risk Control Unit was established within the Credit Approval and Risk Management Division, under the Integrated Risk Management Directorate. This department is only responsible for second line of defence tasks.

Within the ICT risk function, the ICT Risk Control Unit is responsible for defining the overall risk framework, as well as the related management and measurement policies, methodologies and standards. It is also responsible for determining ICT risk appetite and integrating ICT risks – including cyber risks – into the operational and overall risk framework, including risk strategy, risk assessment (methodologies) and the reporting framework.

By the end of 2023, work was in progress on setting up the ICT Risk Committee, which have the necessary authorisations to cover the full range of ICT risks (including cyber risks). Our aim is to provide a more frequently used operational forum suitable for knowledge transfer, monitoring ICT risks, and developing ICT risk management, along with the development of standardised reporting for both the headquarters and our subsidiaries.

Our independent organisational units vested with audit rights conduct an internal audit on compliance with IT security objectives, the implementation thereof, and the successful adoption and maintenance of the requirements. IT security maturity assessment is carried out at our foreign subsidiaries once a year, their results are summed up in executive summaries.

To evaluate the effectiveness of security activities in 2022, we started on-site audits of the foreign subsidiary banks. In 2023, on-site audits were conducted at six subsidiary banks. The results were summed up in executive summaries and in reports for the foreign top managers. Thematic audits were conducted four times at our foreign subsidiary banks in an online questionnaire format on topics such as security awareness, protection against malicious code, authorised and prohibited software, and application management.

Cyber threat information is continuously gathered through Cyber Threat Intelligence. Cyber Threat Hunting can proactively identify in the cyber space and the internal network.

- In 2023, we introduced the NIST Cybersecurity Framework at OTP Bank to help understand, manage and mitigate cyber risks and strengthens the protection of the networks and data. The system will be introduced in our subsidiary banks in 2024.
- We introduced a central incident management and cyber threat intelligence sharing platform (MISP) at OTP Bank with the participation of MNB and the National Cybersecurity Office to gather, analyse and share information regarding cyber security incidents and malware. We plan to roll out the system to our subsidiary banks in 2024.
- In connection with the Group-wide brand and supply chain protection service (e.g. for identifying fake OTP websites or Facebook pages), in 2023 we have also activated the brand protection service on Meta platforms (e.g. Facebook). If a profile misuses OTP Bank's visual and layout elements, we will report it via our official OTP Bank Facebook page. In the past, these have been blocked very quickly, often within hours. 15–20 profiles were removed every day.
- To effectively maintain information security we cooperate with the National Cyber Security Centre of the Special Service for National Security. We created the @ELTE-OTP Cyber Defence Industrial Research Laboratory (KIBERLAB), which had 7 researchers in 2023.

[44] The Bank applies the "three lines of defence" model for managing risks and implementing internal controls. The first line of defence holds the primary responsibility for risks associated with the organisation's operations, thus its adequacy is mostly ensured by employees and operational managers. The second line of defence monitors and assists the controls of the first line of defence. The functions of the second line of defence include independent risk management, risk control, compliance assurance and certain internal security controls. The third line of defence is the independent internal audit. For more information, refer to @Responsible Corporate Governance Report

Security incidents and their management

In total, 856 information security or other cyber security incidents (involving unauthorised access) occurred in the Banking Group. In the vast majority of cases, no customer or employee data was compromised. In one case linked to OTP Mobil, 10,279 customers were affected, and additionally a total of 113 customers or employees were affected at the group level. There were no such incidents at OTP Bank. The scale of the cyber security incidents is indicated by the fact that we handled around 34,000 alerts, and investigated 6,000 data leaks and 742 phishing reports (of which 88 were organised phishing campaigns).
A considerable number of criminal acts or attempts are committed **against customers** by way of deception year after year. In these cases, the customers themselves provide the perpetrators with (or allow them access to) their confidential banking data. There were three common methods of perpetrating these offences in Hungary in 2023.

- The perpetrators, impersonating OTP Bank employees, usually claim that a fraud (unauthorised transfers/debit card transactions) or sometimes a mistaken transfer is in progress, typically attempting to deceive the bank's customers by phone.
- They generally use phishing sites to exploit classified advertisements posted by the customers and obtain their Internet banking login details, then use this information to login to the customer's Internet banking account and initiate unauthorised transfers. We prevent this by effectively detecting phishing sites.
- Internet advertisements offering get-rich-quick schemes are a way for fraudsters to obtain the customer's money, and later their data as well. In response, we have made it more difficult to attach the device to an existing account, making it more difficult to commit fraud.

Fraud against customers, OTP Bank:

	2022	2023
Damage, HUF million	2,901	10,086
Customer losses prevented, HUF million	883	3,195

The global phishing campaigns and the resulting increase in customer losses are also reflected in the indicators of our subsidiary banks.

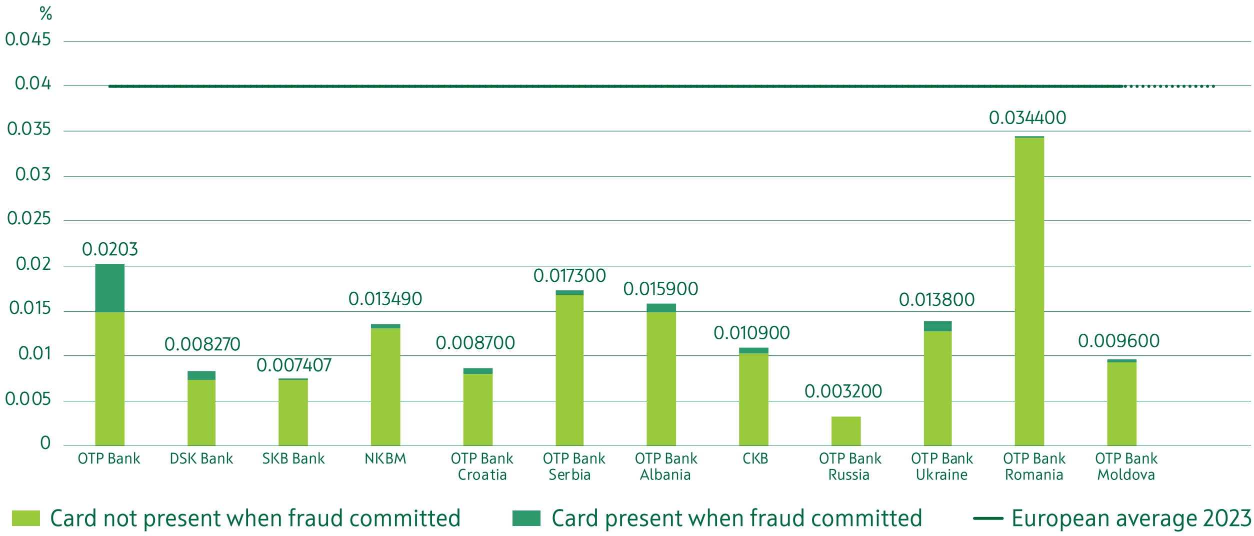
- Preventing fraud involving unauthorised transfers initiated by the customer themselves is the most difficult, as the transaction is initiated from the customer's own device, significantly reducing the number of potential fraud indicators. These events resulted in HUF 2.4 billion in customer losses, as well as HUF 344 million in prevented customer losses. Over 80 percent of customer losses occurred at our Slovenian subsidiary banks.
- The unauthorised transfers initiated by the perpetrators resulted in HUF 1,691 million in customer losses, as well as HUF 1,222 million in prevented customer losses. Over 50 percent of customer losses occurred at SKB Bank.

The bank seeks to mitigate customer harm primarily through improving customer awareness, education and security checks and rules – in most such cases, customers receive no compensation. The MNB and the Financial Arbitration Board are also setting increasingly stringent standards regarding online financial abuse, in order to protect both consumer interests and the reputation of the financial sector.
Own indicator Both OTP Bank and its subsidiary banks have a significantly lower ratio of **card fraud** to turnover than the European average published by Mastercard (OTP Bank: 0.0203%, subsidiary banks' average: 0.013%, European average 0.04%[45]). The total amount of fraud at

[45] Issuers page.

OTP Bank was HUF 4.1 billion, with an additional HUF 9.5 billion at the group level. OTP Bank prevented HUF 10.1 billion worth of credit card fraud, while the amount of unsuccessful attempted fraud at its subsidiary banks amounted to HUF 7.9 billion.

Bank card fraud versus total turnover, 2023



The highest risk cases **targeting the Banking Group** included primarily credit frauds against OTP Bank, while our foreign subsidiaries were most commonly targeted by lending fraud, employee abuse and violent crime (ATM attacks, bank robberies).

Of all the acts aimed at causing bank losses, expected bank losses related to **credit fraud** were the highest in 2023. Although the number of cases of lending fraud decreased significantly between 2022 and 2023, the expected bank loss due to lending fraud at our Ukrainian subsidiary bank increased nearly threefold.

The number of **employee misconduct** cases halved in one year, and the related expected bank loss drastically decreased to one-tenth of its previous value: HUF 263 million. (This can be primarily attributed to the very high expected bank losses related to employee misconduct at our Montenegrin subsidiary bank in 2022).

There was an increase in the incidence of all main types of **violent acts** (bank robberies, burglaries, cash theft from ATMs, ATM vandalism).

In comparison with the previous two categories, the expected bank losses associated with these forms of misconduct are negligible.

We have taken a number of steps **to reduce misconduct** in 2023:

- In order to effectively deal with the increased incidence of fraud targeting customers, the Security Directorate has implemented organisational and structural changes:
  - The responsibilities for handling fraud reports and taking immediate actions were transferred from the Contact Center to the Security Directorate.
  - In 2023, the department handling alerts from the real-time account and card monitoring system saw a headcount increase of 29 staff members, partly due to taking over responsibilities from the contact centre, and partly to handle the increased number of alerts.
  - To expedite the reception and handling of customer reports regarding fraud, as well as to increase customer satisfaction and thus prevent and reduce further potential losses, we have created a separate department of 33 people called the Anti-Fraud Support Unit. Here, specially trained employees answer incoming calls and take preliminary actions.

- OTP Bank has signed a cooperation agreement with the National Police Headquarters (ORFK), establishing a 24-hour contact process to help the authorities take quick and effective action to bring offenders to justice. The main areas of cooperation include: crime prevention; education, training; the creation of an Anti-Fraud Academy; joint press coverage; joint evaluation and analysis; regular evaluation of offence patterns and trends, and the results of analyses; data provision, the establishment of a permanent on-call service to speed up the transfer of information.
- We have extended and tightened the rules on financial transactions and transfers:
  - We have introduced third factor authentication (customers attempting to transfer a sum exceeding ten times their previous average transaction value – but no less than HUF 1 million – will need to provide am authorisation code sent via email).
  - Only a financial transaction can activate mobile banking services within 24 hours.
  - We have capped the daily card limit for micro and small business customers.
  - We have reviewed our existing rules for the bank card and transaction monitoring system (PRM), amending them where necessary and introducing 26 new rules. We aimed to create real-time rules aimed at preventing the very first suspicious transaction. Where this was not possible, we created near real-time rules with more advanced habit checking and autobl functionality, providing a higher accuracy for alerts. The improvements to our rules have helped reduce the number of daily alerts by an average of 2,000 in 2023. In late 2023, we introduced a real-time link between the PRM and the card system, which is expected to make rule-making and operations more efficient.
  - With regard to the rules, we have developed new habit analyses to reduce the number of false alerts.
- We have initiated developments in the use of customer asset-based data (SEON, Threatmark).
- We have launched the Central Fraud Filtering System Project – as required by MNB.
- We have created a new feature for our mobile banking services, allowing customers to suspend their account and card at the touch of a button, in order to prevent further losses.

Improvements aimed at preventing online credit fraud:
- Fraud victims: a new feature has been added to the system to clearly identify whether a customer has been a victim of online credit fraud in the past. If so, we will contact the customer over the phone if they try to take out another online loan.
- Online attempts: Customers who have initiated a large number of online requests within a specified time period will trigger and automatic alert or block.

Raising awareness among our staff and customers

Since the awareness of our employees may result in the prevention of a lot fraud attempts, we laid particular emphasis on raising security awareness in 2023 as well. A lot of the relevant activities were executed in October, in connection with the European Month of Cyber Security.
According to the Bank Security Regulations, annual IT security awareness training is mandatory for all employees at the group level, requiring the successful completion of an exam administered by OTP Bank. New employees are also required to complete the training. We typically review the training materials annually.
In 2023, we conceptually and methodologically overhauled OTP Bank training materials, and produced a bank-specific video package with the engagement of a professional creative-film agency. The overhaul was followed by publication and backtesting. The original initial group of the course included nearly 11,000 active employees on launch day, of whom 92.5% successfully completed the course, while

808 individuals (7.5%) failed to complete it despite repeated requests. The overhauled training course has been well received by our employees. About 10% of those having completed the training also filled out the evaluation questionnaire, with 82% of respondents being very satisfied with the training, and 96% of them stating that the course content helps them in their daily work.

From 2023 onwards, branch employees will receive on-site training in addition to the annual bank security e-learning training.

In addition to general training, we also organised role-specific training courses, which likewise concluded with an exam. These were completed by 831 individuals.

We have developed a curriculum for training security personnel. From 2024, branch security guards will receive in-person training, while other stakeholders (cash transporters; responders) will be sent the curriculum.

We have kept our employees informed of the latest fraud methods through our internal bank communication channels. During Cyber Security Month, we reached out to our employees with professional and awareness-raising articles, as well as roundtable discussions.

For the fifth year in a row, we have organised a **phishing simulation** for the Bank's entire employee community, assessing employee response to receiving phishing emails. In 2023, the simulation was performed group-wide.

We also carried out a successful "abandoned thumb drive" test at our head office.

In 2023, we organised two International Rotation Programmes for the security managers and employees of our foreign subsidiaries. The spring programme focused on information security, with four subsidiary banks participating. In the autumn, in line with the change in the responsibilities of the group management area, we implemented a programme covering several security areas, involving colleagues from seven subsidiary banks from different areas.

Our subsidiary banks also make efforts to raise security awareness among their employees, in addition to mandatory training and phishing simulations.

SI SKB Bank in Slovenia ran campaigns in the autumn and spring to raise awareness of security issues among colleagues. They also performed a phishing test.

RS Our Serbian subsidiary bank organised a social engineering test for its employees, in order to further improve their cybersecurity awareness.

RU Our Russian subsidiary bank has published articles on key IT security topics on its internal channels.

In addition to the Banking Group's high degree of preparedness and our employees' security awareness, **our customers' security awareness also needs to be raised.** We continue to improve our methods for customer education. Specifically:

- During the waiting time when customers are on hold, the Contact Center issues warnings for "Foxpost" fraud and fraudulent phone calls made in the Bank's name.
- Branch leaflets were produced to warn customers (100,000 leaflets). Branches have access to the internal Electronic Banking Security Portal, where staff will always be able to read information on the latest fraud trends and how to prevent them.
- We have set up a dedicated phone number to help us serve customers affected by fraud more quickly and efficiently; this phone number is prominently listed on the bank's website and on the login and logout pages of the internet banking interface.
- The OTP website https://www.otpbank.hu/portal/hu/Adathalaszat contains detailed information on the various forms of fraud and misconduct.
- We also have chatbots provide information to our customers on phishing and fraud, secure banking and credit card security. These provide our customers with easy access to thematically organised content and downloadable documents.
- We have also added fraud warnings to the envelopes containing account statements.
- During our branch training sessions, we reminded our administrators to inform customers about fraud.

- On a few occasions, our employees have given public presentations on financial fraud.
- In addition, we post alerts on Facebook, the Bank's website, the internal Electronic Banking Security Portal, as well as other social media whenever new methods or stories of fraud are available.
- Our three KnowledgeBank videos on data security received a high number of views (see @chapter 3.1).

SI HR In cooperation with the Slovenian Banking Association and the Croatian Banking Association, our subsidiary banks also participated in the awareness-raising activities of the European Month of Cyber Security. In Slovenia, SKB Bank and NKBM organised a spring and autumn campaign, informing customers of existing dangers by email, as well as via mobile and online banking.
RS Our Serbian subsidiary bank also used its communication channels to warn customers about fraud. They also published four videos on phishing, phone phishing, cyber-attacks and account fraud.
AL Our Albanian subsidiary bank has implemented a social media campaign on secure online payments, focusing on credit cards in 2023.
UA Our Ukrainian subsidiary bank participated in the communication campaign of the National Bank of Ukraine "Goodbye to fraud". The bank financed the development of the campaign's education programme, and also organised its own education programmes aimed at the general public.
RO The IT security manager of our Romanian subsidiary bank gave a presentation at the Bucharest Cybersecurity Conference.

Protection of customers' personal data

The Banking Group applies the most modern solutions for data processing and data security and in order to prevent data leaks.
The protection and processing of personal data are also a part of our Compliance Policy, in which the regular assessment of risks and the maintenance and improvement of awareness are discussed. Data protection is closely linked to fraud prevention and cyber security.
We last renewed the Directive on the protection of personal data introduced in OTP Bank and our domestic group members in 2022.
At OTP Group banks, dedicated data protection officers and data owners are responsible for ensuring compliance with the data protection requirements (e.g. supervising personal data processing, principle of data minimisation, the processing of high-risk data). To this end, data managers receive annual professional training.
We naturally provide our customers with complaint handling channels for the event of fraud suffered as a result of the data management practices of OTP Group, while suspected ethical offenses (including human rights offenses) can also be reported via our whistleblowing system.
48 of the data leakage cases in the OTP Group occurred in OTP Faktoring Zrt., and resulted from the fact that the address provided by the debtor was used by a third party who obtained unauthorised access to personal data by opening the letter. A further 18 data leakage incidents occurred at SKB Bank, primarily due to the negligence of the bank's administrators and a mobile bank configuration error.

GRI 418-1 **Abuse of personal data:**

		OTP Bank					OTP Group				
		2019	2020	2021	2022	2023	2019*	2020	2021	2022	2023**
Number of substantiated complaints by external parties	(cases)	0	3	0	0	0	33	20	277	128	43
Number of complaints by regulatory authorities	(cases)	0	6	0	0	0	23	35	22	23	21
Number of breaches of customer privacy	(cases)	0	0	0	0	0	1,045	29	61	31	73
Number of data theft incidents	(cases)	0	0	0	0	0	1	2	17	0	2
number of times data were lost by the organisation	(cases)	0	0	0	0	0	1	2	0	1	2

* Our Ukrainian subsidiary bank was unable to supply data.
** Our Montenegrin subsidiary bank was unable to supply data.

There is a considerable risk in on-line abuse based on deceiving customers – in such cases the customers themselves disclose their own confidential data (see above).

4.5 Tax payment

This chapter describes the activities related to the following relevant topic:

GRI 207: 3-3, 207-1, 207-2, 207-3 **Tax payment**

Impacts: In the areas where we operate, we have an impact on state revenues and the tax practices of the sector. Through tax payment, the Banking Group makes a meaningful contribution to the provision of community services and the management of social inequalities, thus ultimately to socio-economic stability.

This material topic supports the achievement of the following SDGs:

Engagement: The OTP Group aims to achieve maximum compliance with the legal regulations on taxation; accordingly, it settles its tax liabilities in the amounts prescribed by those regulations together with all of its other tax-related obligations (e.g. data supply) in each country in which it performs activities or in which it comes under the local tax regulations for any other reason. Strict prohibition of tax evasion and of taking advantage of loopholes in the law in ways contrary to the purposes of those laws, is a key element of its corporate culture.
We always aim to file tax returns in time, to fulfil our data supply obligations and avoid being fined.

Acts: Implementation and continuous application of the OTP Group Tax Policy
In Hungary, we have also contributed to the stability of public finances by bearing extra burdens (moratorium, bank tax, extra-profit tax)
Meeting the requirements on taxation is included in the objectives of the organisation managers

Stakeholder cooperation: Interests relating to taxation are asserted via the Banking Association. As regards the interpretation of the legal regulations we even communicate directly with the authority and regulatory bodies.

GRI 207-2, 207-3 The OTP Group's tax policy defines uniform principles: it seeks to establish and maintain an open, transparent and trust-based relationship with the tax authorities. Our goal is to expedite the closure of audits, and provide high-quality information services. The @Tax policy which was established by OTP Group in 2022 and came into effect in 2023, applies to the entire OTP Group, every member of the group members' management bodies and every employee of the Group, along with all natural and legal persons performing expert or consultancy assignments or agency activities for the Group. The Tax Policy presents the principles and practices followed by the OTP Group with respect to taxation (it is essentially a code of conduct within the framework of the law).
The Tax Policy is based on, and is in line with the elements of, the Code of Ethics. Upon any impairment of the Tax Policy, an ethics offence can be reported.
The Tax Policy is approved, and revised at least once a year, by OTP Bank's Board of Directors, paying particular attention to changes in the regulatory environment and tax authority's and courts' practices, in the guidelines issued by international organisations shaping international tax policies and in international practices. OTP Group ensures the implementation of the Tax Policy through processes defined in group-level and local internal regulations, with the highest level accountable person being the Managing Director (Chief Accountant) of the Accounting and Finances Directorate leading the taxation division. The taxation division is independent of the business divisions.

GRI 207-1, 207-2 Owing to the complexity of the taxation rules and the constant change of judicial practice, taxation risks (e.g. tax deficit, fine) cannot be altogether precluded. Their management is regulated at the highest level by the Tax Policy. The Banking Group has no specific tax payment strategy.

4.6 Contribution to economic stability

This chapter describes the activities related to the following relevant topic:

GRI ST2: 3-3 **Contribution to economic stability**
Impacts: The members of OTP Group are important participants in several markets within the CEE region and in Uzbekistan, and through their operations and results they have a significant impact on the respective countries' economies and financial systems, as well as on improving the standard of living.

This material topic supports the achievement of the following SDGs:

Engagement: Stability is one of the most important values for the Banking Group, therefore it spares no effort to secure this. Our clear aim is to meet both regulatory requirements and competitive practices. We always aim to file tax returns in time, to fulfil our data supply obligations and avoid being fined.

Acts: Traditionally high CET1 ratio
High liquidity ratio
Prudent risk management

Low ratio of non-performing loans (see @chapter 3.2)

Stakeholder cooperation: We follow regulatory requirements with the goal of maximum compliance, providing all necessary information in a transparent manner. We assign a high priority to answering investor and analyst questions.

Own indicator OTP Bank's capital strength and stability are also confirmed by the results of the stress test conducted by the European Banking Authority in 2023, with the assistance of the National Bank of Hungary. OTP Group was the only Hungarian-owned credit institution to have participated in the survey. OTP Group's capitalisation results have improved slightly compared to two years ago, and the Group's capital reserves would remain well above the current regulatory capital requirements over the horizon of the stress test. In terms of CET1 ratio decrease over the three-year stress scenario period,[46] OTP Bank achieved the 4th best result in the test from among the 70 banks examined, and ranked 13th in terms of its absolute CET1 ratio.

Own indicator The **CET1** ratio remained stable overall in 2023, despite the completion of the largest acquisition in the Banking Group's history – the Slovenian NKBM transaction – and the equally significant acquisition of the Uzbek Ipoteka.

The **MREL,** or the minimum requirement for own funds and eligible liabilities, is determined in collaboration with the resolution authorities of the Bank and its subsidiaries, representing a new level of regulatory expectations for banking resources. The level of the requirement varies from bank to bank, taking size and business model into consideration. The resources available for meeting the MREL requirement ensure that in the event of resolution, any losses are borne by the Bank's owners and subordinated lenders, minimising the need for state aid. Our Bank has met the level of the MREL requirement required to be achieved by January 2024 through capital accumulated during normal operations and bond issuances on international and domestic capital markets. In 2023, we developed an internal regulation titled "Order of Management and Procedures Related to Resolution" *(A szanálási szempontú irányítás és a szanáláshoz kapcsolódó eljárások rendje)* to meet the corporate governance expectations required by the National Bank of Hungary in the event of resolution, in order to implement recapitalisation to the extent necessary.

Throughout the year, numerous questions were received from investors and analysts, induced by the bank failures in the US and Switzerland. In all cases, OTP Bank was able to provide reassuring answers based on the low deposit concentration, the ratio of insured deposits, the healthy balance sheet structure, and its conservative (73%) loan-to-deposit ratio. The Banking Group's presence in Russia is a matter of public interest, and we also provide regular and transparent information on this. Even under the most unfavourable scenarios, the situation of our subsidiary bank will not jeopardize the stability of OTP Group.

GRI 201-4 In 2023, the Banking Group received subsidies in four countries. In Hungary, nine subsidiaries of OTP Bank received subsidies. NAGISZ Zrt., HAGE Zrt., Nemesszalóki Mezőgazdasági Zrt. and Nádudvari Élelmiszer Kft. received a total of HUF 3.3 billion in investment, agricultural and animal welfare subsidies. Monicomp has signed a three-year contract with the National Agency for Research and Innovation for the lease of a supercomputing infrastructure. The total cost of the project is HUF 7.3 billion, with a total subsidy grant of HUF 2.6 billion. The second instalment of the aid (HUF 846 million) was received in 2023. The environment requires 40% less energy compared to other HPCs[47], which is exceptional at the regional level, and provides the opportunity to create GPT-level large language models, significantly supporting the Bank's customer service, campaign management, knowledge sharing, and educational activities. By the end of the second year, a Hungarian-English, GPT-3 level large language

[46] Common Equity Tier1 capital
[47] High Performance Computing

model will be made available to the public sector, as well as to higher education institutions. In the course of additional training steps, the model will also be trained with the languages of the countries where OTP Group is present. Our Bulgarian subsidiary received state aid for financing their electricity costs. The Merkantil Group and OTP Factoring Zrt. received GINOP Plus subsidies for employee development through a European Union tender. OTP Travel received de minimis levels of subsidy, Foglaljorvost Online Kft. received SME Start Innovation *(KKV Start Innováció)* subsidies, and OTP Holding and Financing Malta used state subsidies for hybrid car procurement.

GRI 201-4 **Financial assistance (HUF million)*:**

	2019	2020	2021	2022	2023
Hungary	167	50	1,248	2,363	4,237
Bulgaria	0	0	74	721	156
Slovenia	0	0	0	74	0
Croatia	3	5	7	5	0
Romania	3	14	8	0	0
Malta	0	0	0	0	5
Total	**173**	**69**	**1,337**	**3,164**	**4,397**

* The tax allowance granted on the basis of the Hungarian Banking Group's sponsorship of spectator team sports and performing arts, as well as the tax relief in Slovenia used for donations, are not included here as they cannot be interpreted as financial assistance received by the Bank.

5. Responsible employer

This chapter describes the activities related to the following relevant topic:

GRI 401, 404, 405, 3-3 **Responsible employment**

Impacts: The Banking Group makes major contributions to improving labour market adaptability and competitiveness, sustainable development efforts, and socially responsible employer behaviour through responsible employment. The quality of life of employees (and those working in the sector) is fundamentally influenced by income, thus the remuneration practices of the Banking Group are a key factor. Ensuring gender equality also has an important impact on economic growth and a sustainable future.

Working conditions and the workplace atmosphere also significantly impact stress levels, motivation and sense of security, which can have either positive or negative effects.

Given the size of the Banking Group, the impacts are also felt in the broader community.

This material topic supports the achievement of the following SDGs:

Engagement: The Banking Group is committed to fair employment, stability, and performance-proportional, equitable remuneration sufficient for a decent living.

The Banking Group considers its employees to be its most important asset, and seeks to promote their well-being and development. Ensuring the latter includes continuous training and development, while the former is guaranteed by a caring and family-friendly corporate culture promoting equal opportunities and a healthy work environment. OTP Bank's HR strategy focuses on the employee experience.

Acts: Decent remuneration and a performance-based benefits system
Flexible employment opportunities
Strengthening non-discriminatory, inclusive attitudes
Promoting gender equality (in training and development)
Preparing action plans based on satisfaction surveys, and following up completed programmes
Leadership and skills development
Health insurance services, screening programmes, sports and recreational possibilities

Stakeholder cooperation: The Group continuously monitors employee satisfaction. We take action based on employee feedback and inclusion. Our employees regularly undergo performance evaluations. We see ourselves as cooperative partners with advocacy groups. We cooperate with higher education institutions, professional organisations and service partners. Our interaction with supervisory authorities and agencies aims to ensure compliance with expectations.

Details of activities relating to material topics are presented in the following pages, along with their outcomes and how their effectiveness is assessed.

Further basic principles and comprehensive goals relating to employees are to be found on our @website.

5.1 Employment

In 2023, the Banking Group faced numerous new challenges due to both internal changes and external factors. Our focus has been on comprehensive programmes supporting engagement and effective change management. Our goal is to prepare the organisation for the future.

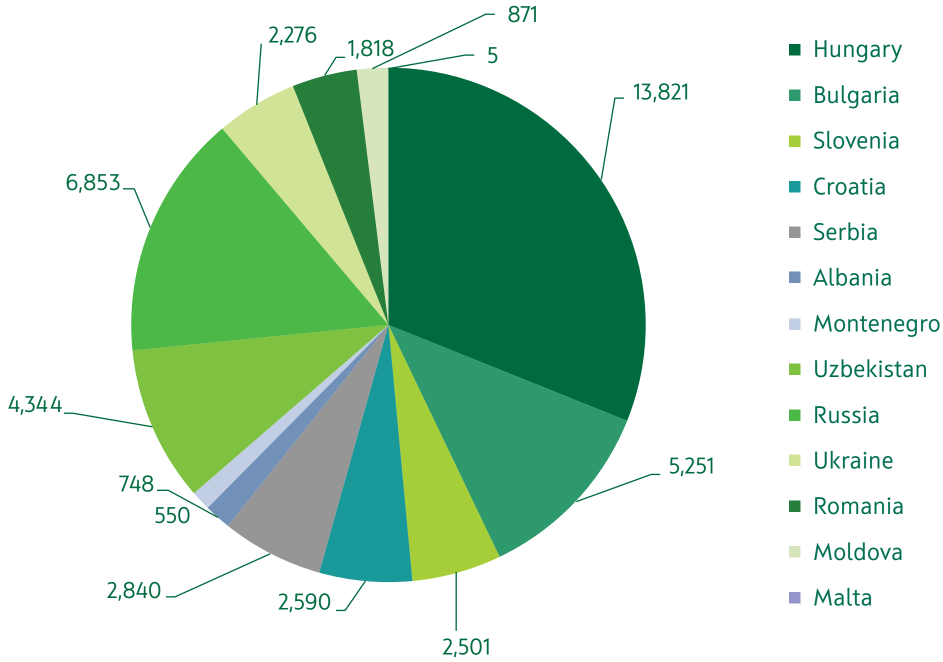
SI UZ For OTP Bank, one of the biggest challenges in the field of human resources was presented by the growth of OTP Group. The integration of the Uzbek Ipoteka Bank and the Slovenian NKBM was the most significant change at the group level, affecting both international cooperation and the employees. During corporate integration, the Bank strives to treat its employees responsibly. Integrity and transparency play a key role in change management. We strive for open communication (about the causes, processes and consequences of change), create forums and platforms to facilitate dialogue, and support employees with a wide range of tools in adapting to the new environment. More information on this can be found in @chapter 5.2.

GRI 2-7 At the end of 2023, a total of 44,468 employees worked for the OTP Group[48], the majority in foreign subsidiaries. The 15% increase in the Banking Group's headcount was primarily due to international acquisitions, which resulted in Uzbekistan's Ipoteka Bank contributing 4,344 employees to the total headcount, and NKBM contributing 1,575. Proportionally, the 49% increase (247 employees) in the headcount of the Albanian subsidiary bank was also a result of a previous international expansion: the acquisition of Alpha Bank. Other group members experiences no change or only slight increases in headcount. There was a 10% increase in the headcount of the Montenegrin CKB, while our Russian (–15%) and Ukrainian (–7%) subsidiary banks, as well as the DSK Group (–5%), experienced significant decreases in headcount. OTP Bank Russia's headcount reduction continues to be driven by the significant decline in business activity, as well as decreases in the role of the physical POS, and the branch's role as channel. The number of OTP Bank Ukraine employees has decreased as a consequence of the war that broke out in February 2022.

[48] Number of active employees. A part of the workforce – a total of 2,275 by the end of 2023 – will work as agents, mainly in Russia (2,119) and Ukraine (150).
No employees are working in the Banking Group in regimes without guaranteed working hours.

A Number of employees by country

31.12.2023, total number of employees



GRI 2–7 Employee headcount (as of 31 December):

	OTP Bank										
	2019	2020		2021			2022			2023	
	Total	Total	Total	Men	Women	Total	Men	Women	Total	Men	Women
Full time employees	8,396	8,872	9,228	3,487	5,741	9,654	3,678	5,976	9,841	3,904	5,937
Part-time employees	922	954	850	60	790	862	70	792	874	74	800
Employees, total	**9,318**	**9,826**	**10,078**	**3,547**	**6,531**	**10,516**	**3,748**	**6,768**	**10,715**	**3,978**	**6,737**
Women/men ratio				35%	65%		36%	64%		37%	63%
Employees with fixed-term contracts	6%	4%	5%	3%	6%	4%	2%	6%	3%	2%	3%
Employees with fixed-term contracts	562	419	491	115	376	460	88	372	282	61	221
Employees with indefinite-term contracts	8,756	9,407	9,587	3,432	6,155	10,056	3,660	6,396	10,433	3,917	6,516

The data are accurate and derive from our internal records.

	OTP Group										
	2019*	2020	2021**			2022***			2023		
	Total	Total	Total	Men	Women	Total	Men	Women	Total	Men	Women
Full time employees	36,027	36,364	38,504	11,524	26,980	36,458	11,547	24,911	42,236	14,565	27,671
Part-time employees	1,481	1,451	1,811	339	1,472	2,317	433	1,884	2,232	421	1,811
Employees, total	**37,508**	**37,815**	**40,315**	**11,863**	**28,452**	**38,775**	**11,980**	**26,795**	**44,468**	**14,986**	**29,482**
Ratio of women/men	100%	100%	100%	29%	71%		31%	69%		34%	66%
Employees with fixed-term contracts	7%	6%	6%	4%	7%	4%	2%	5%	3%	2%	4%
Employees with fixed-term contracts	2,633	2,283	2,338	426	1,912	1,646	272	1,374	1,372	246	1,126
Employees with indefinite-term contracts	34,875	35,532	37,977	11,437	26,540	37,129	11,708	25,421	43,096	14,740	28,356

The data are accurate and derive from our internal records.
* Not including the figures of Expressbank and OTP banka Srbija a.d. Beograd.
** Full consolidated group.
*** Including the entire consolidated group, without the figures of Alpha Bank.

GRI 2-8 Non-employed staff headcount, 31.12.2023:

	OTP Bank		OTP Group	
	2022	2023	2022	2023
Temporary agency workers	88	69	157	229
Other external workforce*	1,090	1,067	3,589	2,740

* The figure is based partly on estimates. The reasons for the changes are not tracked at Group level.
Independent workforce in legal terms include for the most part IT experts (developers, operators), trainers and other specialists performing other services, as well as students.

GRI 205-2 A considerable number of sales agents (15,550 persons) are cooperating with the OTP Group in Hungary and in the region alike. Their numbers have decreased overall in 2023. The sales agent network remains more significant in Russia, as well as within a small group of the parent bank and domestic subsidiaries (OTP Financial Point, OTP Real Estate Point), and OTP Bank Romania. In Ukraine, the decline is due to the war situation, while in other countries it is typically due to the recovery from earlier inactivity and the expiration of contracts.

New recruits and employee turnover

GRI 2-7, 401-1 In spite of the unfavourable macroeconomic processes, the challenging international environment and the companies' internal transformations, turnover[49] continued to decrease both at Group level and for Group members. Turnover at the banking group level decreased to 20.8% in 2023, with the voluntary departure rate being 16.0%.

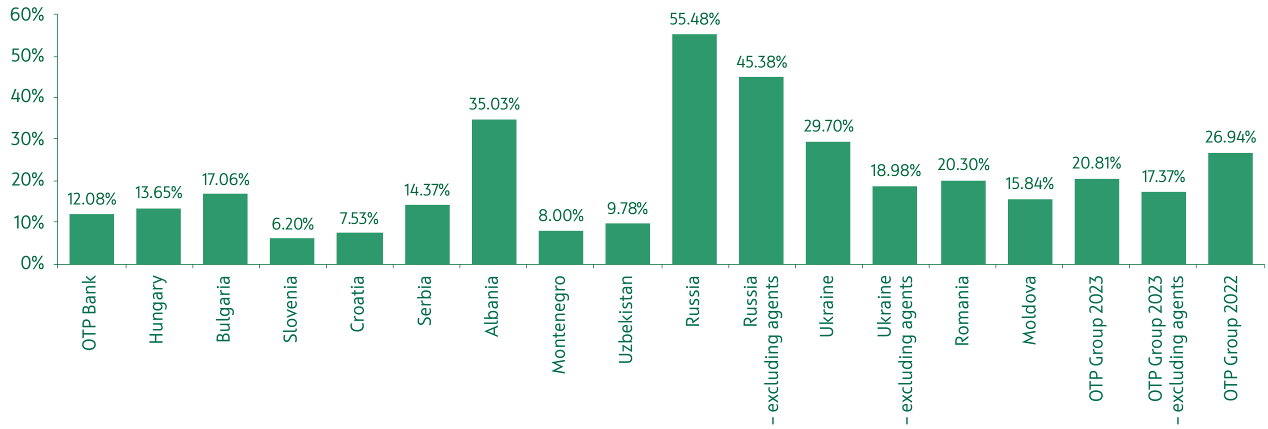
Employee statistics

GRI 401: 3-3, 401-1 Annex[50]

[49] The statistics include termination of employment both by employee and employer, as well as retirement. Since turnover is traditionally high among the sales agents of the Russian and Ukrainian subsidiaries, we also present their ratios without sales agents.
[50] The companies having their registered offices in Malta are not indicated separately among the country data. No employee of the Banking Group work in other countries.

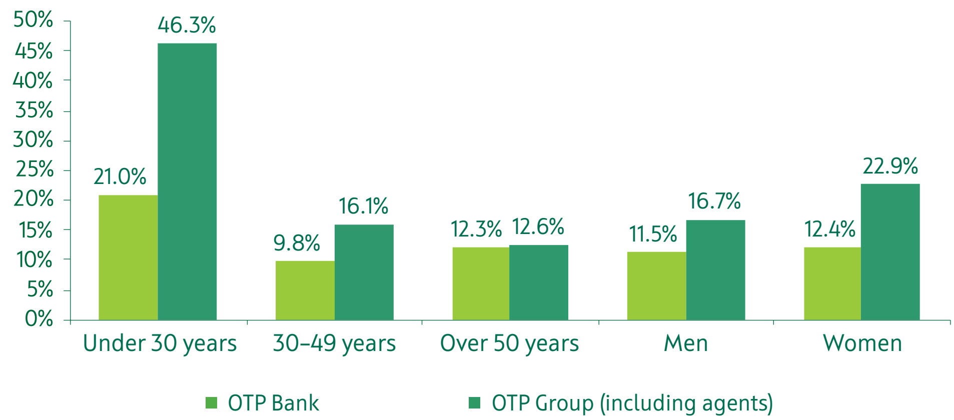
Turnover, 2023

employee turnover per country as a percentage of the closing headcount figure



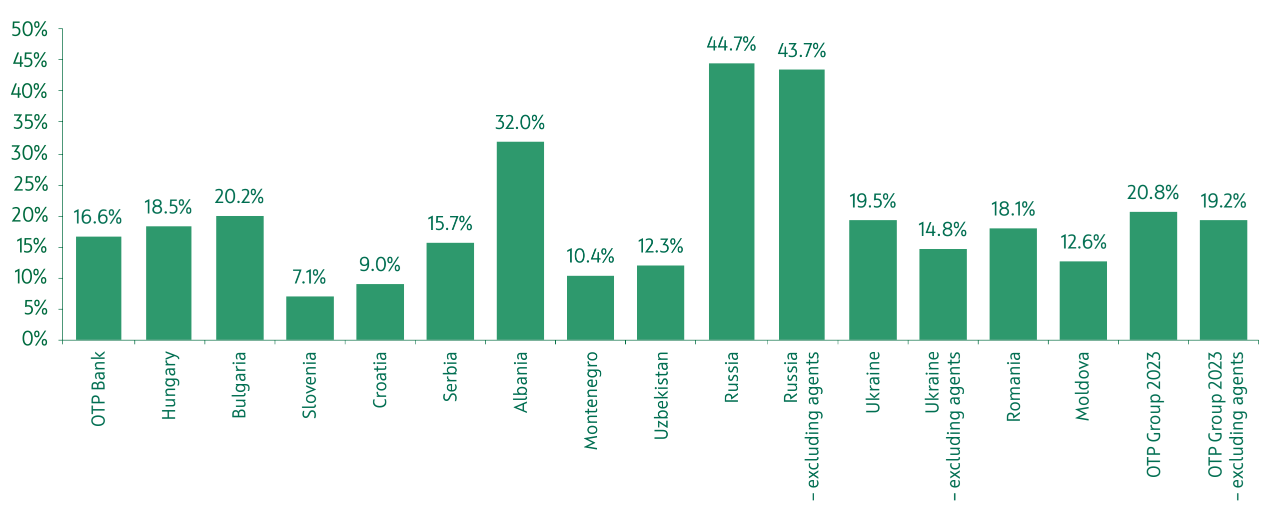
Turnover ratio within specific employee groups

as a percentage of the closing headcount of each category, 2023



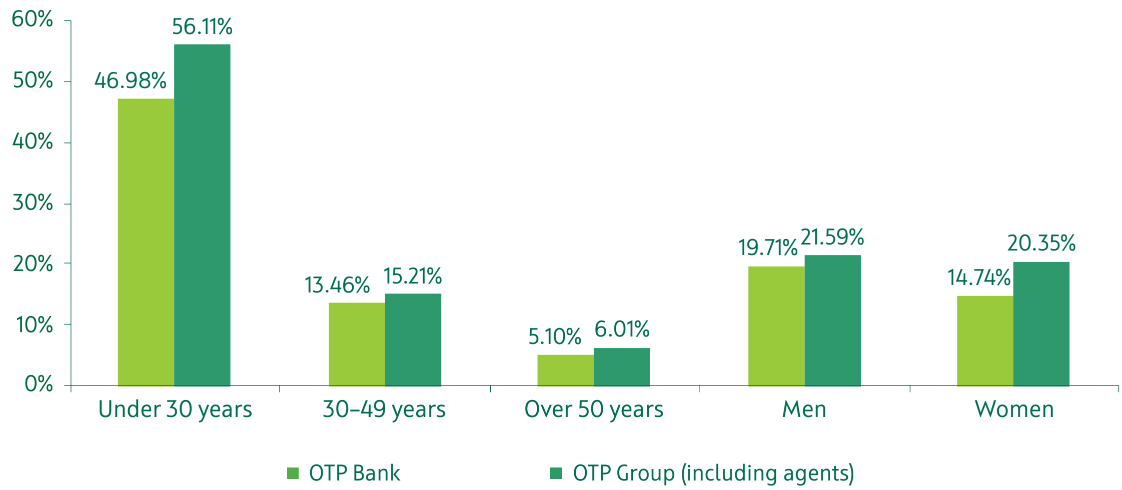
New hires, 2023

new hires per country as a percentage of the closing headcount figure



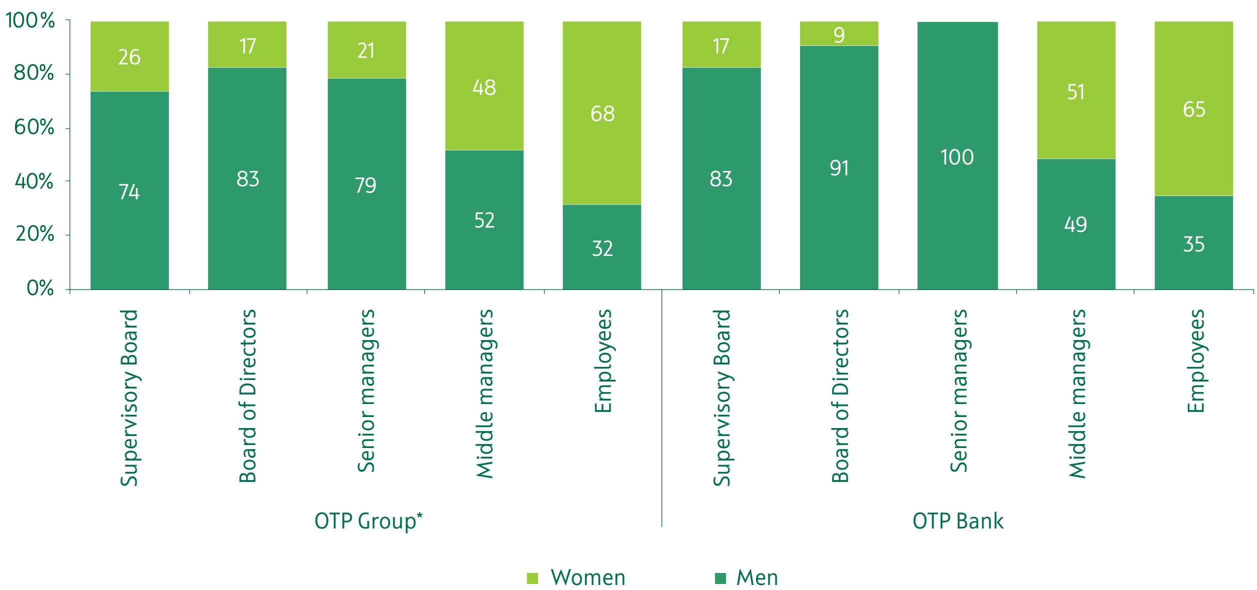
Percentage of new hires within specific employee groups

as a percentage of the closing headcount of each category, 2023



GRI 405: 3-3, 405-1, 205-2

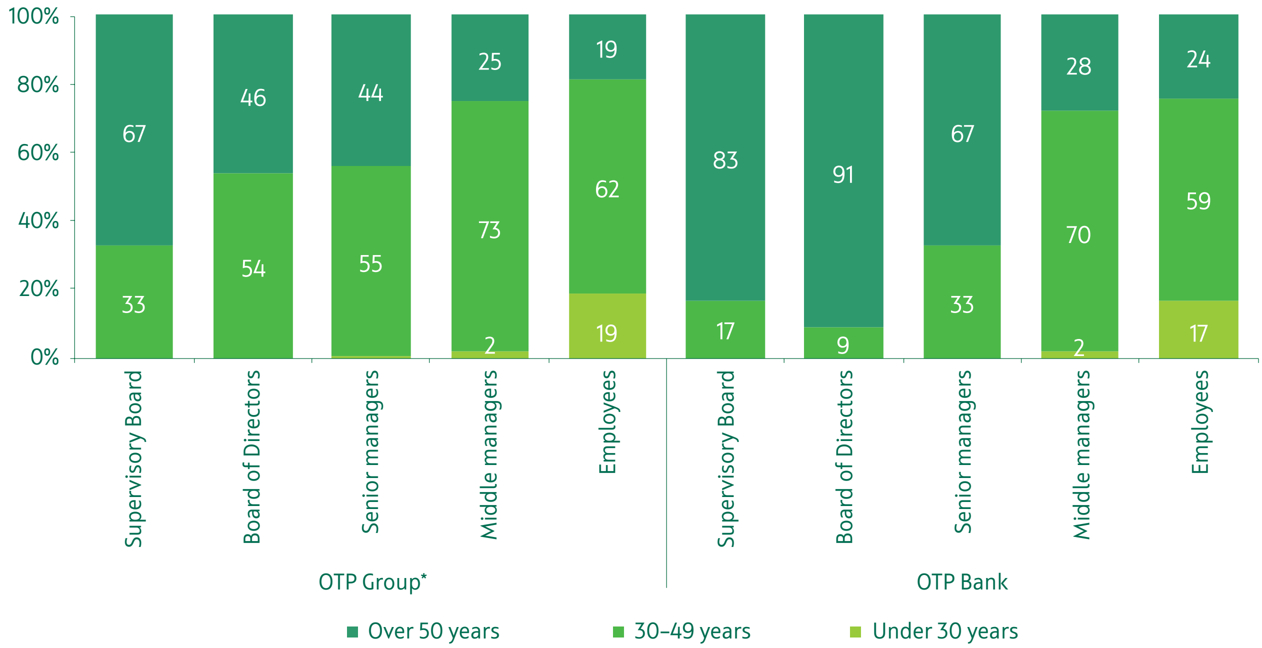
Distribution of management body members and employees by gender, per level of position, 31.12.2023



*Calculated from parent bank and subsidiary bank bodies combined in the case of members of the Supervisory Board and the Board of Directors. Employee categories include all employees of the member companies.

Distribution of management body members and employees by age, per level of position,

31.12.2023



*Calculated from parent bank and subsidiary bank bodies combined in the case of members of the Supervisory Board and the Board of Directors. Employee categories include all employees of the member companies.

Equal opportunity and workplace diversity

GRI 2-10, 405: 3-3, 406: 3-3 OTP Bank's strategy for gender equality was completed in 2021. In it, the Bank has set the following strategic objectives:

- ensuring equal opportunities for all employee groups,
- creating an open and inclusive workplace, free from discrimination,
- supporting a diverse, professionally outstanding, and cooperative work culture.

As part of the strategy, OTP Bank committed to **increasing the ratio of women** in its management bodies, appointing at least one female member to the Board of Directors and the Supervisory Board. The nomination process is carried out by the Nomination Committee based on suitability, leadership, and expertise, in accordance with the requirements laid down in the Credit Institutions Act. The Bank has committed to having at least 25% female candidates for group-level leadership succession.

The strategic objectives will also be accomplished through a gender-neutral remuneration policy and the strengthening of a non-discriminatory and inclusive attitude through management training and internal awareness raising campaigns. According to the employee engagement survey, 82% of employees at the group level and 88% of employees at OTP Bank feel that professional success at the company is independent of gender, age, cultural background, ethnicity, and religion.

Further actions and practices:

- During the year, the ratio of female candidates in the succession planning for international and Hungarian priority manager positions was 30%. In the 2023 OTP Academy international talent programmes, the Advanced Leadership Program (33%) and the Strategic Risk Leadership Program (58%), the ratio of female employees exceeded 30%.
- To enhance non-discrimination, those involved in recruitment took part in labour law and sensitivity training. As in previous years, the principle of an objective and

discrimination-free process for attracting talent was reinforced by standardising our internal application process, allowing internal employees to participate in a selection process fully identical to that of external applicants.

In 2024, OTP Bank plans to launch new diversity programs. Diversity awareness training materials will be prepared to help managers and employees eliminate unconscious biases. Women's leadership development programs and the launch of the international Women Network will prepare and encourage women for higher leadership roles. Dedicated succession programs are also planned to strengthen the employment of women in digital and IT fields.

GRI 202–2 **Proportion of women and members from the local community in senior management, 31.12.2023:**

	Directorate		Management*	
	Proportion of locals** (%)	Proportion of women (%)	Proportion of locals** (%)	Proportion of women (%)
OTP Bank	100	9	100	0
DSK Bank	88	13	88	13
OTP Bank Slovenia (SKB Bank + NKBM)	38	50	92	31
OTP Bank Croatia	83	0	83	0
OTP Bank Serbia	33	0	86	14
OTP Bank Albania	–	–	83	17
CKB	86	29	71	29
Ipoteka Bank	63	0	63	0
OTP Bank Russia	100	0	0	0
OTP Bank Ukraine	100	40	100	40
OTP Bank Romania	80	40	55	27
OTP Bank Moldova	100	17	83	17

* Management: In Hungary: the chairman of an enterprise elected by the management body in its managerial function and employed by the enterprise, or the chief executive officer appointed to manage the enterprise and employed by the enterprise, as well as all deputies of that officer; abroad: the chief executive appointed to manage the enterprise, who is employed by the enterprise, as well as all deputies of that officer and the Heads of Division.
** Citizen of the relevant country.

Many of the OTP Group's subsidiaries have guidelines and/or policies prohibiting discrimination at the workplace and promoting diversity and equal opportunity. The policies on employee performance evaluation and financial incentives are also gender-neutral, consistently applying the principle of equal pay for male and female employees for equal or equivalent work across subsidiaries.

BG The Bulgarian DSK Group launched the LaDySK initiative in 2023, in order to strengthen the economic and social role of women and support their careers. The community, consisting of 27 female leaders, has its own logo, mission, and vision. Its members have received special training, including on emotional intelligence, time management, and neuro-linguistic programming (NLP). The community also actively participates in charity initiatives within the bank.

HR Our Croatian subsidiary bank published its Diversity, Inclusion, and Equality Policy on its @website. In 2023, it developed the social pillar of its ESG strategy, in parallel with an assessment of its social impacts. Consequently, it reviewed its main internal regulations, supplementing them with provisions related to human rights and diversity. The bank's employees participated in the Workplace Inclusion Champion educational programme organised by the Croatian Business Council for Sustainable Development, to implement a detailed Diversity and Inclusion (D&I) action plan in 2024, as part of achieving the goals set in the ESG strategy.

AL OTP Bank Albania is committed to non-discrimination and the protection of vulnerable groups. In 2023, it signed a memorandum with UN Women[51], promoting gender equality.

[51] UN Women is a United Nations organisation dedicated to empowering women and girls in the social, economic and political arenas.

UZ In 2023, Ipoteka Bank had a Gender Equality Committee and a Women's Committee, providing financial contributions and benefits to women. Women received free medical check-ups and vaccinations, as well as health care and sanatorium services for those in need. Retired employees and those with over 45 years of work experience receive special recognition and gifts, and once annually, financial support is provided to employees with disabilities.

RO OTP Bank Romania's brand philosophy as an employer, the #otpmindset concept, is based on diversity and equal opportunity.

A total of 483 **persons with disabilities** were **employed** at the end of 2023. Within OTP Group, the DSK Group employs the largest number of people with disabilities (156 people) and OTP Bank Ukraine the largest ratio (5.5%). At OTP Bank employees with disabilities are provided by a monthly amount of HUF 10,000 in the way of rehabilitation allowance in addition to the extra holiday stipulated in the Labour Code.

OTP Group is committed to **supporting career starters** and, in connection with this, to cooperation with higher education institutions and students. Most Banking Group members regularly host trainees and students completing their practical training, and employ students temporarily. Within the framework of its cooperation with higher education institutions, OTP Bank actively participates in university mentoring programmes, job fairs and student organisation events, as well as supporting lectures, research and study competitions.

Following the practice of previous years, the OTP Group employed 979 interns in 2023. Among the Group members, the Ukrainian, Romanian, and Albanian subsidiary banks welcomed the highest number of trainees in proportion to their headcount. OTP Bank operates a dedicated Trainee Program. In 2023, a total of 229 trainees and 300 students were offered employment, and 300 university students were provided opportunities to work as professional trainees in the branch network and central areas. Around 60 percent of young people who have completed an (apprenticeship) traineeship or student placement have been recruited by the Bank as staff. 23 percent of the employees who joined in 2023 were under the age of 25, thus the Bank offered employment opportunities to approximately 300 young professionals.

RS The Serbian subsidiary bank cooperates with several NGOs for the employment of disabled and disadvantaged young people. Trainees were hosted through the Roma Entrepreneurship Development Initiative (REDI) programme, and at the end of 2023, they began collaborating with the UNDP (United Nations Development Programme) and the Forum for Young Disabled People. They helped to inform stakeholders about open positions and traineeship opportunities within the bank, and the bank's employees participated in forums and conferences organised by the two organisations. A dedicated traineeship competition for young people with disabilities was launched at the end of the year.

RO As a unique initiative, the Romanian subsidiary bank has launched the Hungarian Native Speaker Trainee Programme 2023. The programme gives Hungarian-speaking young people the opportunity to learn about the bank and the financial sector, and to gain experience in their profession. Students typically remain in the bank as employees after the mentoring and learning phase.

GRI 2-30, 402-1 All members of OTP Group respect the rights of freedom of association and collective bargaining, and provide opportunities for **advocacy** in accordance with applicable local laws. Relations with advocacy groups are collaborative. 65 percent of OTP Bank's employees are members of a union, with a group-level ratio of 40%[52]. The Bulgarian, Croatian, Montenegrin, and Uzbek subsidiary banks have a high rate of union membership. The majority of the Banking Group's employees (70%) are covered by a collective bargaining agreement.

[52] Slovenian banks are not allowed by national law to keep records of trade union members, so this is not included in the data.

For OTP Bank employees, this ratio is 97%[53]. There are collective bargaining agreements in force at OTP Bank, DSK Bank, OTP Bank Serbia, OTP Bank Croatia, OTP Bank Romania, the Uzbek Ipoteka Bank, OTP Bank Ukraine, CKB, the Slovenian SKB[54] and NKBM Banks, and the Hungarian subsidiaries OTP Lakástakarék, OTP Jelzálogbank, NAGISZ and Velvin Ventures. As it relates to the minimum notice period regarding operational changes that could substantially affect employees, the banks of OTP Group follow varying practices in compliance with local requirements (see @Annex). Employees' rights, policies, employment rules and practices are available to employees and are displayed in internal communication channels, on the relevant intranet pages.

Labour complaints

GRI 401: 3-3 During the year a total of 48 labour procedures were commenced against companies of the OTP Group, of which 36 procedures were closed by the end of the year. 35 of the cases closed were labour lawsuits. The compensation paid in 2023 amounted to HUF 233 million, including a fine for practices from a previous period amounting to HUF 218 million. In the case of CKB Group, a verdict was reached in favour of the plaintiff regarding an unlawful termination of employment in 2019 for compensation of lost earnings. The Russian, Ukrainian, Serbian, and Bulgarian subsidiary banks were also involved in the labour proceedings.

5.2 Employee inclusion, measuring engagement

GRI 2-29, 401: 3-3

Continuous dialogue with the employees is a key element of OTP Bank's HR strategy – we communicate through a variety of channels and in diverse forms, to get to know their needs, requirements and opinions and receive feedback at the same time. OTP Group places a high importance on employee satisfaction and strengthening employee engagement. Annual engagement surveys and targeted pulse surveys allow the effects of developments to be measured.

Own indicator OTP Bank conducted an employee engagement assessment in 10 countries applying the same methodology across the group, for the third time.[55] In 2023, a total of 28,990 employees took the opportunity to provide feedback, representing an extremely high (91%) response rate. While maintaining the participation rate, the Banking Group also managed to improve employee engagement and remain an attractive workplace in the labour market.

Survey results:

- Employee engagement level increased by two percentage points to 72%, compared to 76% for OTP Bank in 2023.
- With this 2 percent increase, the engagement rate is approaching the global financial sector average (75%)[56]. OTP Group's goal aims to reach the global 75th percentile of engagement, which was 78% in 2023.
- In addition to Hungary, the highest levels of engagement were found in Albania, Ukraine and Romania. Seven of the ten countries surveyed saw an increase in engagement compared to the previous year.
- As a result of the actions taken at group level, a larger proportion of employees (68% instead of 60%) reported positive changes in their environment as a result of the (previous) survey. Most respondents found it important that communication had become more open and more regular, leading to improved cooperation with colleagues.

[53] At OTP Bank, the working conditions and terms and employment conditions of employees not covered by a collective bargaining agreement are also determined on the basis of the existing collective bargaining agreement. The working conditions and the terms and conditions of employment of employees not covered by collective bargaining agreements at the members of the Banking Group are typically not determined on the basis of the collective bargaining agreement of the member company or other organisation.

[54] Not the organisation's own collective agreement, but a sectoral collective agreement.

[55] In Russia, the survey was conducted on a different platform and with some different questions. The response rate was 90%, and the detailed results are still being processed. The first survey in Uzbekistan will take place in 2024.

[56] The Financials Avg benchmark contains six million responses from 116 companies of the world classified on the basis of the GICS method.

They also noted positive changes in terms of remuneration. 91 percent of respondents noted career opportunities, employee well-being and recognition as key factors in their engagement, and 72 percent of respondents (2022: 71%) believe that the survey will result in improvement initiatives.

All employees received comprehensive information about the survey results, and were given the opportunity to provide feedback on it. This process serves as a basis for the 2024 action plan, focusing on the following three areas:

- providing career opportunities (by extending the job system internationally, creating transparent career paths, initiating international mobility),
- employee well-being (reviewing and streamlining processes for welfare services, increasing efficiency),
- and strengthening the involvement of senior management (reinforcing the dialogue between managers and employees).

Additionally, each organisational unit must identify at least two to three specific goals that will provide an effective response to employee feedback.
The importance of a feedback culture is increasingly significant in the Group's operations, collecting feedback from members of OTP Group in a number of different ways beyond just the engagement survey.
SI The Slovenian group conducted a pulse survey on the inter-bank integration process and a cultural survey to explore their employees' views on the current and desired organisational culture.
RS Our Serbian subsidiary bank has rolled out the Heartcount app – already tested in 2022 – to its 1,600 employees. Heartcount is a tool for efficiently collecting and analysing employee feedback.
RU Our Russian subsidiary bank conducted employee surveys on various programmes, including gamification, health insurance, transparency of the bonus process, and the potential for internal collaboration.

Open internal communication, change management

For the Slovenian and Uzbek banks, internal communication played a crucial role in change management due to company mergers and integration into the banking group. Priorities included harmonising operations, strengthening cooperation and defining the necessary management steps towards the desired organisational culture. In both cases, the aim was to make integration a predictable and understandable process for employees.
SI The two Slovenian banks have embarked on a number of new activities to strengthen employee engagement. This included the introduction of "crossbank" team-building events, a new change management training programme for managers, regular meetings to strengthen communication and information sharing (monthly and quarterly business review meetings), and organising community-building events and activities (Bankathlon, Christmas events, health improvement programmes, mobility week) that can appeal to all of the employees of both banks. Organisational culture workshops were also held with managers to jointly define the core values and desired behaviours of the bank created as a result of the merger – which is planned for 2024 – and to incorporate them into performance management and moral recognition systems.
RO In 2023, OTP Bank Romania held an internal event, the HR Open Days, to give colleagues the opportunity to ask questions about the bank's market position and sales. A dedicated internal communication platform was also established for this purpose, named the "Dialogue of Colleagues".

5.3 Career opportunities

OTP Bank operates a uniform, consistent, transparent and equal remuneration and incentive structure. This is governed by the Job Framework. The job framework was implemented in the Bank and its Hungarian subsidiaries[57]

[57] For Hungarian subsidiaries where this was justified by the headcount of employees and the group-wide impact, including Faktoring Zrt., Merkantil Zrt., Jelzálogbank Zrt. and Lakástakarék Zrt.

in 2022, with the Group-level international rollout slated for the end of 2024. The job framework defines the career paths offered by the Banking Group to its employees. Performance management and remuneration are linked to the wage brackets aligned to the career levels. The standardised system of criteria resulted in a job structure which is a lot simpler, more transparent and flexible than the structure it replaced. A new IT system supporting the system will also provide job maps, allowing employees to see the skills and competencies required for a particular position. In 2023, OTP Bank introduced a uniform internal application framework across the company, supporting internal job rotation and transparent, horizontal career paths.

GRI 404: 3-3, 404-3 The Bank provides a review of development goals twice annually to all employees as part of the performance review, defining the directions for personal growth and discussing development solutions. Among the subsidiary banks, this is fully implemented at the Serbian subsidiary bank, but only to a lesser extent at other member banks, resulting in 41 percent of employees receiving a career development review at the group level. Men and women are almost equally represented in the review, while by job category, 56% of middle managers and 39% of employees are included.[58]

Talent programme

We have developed a standardised talent development framework and manager succession planning scheme. In 2023, we introduced international talent programmes as part of the OTP Academy framework.

OTP Academy Framework

OTP Academy provides an opportunity for uniform, comprehensive, and high-level knowledge acquisition at the Group level. The aim of the programme is to build a high-quality international professional community, in addition to promoting professional and personal development. Each academy is designed to develop key skills at different levels of proficiency. However, a common feature is that, in addition to knowledge development, they also develop skills based on practical application, experience exchange, feedback, and development.

The main objective of the **professional academies** is to develop key skills for business success along key job families such as risk management, digitalisation or business development.

Leadership academies aim to create an international, cross-organisational community of leaders.

As part of the OTP Academy programme, we have introduced several leadership development programmes at the Group level. For more information on international leadership talent programmes, see @chapter 5.5 "Training and education" (Advanced Leadership Program and Executive Leadership Program).

Performance review

GRI 404: 3-3, 404-3 Employee performance is assessed by the members of the OTP Group based on different methodologies. Regular feedback, linked to individual and corporate objectives and based on objective criteria, is fully implemented at OTP Bank and at several foreign subsidiary banks. Defining development objectives and assessing competences is a subject of discussion between the manager and the employee. The HR information system is used to set objectives and evaluate their achievement. The frequency and metrics of the performance evaluation process can vary by area (e.g., head office, sales, customer service, agile organisations), with each case governed by specific internal regulations.

In the engagement survey, 71% (2022: 66%) of OTP Bank employees indicated receiving meaningful recognition for their achievements.

[58] OTP Bank Romania could not provide accurate data on the number of employees provided with career building overviews. Among top managers the career building overview is, in most cases, no longer relevant, therefore no specific data on this are presented.

OTP Bank is gradually introducing OKRs (Objectives and Key Results), aiming to develop and support a management feedback culture, in addition to achieving the company's strategic goals. In 2023, the objectives and leader evaluations of approximately 3,600 employees were based on this methodology. The novelty of the system is that, in addition to organisation-specific goals, we can also set horizontal indicators and goals. Thus in 2023, the individual organisations have also defined indicators related to the development of financial literacy, as well as the enhancement of digital knowledge and skills.

More than 95 percent of staff in the Bulgarian, Slovenian, Serbian, Albanian, Ukrainian and Moldovan subsidiary banks abroad received regular performance evaluations. At the group level, 85 percent of women and 75 percent of men received performance evaluations[59] in 2023. Broken down by job categories, 82% of senior managers, 87% of middle managers and 81% of employees received a performance rating.

HR RS In 2023, the Croatian and Serbian subsidiary banks prepared separate training materials on giving and receiving feedback, aimed at developing both managerial and employee skills.

5.4 Remuneration, rewarding of the employees

Benefits

GRI 405: 3-3, 2-19, 2-20, 401-2 OTP Bank's Remuneration Policy is in line with SRD II – it covers the whole of the organisation and includes a description of the decision making process relating to determination, revision and implementation, including measures aimed at preventing or managing conflicts of interest, the role of the Remuneration Committee; managers' bonuses, the components of fixed and variable remuneration and the objectives for directors. The system of targets of foreign subsidiary managers were fully revised and the targets were harmonised, for 2023. Sustainability considerations were also taken into account in the process (see @chapter 1).

In line with legislative requirements and its engagement to equal opportunity, the OTP Group consistently employs the principle of 'equal pay for equal work', including ensuring gender equality. OTP Bank's gender-neutral remuneration policy declares that job-specific wage brackets are aligned with the level of positions and market practices in its wage setting strategy; regular wage audits control and ensure that no significant wage differences can emerge between the genders.

OTP Group member companies typically provide the same benefits to full-time, part-time and fixed-term contract employees[60].

Members of OTP Group remunerate their employees at the rates customary in the market of the relevant country. Some of our employees' pay is dependent on their measurable performance. Every Group member increased wages in 2023, by more than 5% in most cases. Nearly all members of the Banking Group also offer fringe benefits to their employees. OTP Bank's remuneration practice differs from those generally applied by other market participants in Hungary: in addition to the annual pay rising process enabling basic wages to be regularly adjusted, the average bonuses are also significantly higher than the usual market rate.

The remuneration structure of the Uzbek Ipoteka Bank differs from the Group's practice, and harmonising it will be one of the tasks for the coming period.

OTP Bank's remuneration and incentive practices are closely linked to the newly introduced job framework. We operate a clear, consistent, transparent and equitable remuneration and incentive structure at all levels. Consultations and coordination with the trade union also take place in relation to remunerations.

[59] In Ipoteka Bank in Uzbekistan, the performance management system will be implemented in 2024.

[60] An exception is the practice of OTP Bank Russia, which provides part-time and fixed-term employees with life insurance, health protection, extra days off and other benefits only up to the level required by law, while full-time employees are entitled to these benefits. OTP Bank Albania provides the other benefits to full-time employees but not to part-time employees, and OTP Bank Serbia provides the health care benefit only to full-time employees.

OTP Bank has had an employee stock ownership plan for years; it is used as a long-term incentive tool. At the end of 2023, 918 people were participating in the programme.

RS In 2023, our Serbian subsidiary bank paid special attention to recognising and rewarding employees: it implemented wage increases among branch network employees, introduced a quarterly bonus as a regular form of remuneration, and applied annual performance-related salary adjustments. Additionally, it provided a flexible benefit (birthday leave) to employees on a trial basis.

GRI 405-2 Ratio of the basic salary of women to men, 31.12.2023:

	Men	Women			
		Senior managers	Middle managers	Employees	Average
OTP Bank	100%	not interpretable	95.8%	98.5%	98.2%
DSK Bank	100%	92.1%	98.0%	94.4%	94.5%
OTP Bank Slovenia (SKB Bank + NKBM)	100%	99.8%	94.2%	98.1%	98.2%
OTP Bank Croatia	100%	not interpretable	91.3%	96.6%	96.3%
OTP Bank Serbia	100%	92.0%	87.0%	84.0%	84.0%
OTP Bank Albania	100%	81.8%	101.9%	92.4%	94.1%
CKB	100%	78.2%	85.7%	87.2%	86.9%
Ipoteka Bank	100%	not interpretable	91.0%	95.0%	94.0%
OTP Bank Russia	100%	not interpretable	85.0%	84.0%	84.0%
OTP Bank Ukraine	100%	103.1%	82.1%	92.9%	92.4%
OTP Bank Romania	100%	88.8%	90.8%	93.3%	93.3%
OTP Bank Moldova	100%	94.8%	80.0%	72.6%	74.2%
OTP Group*	**100%**	**92.6%**	**90.8%**	**92.4%**	**92.2%**

GRI 405-2 Total benefits for women compared to men, 31.12.2023:

	Men	Women			
		Senior managers	Middle managers	Employees	Average
OTP Bank	100%	not interpretable	93.4%	97.8%	97.3%
DSK Bank	100%	97.7%	98.8%	89.8%	89.9%
OTP Bank Slovenia (SKB Bank only)	100%	105.8%	98.0%	99.7%	99.9%
OTP Bank Croatia	100%	not interpretable	84.6%	88.2%	87.8%
OTP Bank Serbia	100%	86.0%	85.0%	83.0%	83.0%
OTP Bank Albania	100%	81.0%	96.5%	85.5%	87.5%
CKB	100%	70.8%	87.3%	92.7%	91.7%
Ipoteka Bank	100%	not interpretable	91.0%	95.0%	94.0%
OTP Bank Russia	100%	not interpretable	87.0%	92.0%	92.0%
OTP Bank Ukraine	100%	102.2%	76.0%	96.3%	95.3%
OTP Bank Romania	100%	N/A	N/A	N/A	N/A
OTP Bank Moldova	100%	92.6%	81.1%	72.7%	74.4%
OTP Group*	**100%**	**91.0%**	**89.6%**	**92.7%**	**92.4%**

* Average of the parent bank and the subsidiary banks.

ME At the beginning of 2023, CKB introduced compensation for lower-paid categories of employees to keep wages stable in the face of inflationary pressures. A uniform 17% wage increase was introduced in the second half of the year, and the budget for bonuses was also increased.

UA In Ukraine, due to the crisis situation caused by the war, the subsidiary bank provided accommodation compensation for employees during the forced relocation in 2023, as well as financial support and salaries for mobilised employees, a significant wage increase and a company discount on health insurance.

OTP Social Foundation

In Hungary, the Foundation provides help to OTP Group employees, (including pensioner employees) and their families in crisis situations. One-off, long-term or in-kind assistance (including medical care or support by a psychologist) is granted based on applications. Besides crisis situations, the assistance may also be requested for camps or start-of-school expenses.

5.5 Training and education

GRI 404: 3-3, 404-2

In 2023, the Banking Group has placed a strong emphasis on leadership development and continues to offer a broad training portfolio to its staff.

In 2023, the OTP Group spent more than HUF 4 billion on employee training. The average per capita training cost nearly doubled, as a result of the price increases and the intensive trainings for middle and top managers. The average training time was 34 hours/employee. Every single employee of the OTP Group was provided with training. The parent bank provided the most training in 2023, with nearly 80 percent of employees attending training beyond the mandatory courses.

Leadership development

One of the most important goals of OTP Bank's HR strategy is to support and develop its managers as they play a key role in maintaining the cohesion, and ensuring the effectiveness, of the organisational units and in change management.
In 2023, we heavily focused on international leadership training. In the Executive Leadership Program, the Advanced Leadership Program and the Risk Leadership Program, in addition to leadership development, we placed a strong emphasis on collaborative project work and community building.

- OTP Bank, in cooperation with INSEAD, has implemented **its first group-wide Executive Leadership Program,** with the participation of 30 middle managers from 12 countries. The aim of the programme is for high potential middle managers to develop the skills and knowledge they need to reach senior management positions. The training gave them the opportunity to work on real projects, build their network of contacts and learn from experienced leaders (mentors).
- A total of 31 international strategic leaders from 9 countries participated in the **Advanced Leadership Program.** As part of the 9-month programme, participants learned from world-class experts from London Business School and worked in teams on comprehensive, group-wide strategic development projects. Excellent solutions in the areas of customer experience, digital innovation, talent management, international collaboration and leadership development were developed and presented at the International CEO Forum. The feasibility of projects is decided by the Executive Steering Committee of the parent bank.
- Also in 2023, the **Strategic Risk Leadership Program** as part of the OTP Risk Academy international leadership development programme was completed. The 9-month training was attended by 24 risk managers from 10 countries, with the SEED Executive School involved in preparing them for the role of strategic leader. Participants also worked in teams on strategic programmes for banking group risk management. The results and proposals will be incorporated into the strategic planning of the area.

The OTP Risk Academy, the first of its kind to be launched in 2023 among professional academies, is open to all employees working in risk management. More than 1,400 Banking Group employees have access to the basic module focusing on professional knowledge. Digital learning (11 e-learning) materials and webinars, which are uniform on group-level, cover the main areas of risk management. By the end of the year, more than 60% of the colleagues concerned had completed the training. OTP Bank will continue to expand its professional academies in 2024, including the Risk Academy, Collection Academy, Digital Academy and Retail Academy.

ESG training

In 2023, we created an ESG training course comprising five modules and targeting nearly 900 managers, with the inclusion of an external advisor. Available in English and Hungarian, the training covers ESG fundamentals and legal background, business opportunities, risk management, employer responsibility and ESG governance.
50 DSK Bank managers took part in a three-hour educational game on climate change, based on the IPCC reports.
Comprehensive leadership development continues at the parent company headquarters, with regular forums, experiential learning and using the latest tools and methods.
The Bank offers a targeted training portfolio for branch managers, geared to their specific challenges. The development of their problem solving skills is facilitated by a dedicated platform called EDUardo by simulating life-like situations, real-time feedback and interactive case studies.
SI In 2023, the Slovenian Group's leadership development programme also covered the area of change management to develop the competences of leaders to successfully manage significant organisational change.

Professional training programmes and competence development

Development of the employees' professional expertise is one of the most important tasks at all group members. Participation in the professional and other training courses necessary for work performance (e.g. ethics, compliance, security, health and safety, environmental protection) is based on annual training plans. Training plans are developed with the inclusion of staff, taking into account the results of performance reviews.

Strengthening communication skills, cooperation skills and personal productivity and supporting stress and change management, play a special role in trainings aimed at skills development. OTP Bank also provides self-development opportunities for its 500 employees by giving them access to different platforms (Udemy O'Reilly, Cloud Guru).

In 2023, OTP Bank renewed its portfolio of leadership and employee skills development programmes. 45 curricula development and updates (e.g. basic training in banking curricula are reviewed quarterly, job preparation materials annually, mandatory training courses, etc.). Satisfaction with training and education is above 9 according to the satisfaction measurement questionnaire.

GRI 404: 3-3, 404-1

Annual training per employee, number of hours (2023):

	OTP Bank	OTP Group
Senior manager	61	82
Middle manager	97	62
Employee	77	31
Men	76	34
Women	81	33
2023 average	**79**	**34**
2022 average	80	35
2021 average	76	47
2020 average	74	50
2019 average	80	50

5.6 Safe and healthy working environment

Work-life balance, employee well-being

Psychosocial risks can have a negative impact not only on the individual but also on the whole organisation and the efficiency of the national economy, so managing them effectively is an important task. The objective of the HR strategy focusing on employee experience is to ensure a supportive workplace atmosphere; to this end, the OTP Group applies a number of practices making it possible for employees to achieve the best possible work-life balance and maintain mental health.

GRI 405: 3-3 Atypical forms of employment, including part-time work, teleworking and working from home office, are possible for members of the Banking Group. Following previous practice, hybrid working (partly office work, partly home office work) was typically available to those in central jobs, to varying degrees from area to area. For OTP Bank employees, the proportion of working days spent in the home office was 17%, with an average of 28% in the central area and just over 1% in the network. In line with international trends, the number of home office days available at OTP Bank in 2023 was two days per week. Changes in Hungarian legislation have allowed parents with young children to have more flexible working conditions. Several subsidiary banks have made teleworking easier.
BG The Bulgarian subsidiary provides an extra two days of paid leave or employee recreation and regeneration, and teleworking was greatly simplified in 2023 based on employee feedback.
HR OTP Bank Croatia rewards exceptional performance with extra day off and has introduced teleworking for more than 1,800 employees. They also allowed for so-called "temporary teleworking" for vulnerable groups and for exceptional and justified cases.
The rate of extraordinary work in OTP Bank decreased compared to the previous year.

The annual number of **overtime hours** per capita was 39.4 hours in 2023 (based on the number of overtime workers), 17.9% less than in 2022. The average number of hours of overtime worked per person was 19.1 hours.
In the satisfaction survey, 70% (2022: 69%) of OTP Bank employees, 69% on Group level, found that the Bank treats employee **well-being** as a priority. We aim to continuously improve this value.
OTP Bank also conducted a separate survey on satisfaction with welfare services. The most important welfare services for employees are contributions to personal health/pension accounts, private health services, bonus holidays and employee discounts from OTP Bank and its partner companies. The survey has shown that what is needed is not the introduction of new physical, mental, social or financial welfare services, but the simplification and efficiency of processes. So in 2023, we focused primarily on expanding existing services and making them easier to access and use.
Under a health insurance contract, OTP Bank financed a total of 32,161 screening tests or healthcare treatments resulting from health complaints in 2023. An extended screening bus service has become available to employees in the Hungarian branch network in the regions.
Several members of the OTP Group provide their employees with healthcare services over and above what is required by law, including health insurance and screening tests, in view of employee needs and requirements. Because of the high proportion of women in the workforce, the examinations that are important for them are in focus. In addition, in 2023, several new projects and measures related to work-life balance and employee well-being were implemented by the group members:
BG In 2023, the DSK Group launched its well-being initiative entitled "Balance Your Life", providing a platform for colleagues to discuss the topic and organised webinars. Its Wellness Academy continued to focus on healthy living, exercise and medical consultations.
SI The well-being and health promotion programmes of Slovenian banks continued to be extensive in 2023. They offered office

exercise, massage, sports club programmes and health awareness webinars. Psychological support is available in both banks, provided by an outsourced specialist who guarantees anonymity to employees.

AL OTP Bank Albania has introduced several engagement programmes to promote work-life balance. Work-life balance is also a theme of the new entrants' orientation programme. The In4Change Workshop aims to develop the perceptions and feedback of employees on major events and situations in their work environment or in their personal lives.

ME The main elements of the group's well-being programme include: free yoga classes, expert presentations on mental health, parenting, healthy eating, exercise and topics that employees think are important.

Family-friendly programmes

Many of OTP Bank's employee have small children or are preparing to have children. For years, the Bank has been providing discounted **camping opportunities** for employees' children through the OTP Social Foundation, and they can also apply for financial education camps organised by the OTP Fáy Foundation and for programming summer camps organised in association with the Association of Computer Managers. Our employees were also eligible to apply for a contribution to cover the costs of summer camps outside the Bank, with 777 children benefiting in 2023. In 2023, the Bank provided children's daycare for 10 weeks during the school holidays at its headquarters. Each time, 17 children were supervised and a total of 620 children used the service. The Bank has increased the number of vouchers issued for domestic reward holidays and the number of summer camp tours. A total of 363 children attended the summer day camps, which lasted several days.

Several members of the OTP Group offer their employees the opportunity to apply for **start-of-school allowance,** family support options (e.g. for the birth of a child or the funeral of a close relative) and company events (e.g. Family Day, Santa Claus, Children's Day programmes) in which family members can also participate.

In 2023, Elf Factories welcomed children were welcomed in 5 locations across the country. In addition to OTP Bank employees, employees of domestic subsidiaries and mothers with young children at home were also invited to the programme. 1,700 children spent happy hours with Santa Claus, made small gifts or took part in the concerts.

Across the group, thousands of employees are on long-term parental leave.[61] Parental leave is also available for fathers, but still few of them take advantage of it.

GRI 401-3 Employees taking parental leave and employees returning, 31.12.2023:

		OTP Bank		OTP Group	
		Men	Women	Men	Women
Persons entitled to childcare leave	(persons)	45	1,098	1,675	7,664
Persons taking childcare leave	(persons)	3	930	85	4,104
Number of people returning to the company after childcare leave	(persons)	2	292	62	1,184
Percentage returning to the company after childcare leave	(%)	100	92	93	63
Still employed 12 months after return (retention rate)	(%)	0	96	60	68

[61] Long-term childcare leave, which can be taken by both women and men, depending on local regulations. The definition does not cover the short-term parental leave introduced in Hungary in 2023.

Stress management and individual support

Own indicator The OTP Group lays particular emphasis on preventing and eliminating the problems inherent in the nature of its operations (e.g. stress, sitting at work). Reducing psychosocial risks and preventing their consequences for mental and physical health is an important task of health and safety at work. In order to identify and reduce psychosocial risks, stress management, burnout prevention training and online webinars are available for employees in the majority of member companies. In 2024 Q1, OTP Bank will launch a comprehensive survey to map these risks. Participation in the survey is voluntary.
To overcome mental health difficulties, OTP Bank continued to provide support services for individuals and families in 2023. The Smart Hour webinar series continued. Weekly presentations by external specialists discussing typically problems relating to mental health, personal development and various common situations at work or in private life, and recommending solutions.
For the first time, the Bank organised a Health Day with external professional partners. In addition to learning about healthy lifestyles and psychological factors, the hybrid event also provided participants with practical help in @bhc.hu and @meghallgatunk.online experts on how to manage stress, get restful sleep and have a healthy diet. Each time, the presentations were attended by 30–50 people on the spot, but there was also a lot of interest online, so in the future the Health Day will be held every six months.
Since 2020, Bank employees have had the opportunity to consult specialists of the @meghallgatunk.online portal (coaches, psychologists, mental health professionals) free of charge. Feedback suggests that the service is useful and that more and more people are using this kind of help. From its launch until September 2023, more than 2,000 counselling sessions were held to deal with work and family problems or health issues. In 2023, employees participated in 960 consultation sessions. In special cases (in 2023, there were several non-work-related deaths in the Bank), we held a series of group consultation to process grief. During the year, office massage, specifically tailored for office sedentary workers, was made available with the help of medical masseurs.
HU RO MD OTP Bank and OTP Bank Romania have several hotels where 96 employees and their families (284 people) could stay at a discounted rate, while the top performers could stay for free. In addition to OTP Bank and OTP Bank Romania, some of the Hungarian subsidiaries and employees of the Moldovan subsidiary bank have the possibility to benefit from discounted rates at these hotels.

Sports

The OTP Group encourage its employees to do physical exercise. In 2023, OTP Bank organised its traditional central sports day, which was also attended by the employees of the Group's Hungarian members. The primary objective of OTP Bank's community sports application scheme is to encourage workplace communities (at least 10 strong teams) to engage in joint sports activities. In 2023, the Bank increased the budget for the call for proposals, which resulted in more than 173 events, mobilising 6,135 employees. In order to promote sport, sports-related articles were regularly published on the internal communication platform and the Bank took over the registration fee for AllYouCanMove and, to a limited extent, the entry fee for people doing individual sports. The bank's sports clubs regularly organise home championships, which are open to employees of subsidiaries as well.
A wide range of sporting opportunities were also available in 2023 among member companies. These typically involved the organisation of sports days, the participation of company teams in sports competitions and the funding of sports clubs.
RS The Serbian subsidiary organised an OTP All Star sports day with the participation of 500 people and supported the active

participation of employees in local sports competitions (Business Run).

AL The Albanian subsidiary held a volleyball and football tournament for the purposes of teambuilding.

UA In Ukraine, a traditional sports day was organised and a running club is run.

MD The mission of the CKB Mission Possible Team is to build a community of people working in different areas. In 2023, 300 people participated in activities such as hiking and boat trips.

To promote physical activity, several member companies run or make available exercise and fitness programmes for their employees.

SI SKB Bank was awarded the WAC (Workplace Active Certification) certificate in 2023 for its achievements in 2022. The bank offers a variety of sports and clubs for recreational sports and competitions. In 2023, a Bankathlon sporting event was organised for the employees of the NKBM and SKB. The NKBM sports club also has a hiking section, which organised 8 mountain hikes in Slovenia in 2023.

UZ The Uzbek subsidiary bank its employees the opportunity to exercise regularly in the fitness centre. A special fitness programme was offered for women. The trade union is actively involved in organising sporting events in the company, and twice a year it organises tourist trips to cities in Uzbekistan.

RO The Body Awareness Program of OTP Bank Romania was established with a view to supporting sports, healthy eating and awareness; it contributed to the achievement of the objectives with a series of videos presenting sports exercises, mindfulness training and 3 sports camps.

Occupational health and safety and accidents

GRI 3-3 The OTP Group makes every effort to maintain safe working conditions. The low number and severity of accidents is proof of the effectiveness of these efforts. From an occupational health and safety perspective, the Banking Group's employees are mainly employed in low-risk jobs, the framework for occupational health and safety is regulated in accordance with local legislation and occupational health and safety activities are carried out in accordance with it. In 2023, OTP Bank's Occupational Health and Safety Code was revised. A more significant change is that the scope of the responsibilities and professional training of the person responsible for occupational health and safety has been specified due to the changes in the law on occupational health and safety, and the regulation has been amended to include printing and logistics activities; occupational health has been modified for certain jobs. The most important work and fire safety task in 2023 was the inauguration of the data centre, which is a priority area from a safety point of view.

The employees of the Banking Group also receive regular training in occupational health and safety in accordance with local legislation. OTP Bank employees participate in annual training, which goes beyond the expectations. Group-wide cooperation with the Hungarian subsidiaries has been strengthened, and the renewed e-learning material on occupational safety and fire prevention has also been shared.

GRI 403-9 At OTP Bank, the rate of work-related accidents[62] increased to 1.5 in 2023, which is good compared to the national statistical average (4.4 to 5 accidents at work per 1,000 employees). For the OTP Group, the indicator remained unchanged from the previous year at 2.0 in 2023. Accidents were investigated in accordance with the relevant legislation. At Group level, accidents at work continue to be predominantly work-related, occurring in the Banking Group's facilities, while walking (falls, slips) or during manual materials handling.

[62] Number of work-related injuries per 1,000 employees

GRI 403-9 **Work-related injuries:**

		OTP Bank				OTP Group			
		2020	2021	2022	2023	2020*	2021	2022	2023
Number of accidents**	(pcs)	22	18	9	16	42	77	85	85
Accident rate**	(per 1 million hours worked)	1.35	1.05	0.5	0.88	0.63	1.11	1.27	1.13
Number of high-consequence injuries	(pcs)	0	0	0	0	1	1	6	5
Serious accident rate	(per 1 million hours worked)	-	-	-	-	0.02	0.01	0.09	0.07

* OTP Bank Ukraine was unable to provide data and is therefore not included in the projection base.
** Accidents subject to reporting.
The number of hours worked was 18,084,383 for OTP Bank and 75,368,421 for OTP Group in 2023. The data reporting covers all employees.

It is an important achievement at OTP Bank that still no accident occurred while employees worked from home, just as there were no accidents involving supervised employees or persons working on company premises either in 2023.[63] External workers working at OTP Bank's premises are provided, and familiarise themselves, with the occupational health and safety regulation upon the handover of the worksite and they are obliged to report any accident occurring at the premises.

First aid

In the summer of 2023, our employees successfully provided first aid on several occasions after several cases of customers becoming unwell due to heatwaves. These cases highlight the crucial importance of first aid training. The training will continue in 2024 to ensure that all the Bank's organisation units are fully equipped with first aid personnel, further enhancing the safety of employees and customers.

6. Community engagement

6.1 Activities aimed at improving financial literacy

This chapter describes the activities related to the following relevant topic:

ST8: GRI 3-3 **Strengthening of financial awareness in vulnerable groups**
Impact: Financial products and services may be highly complex – financial literacy is indispensable for one to understand such products and services, for making responsible and good financial decisions as well as for accomplishing one's objectives. This knowledge is harder to acquire for vulnerable groups (including young people), even though it is of above-average importance for them in creating a stable financial background. The OTP Group has the knowledge to expand the knowledge of these groups.

This material topic supports the achievement of the following SDGs:

[63] Of the foreign subsidiaries, DSK Bank, OTP Bank Albania, and OTP Bank Moldova were unable to provide data.

Engagement: The OTP Group is committed to the development of financial literacy, which is the focus of its community engagement. To reach target groups as widely and as effectively as possible, we are also working to promote financial awareness through our own foundation and through partnerships with other organisations. We are constantly looking for ways to make our work more effective. The OTP Group strives to communicate clearly and understandably about its products and services and uses a number of tools to support understanding, which are described in @chapter 3.1.

Objectives: Raising awareness of the future among people
Deepening financial literacy and raising awareness

Acts: Running a wide range of financial education programmes through its own foundations
Training programme for the socially disadvantaged
Cooperation with NGOs, professional organisations and universities
Encouraging volunteering in the development of financial literacy

Stakeholder engagement/compliance: Extensive cooperation with NGOs and professional organisations, local communities, conducting research, involving employees and clients, requesting feedback on results and experiences, transparent communication on donation activities, publishing ESG strategic objectives.

Details of the relevant thematic activities, their results and the evaluation of their effectiveness are presented on the following pages.

For further information visit our @website.

The OTP Group is a dedicated supporter of financial literacy across the region. Member companies are helping in many ways to ensure that today's young people make informed financial decisions as tomorrow's adults.

In 2023, the OTP Group spent 23 percent more on the development of financial literacy within the scope of its donation activities compared to the previous year. The largest proportion of participants in training and programmes were from the OC training programmes.

FN-CB-240a.4, *own indicator*

Information on the development of financial literacy, 2023:

	OTP Group
Number of participants in the company's own and the OK training programmes	49,054 persons
Number of participants in trainings implemented in cooperation with other organisations	10,409 persons
Donation for the development of financial literacy	HUF 1,176 million
Sponsorship for the development of financial literacy	HUF 167 million

OTP Fáy András Foundation

OTP Bank is primarily active in the development of financial literacy in Hungary through the OTP Fáy András Foundation.
The foundation's mission is to raise awareness of the future among people. It provides free of charge training mainly for primary and secondary school students and young adults in economic and financial education, career and vocational orientation and sustainability topics, supplemented by social skills development. In addition to the practice-oriented, experience-based in-person and digital training, the Foundation's activities increasingly focus on awareness-raising and attitude-shaping educational activities for the general public.

In 2023, the Foundation has further increased the number of students regarding in-person and digital education:

- More than 37,000 persons took part in training sessions, an increase of 27 percent in a year. The result is due to the expansion of the range of partners in public education and at universities, the extension of cooperation, the development of e-learning courses and the popularity of in-person training.
- The number of participants in adult education almost tripled, while the number of those involved in training programmes for young people increased by 14 percent. The number of people completing e-learning modules for young people has increased by almost a quarter. The youth courses continue to be mostly attended by secondary school students.

FN-CB-240a.4 Number of participants in training programmes in 2023 (No. of persons):

	Training programmes for young people	No. of persons
In-person training	Participants of 24 different courses	13,139
	of which disadvantaged participants	606
Digital training	those taking 43 different streamed learning materials	6,377
	of which disadvantaged participants	641
	those taking 37 different 45-minute e-learning materials	12,568
	of which disadvantaged participants	659
Total		**32,084**
	Adult education programmes	**No. of persons**
In-person training	2 types of training	1,253
	of which disadvantaged participants	166
Digital training	3 types of e-learning training	3,780
	of which disadvantaged participants	78
Total trainings		**5,033**

Disadvantaged participants: students: participants in the organization of civil organizations dealing with young people, those coming from regions disadvantaged by law, as well as the teacher's statement on the number of officially registered disadvantaged students in his class in youth training. Adults: people from disadvantaged regions defined by law.

At the end of 2023, the Foundation's training portfolio consisted of more than 100 training materials, two thirds of which were in digital format. The number of live streamed interactive training courses and e-learning materials for youth and adults has increased significantly.
In 2023, the focus was on reviewing and qualitatively transforming the training portfolio, preceded by extensive testing.
The methodological, thematic and visual renewal of the entire secondary school portfolio was launched, incorporating Finnish teaching methodology and good practices.
At the same time, adult education programmes have been fine-tuned.
In 2023, all three of the Foundation's adult learning materials will be available to university partners.

- The **Modern Entrepreneurship** online course on starting and running a business in blended learning[64] format was launched as a stand-alone subject in the first semester of the ELTE 2023/24 academic year.
- The **Financial Awareness, Career Planning** – Decisions and Consequences competency development training was offered as a separate module at the University of Nyíregyháza and the Hungarian University of Agricultural and Life Sciences in 2023.
- The **Financial Basics Programme** for young adults, in e-learning format, has been integrated into the curricula of several universities (Hungarian University of Agricultural and Life Sciences, University of Nyíregyháza, Pannon University and Budapest Business School).

In total, 148 public education institutions became partners of the Foundation during the year. Based on a new concept, the **network of model and partner schools** of the OTP Fáy

[64] Blended learning is a form of education that combines elements of online learning and traditional classroom teaching.

András Foundation was established, which opened up the possibility of wider cooperation (curriculum testing, market research, joint events, charity initiatives, etc.). The number of model schools has been increased to four, including the ELTE Radnóti Miklós Teacher Training School, the leader in the ranking of national schools. In addition, the Foundation has signed partnership agreements with 19 primary and secondary schools.

In the area of adult education, the **network of university and vocational training partners** has been expanded and cooperation deepened. The Foundation established strategic partnerships with 8 universities and students from 11 vocational training centres participated in adult education courses in 2023. Through relations with universities, joint research, curriculum development, hosting interns and methodological presentations have also been carried out.

In order to further reach young adults, the Financial Basics Programme was also taught at the Jesuit Roma College, and workshops and interactive presentations were given by representatives of the Foundation at the GEN Z Festival. The event was organised for the first time in 2023 with the aim of providing Generation Z with information and opportunities in the areas of financial awareness, career development and home purchases.

In addition to students and young adults, **teachers** remain an important training target group for the Foundation. The teacher training programme organised jointly with Eötvös Loránd University continued in 2023.

In addition to educational programmes, the Foundation also held awareness-raising and educational events and communication programmes:

- The **OTP Fáy Educational Innovation Award** aims to recognise and promote outstanding and innovative practices in the field of educational tools and methodologies. Almost 300 applications were received in the three categories announced. The Grand Prize winner was Redmenta Edutech Kft. with their AI-based content creation application. In addition to the net prize of HUF 5 million, they also received patent, legal, financial-investment and communications support.
- The Foundation organised a **professional conference entitled "Education in the Future – Competences for the Future"** for leaders in public education, higher education and the labour market.
- The **"Fáy Fröccs" podcast series** has been launched. The discussions aim to raise public awareness of financial awareness and future awareness. In 2023, the guests were Judit Polgár (chess player and school curriculum developer) and Katica Nagy (actress and sustainability influencer).
- The Foundation's staff organised awareness-raising activities at events and festivals. For five weeks, education camps were held for primary and secondary school students in Budapest and in the countryside. In 2023, for the first time, financial training sessions were held at the programming camp of the Hungarian Association of Lead IT-Managers and at the "FunWeek" camp of the Hungarian Association of the Deaf and Hard of Hearing. They organised a financial quiz in the framework of the Jászberény Book Thursday programme, presented interactive workshops and playful exercises on vocational guidance at the Nyíregyháza SzakMAfest, and on sustainability at the Climate Heroes conference organised by UNICEF.

In their professional work, the OK Training Centres in Romania and Moldova draw on methodologies proven in Hungary and they shall similarly develop strategic partnerships with prominent actors in the field of education: NGOs, educational institutions and teacher communities. Their training and programmes reached 1,822 persons in Romania and 9,400 persons in Moldova.

RO The popular free training programmes of the OTP Bank Romania Foundation continued in 2023:

- young adults (687) were provided training through the Financial Fitness training programme,

- startAware, a vocational orientation programme for secondary school students, was held with 45 participants,
- the Education Programme in Miercurea Ciuc provided experiential financial education to 640 local secondary school students.

They also launched a podcast series called the Light Financial Podcast with Itsy Bitsy Radio to promote financial literacy to a wider audience.

MD In three and a half years of operation, the OK Foundation in Moldova has become a local reference centre for financial education. During European Money Week and Savings Week, the Foundation's financial experts gave presentations and workshops. A dedicated financial management training programme for SMEs was held. During the six-week free training, entrepreneurs learned how to plan their finances effectively, analyse their financial performance, manage financial risks and make responsible financial decisions. Since the programme started, more than 500 Moldovan SMEs have participated in the training.

Collaboration in financial education

Several banks of the OTP Group joined the local implementation of Global Money Week and European Money Week. In Hungary, the Hungarian Banking Association and the Foundation for Financial Awareness (Pénziránytű Alapítvány) organised the event for the ninth time under the name of **PÉNZ7 (European Money Week).** 114 OTP Bank employees mainly gave presentations in the programme aimed to raise financial awareness. OTP Bank experts accounted for more than a fifth of the volunteers joining the national programme, twice as many as a year earlier. There was a huge interest in the European Money Week, with 145,000 students from more than 1,100 schools taking part in around 12,000 lessons.

BG HR RS AL UZ UA MD

BG Lectures were also given to students in Bulgaria, where financial fraud was the main topic of the initiative.

HR Employees of the Croatian subsidiary organised several financial workshops for primary and secondary school students in Pula and Zadar. In addition, on the occasion of World Money Day, financial fraud prevention was highlighted to the graduating students of the Zadar School of Economics and Business, who also worked on the project "Protect your money".

RS On the occasion of the European Money Week, the Serbian subsidiary held workshops for students of two faculties of the University of Belgrade and launched a post-series of financial education content on its social media pages.

AL The Albanian subsidiary held training sessions in cooperation with the Albanian Banking Association. OTP Bank Albania also sponsored the "Take care of your money and build your future" programme element and the related video making competition.

UZ Ipoteka Bank staff from Uzbekistan also held financial lectures and training sessions in 17 primary schools, with a total of 425 students attending.

UA The Ukrainian subsidiary implemented three programmes during 2023 in cooperation with the National Bank of Ukraine. It has joined the "Savings Week" initiative to improve financial literacy among Ukrainian children. He was also a major sponsor of the "Digital Finance for All" marathon initiative. In addition to the financial support, its staff gave lectures and workshops on "Financial protection. Bankers' Profession" on the basics of digital finance and secure digital banking.

The results of the **OTP Self-Provision Index**[65] show that the financial literacy of the Hungarian population is still generally weak, going back many years. Survey 2023 shows Hungarian people are talking more and more about self-provision, but not taking the necessary steps to create a stable financial situation. The main average of the index remained at 37 points after the rise in 2022. Several factors are behind this, including the uncertain economic environment and fears regarding the future. Four out of 10 respond-ents have no savings at all, and a significant

[65] OTP Bank has been conducting surveys for over a decade now to explore the Hungarian population's self-provision habits and behaviour and their responses to various economic situations, on a sample of 1,500 18–70 years old bank account holders.

proportion of the population think that although their financial situation is stable, it is a challenge for them to save. 11 percent of the survey participants have pension savings and only 32 percent plan to save for their future retirement – despite the growing lack of confidence in the state pension scheme. OTP Bank joined the roundtable discussion "Every little item counts – Managing finances smarter in the 21st century" held in the framework of the **Brain Bar event.** Participants in the discussion explored the relationship with the future, conscious finance, the psychological mechanisms that inhibit it and possible solutions with participation of the audience.

Financial education of socially disadvantaged groups

One of the most important objectives of the OTP Fáy András Foundation was to promote the inclusion of socially disadvantaged people regarding financial awareness. In 2023, three times as many students (2,150[66] persons) from difficult circumstances participated in the Foundation's training as in the previous year – 61 percent of them opted for digital training. The exploratory research, launched in 2022 to develop a specific, tailor-made training programme, was completed in 2023, leading to the identification of the themes, effective training formats and relevant platforms.

The Foundation continued to work with partner organisations to deliver specific, tailor-made training sessions:

- With the Szent Ágota Child Protection Service, training sessions were held for young people over 17 years of age who are about to become independent and young adults in aftercare, to help them make informed decisions about the use of financial resources that will become available once they become of age.
- In addition to the financial education camp organised for the mentors of the Csányi Foundation, the Parents' Academy programme continued, with playful financial awareness training sessions for students and their parents in Kaposvár, Jászberény and Szeged.
- The Fáy Forum continued, focusing on creating opportunities for children in difficult circumstances, their development and motivation. The results of a survey among students aged 12-16 and their teachers were also presented on socially disadvantaged students' attitudes to learning, their vision of the future, their attitude to money management and their media consumption habits. The presentation was followed by a panel discussion where practitioners exchanged views on the topic.

BG DSK is committed to supporting SOS Children's Villages, as part of which they have launched online financial training courses. Bank staff regularly share their knowledge and experience with SOS young adults and provide them with financial advice.
UZ In the framework of the "Women in Business" project, Ipoteka Bank, in partnership with the Business Women Association, organised training sessions for women to help them find their way in the financial world and become successful entrepreneurs.

6.2 Community engagement

The OTP Group is an active member of local communities. A dominant market share in multiple countries entails responsibility as well: the resulting tasks include reduction of social inequalities, contribution to creating opportunities and giving answers to current local challenges. The entire OTP Group pays particular attention to alleviating social hardship, ensuring sustainability and volunteering.

The support provided by OTP Bank has for years been steadily focused – besides the development of financial literacy – on

- creating opportunities: helping the disadvantaged and those in need,

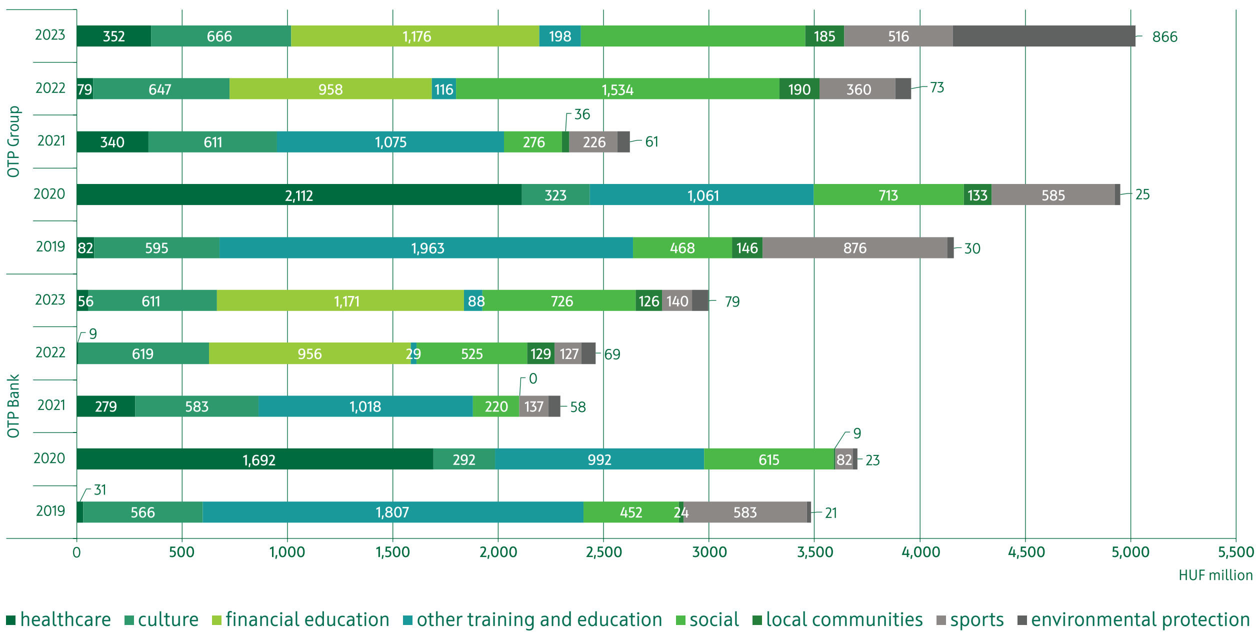
[66] The scope of disadvantaged students is defined as: those coming from youth NGOs, those from disadvantaged regions as defined by law and, in training programmes for young people, a declaration by the teacher of the number of officially registered disadvantaged students in his/her class.

- supporting culture and the arts: creating and preserving value,
- sports.

The OTP Bank subsidiaries make their own decisions on which local causes and initiatives they support or sponsor and how they engage their stakeholders in those. Subsidiaries draw on their own expertise and resources to meet local needs. A common feature of the flagship projects is measurability and cooperation with organisations. OTP Bank typically supports long-established social and regional cultural projects and participates in long-term cooperation arrangements, overarching decades in cases, which facilitate real impacts and predictability.

In 2023, the OTP Group spent HUF 5 billion on donations, which is 27 percent more than in the previous year. The Group spent the most on financial education, which accounted for 23 percent of donations, followed by social sector, which accounted for one fifth of donations. The dramatic increase in environmental aid is due to the HUF 840 million pledged to mitigate the natural damage caused by the Slovenian floods. The cash contribution represented 99 percent of the value of the grants.[67]

Donations by OTP Bank and OTP Group



In the years 2019 to 2021 the financial education and other training and education categories were recorded together.

In 2023, there were three areas of OTP Bank's community engagement activities that should be highlighted in addition to the above:

- humanitarian aid,
- the success of the OTP Donation Platform, i.e. our work to deepen the culture of micro-donations,
- the voluntary community engagement of our staff.

Providing assistance in a crisis

The OTP Group represents a culture of cooperation and assistance. The Banking Group responds sensitively to humanitarian emergencies and natural disasters, working with other organisations to respond quickly and effectively to crisis situations. Unfortunately, this has been necessary several times in recent years.

[67] There is no complete data available on the value of supports in kind, so does not reflect their real value.

In crisis situations, the Banking Group provides immediate donations, typically in cash and in kind, to support those in need and also helps with recovery efforts.

SI The members of the OTP Group, the Slovenian NKBM, SKB Bank and OTP Bank have provided a total of EUR 2.2 million (~ HUF 840 million) in aid to the victims of the natural disaster of floods and landslides in Slovenia. The funding was allocated to voluntary organisations such as the Slovenian Red Cross, the Slovenian Mountain Rescue Association and the Slovenian Firefighters Association, which were the first to provide assistance. 18 employees of SKB Bank were directly affected, receiving immediate solidarity aid from the Slovenian bank. The Slovenian bank also set up community channels to encourage material and in-kind assistance between employees within the bank. To help the victims of the natural disaster, the two subsidiary banks also offered special services, including preferential loans for the affected population, special loans for corporate clients and free of charge transfers to the accounts of humanitarian organisations.

UA In the summer of 2023, the dam at the Kakhovka Hydroelectric Power Plant in Ukraine was destroyed during the war in Ukraine. The consequences of the dam bursting were catastrophic, endangering the population of the region and causing serious water shortages as the central water supply was cut off. To mitigate the damage caused by the broken dam, a humanitarian donation programme was launched within OTP Bank with the Humanity Social Foundation[68]. A total of 25,000 bottles of mineral water were donated to the population from a fundraising campaign organised among OTP Bank employees, worth approximately HUF 4.5 million. To accommodate Ukrainian families who fled to Hungary because of the Ukrainian-Russian war, OTP Life Annuity offered another apartment, the furnishing of which was contributed to by the Humanity Social Foundation. With their support, an emergency ambulance was equipped with medical devices for the Arcadia Clinical Sanatorium of the Ukrainian State Border Guard Service.

The Russian-Ukrainian war has also increased the number and value of social and health subsidies provided by the Ukrainian subsidiary bank. In 2023, one of the most important projects was the support of the Superhumans Center, where wounded Ukrainians are provided assistance, rehabilitation and prostheses. They also raised money for people in need of prostheses by organising charity fairs.

HU In Hungary in 2023, the most damage was caused by violent summer storms due to increasingly extreme weather. OTP Bank donated HUF 10 million to Jánoshida, which suffered serious damage, to cover the cost of storm damage restoration works.

Developing a culture of donation

OTP Bank makes efforts – through its services and electronic channels, and by involving its employees – to make donation, as an internal motive and practice, become part of everyday life.

The Bank will continue to offer the opportunity to donate micro-donations of HUF 100-200-500 through its digital banking channels and ATMs in order to promote the culture of donation. In 2023, customers and employees offered a total of HUF 270 million in donations to 9 social organisations helping people in need on the donation platform. The success of the programme is proven by the fact that the amount of donations increases year on year. The organisations supported are recognised for their activities and the grants help to improve the living conditions of disadvantaged people and to strengthen communities. At the @website of OTP Bank's micro-donation programme, a list of supported organisations and a detailed description of their programmes can be found.

[68] OTP Bank exercises founder's rights over the Foundation.

Names of organisations sponsored in 2023	Use of aid
Amigos for Children	Supporting sick children
Szent Ferenc Hospital of Budapest	Recovery of heart and lung transplant patients
"Hintalovon" Children's Rights Foundation	Responsible adults for the protection of children
InDaHouse Hungary Association	Developing disadvantaged children
"Kaptár" Day Care Centre	Accessible bus for young people with special needs
Hungarian Maltese Charity Service	*Kommandó* – Rebuilding burnt houses
Hungarian National Association of the Blind and Visually Impaired	Guide dog training
International Children's Safety Service	Mobile dental clinic for the screening of disadvantaged children
International Children's Safety Service	Support for sick children in need
"RÉS" Social and Cultural Foundation	Upgrading shelters for women and families in crisis

Two subsidiary banks continue to facilitate regular and small amount donations:

BG The Bulgarian bank's *DSK Helps!* platform, launched in 2022, will provide an opportunity to donate. The projects supported on the platform are focused on four main areas under the Bank's CSR policy: children and education, nature conservation, arts (including their "City as Its People" development project to improve the urban environment), employee engagement and volunteering.

HR OTP Bank Croatia has continued its joint programme with Mastercard, "Round up!", which allows customers to round up the total amount of their purchases. The difference will be provided to the chosen charity organisation. In the 4 years since its launch, EUR 800,000 (~HUF 300 million) has been donated to children's wards in 8 hospitals in Croatia, with contributions from 18,000 customers. In the 2023 campaign, the children's wards of Zadar Hospital and Osijek Clinical Hospital Centre benefited from the HUF 80 million donation.

Volunteering by our staff

Volunteering is a tradition for most members of the OTP Group. We encourage initiatives and are happy to contribute to the efforts of our staff.

Almost all subsidiaries organise corporate volunteering activities or create opportunities to join. At group level, 10 percent of employees are engaged in volunteer activities.

OTP Bank's OTP Local Value internal voluntary application programme was successfully implemented again in 2023. This time, 71 volunteer teams won a grant of HUF 200,000 to help a number of institutions, local communities and their surroundings. The teams were able to manage a total of HUF 14.2 million and the 1,267 volunteer colleagues provided support to nearly 19,595 people in need. In 2023, the Bank extended the tender opportunity to a significant number of its Hungarian subsidiaries. The Humanity Foundation continued to support the teams as a mentor.

The employees of OTP Bank collected donations of money and goods for the Hegyközi Elementary School and its four other member schools and their students as part of the donation campaign launched on Family Day.

Thanks to staff donations, the campaign raised HUF 1.1 million, which was doubled by the Bank. The money was used to improve the school's infrastructure.

This year, the year-end fundraising campaign addressing employees raised a record HUF 3.5 million, which was matched by the Bank and the Humanity Social Foundation with a further HUF 4 million. Thanks to the initiative, 150 disadvantaged families received a donation package of durable food, and three kindergartens received various toys, development tools and kindergarten supplies.

The number of voluntary initiatives among Hungarian subsidiaries has increased. Many of them have provided additional help to organisations supported by the company in this way. Staff have mainly helped disadvantaged and sick children through fundraising and supported schools through their work.

OTP Bank and most of the Group companies have a long tradition of blood donation, one of the most selfless forms of volunteering. Every year, more than a thousand bank employees sign up to donate blood to support uninterrupted blood supply. OTP Bank joins the Bank Blood Donors Week every year, as it did in 2023.

HR The Croatian subsidiary is one of the main sponsors of the "Croatia Volunteers" movement, which was announced for the 13th time in 2023. Bank staff in six cities collected donations of food and hygiene products for the Red Cross. They have also contributed to two building renovations and helped 350 disadvantaged children start school.

RO During 2023, the Romanian subsidiary bank participated in 8 volunteer campaigns in partnership with charities, specifically supporting poor children in disadvantaged communities. They have helped disadvantaged schools with painting and planting activities in the EduPlant programme, filled backpacks for poor children starting school in their "Hátizsák" [Backpack] programme, provided books and furniture for a school library, and ran a sustainable clothing donation campaign.

Voluntary activity performance indicators, 2023:

		OTP Bank	OTP Group
Participants number of	(persons)	1,177	4,222
Participants percentage of, relative to total headcount	(%)	11.1	10.0
Time spent doing voluntary activity	(hours)	9,416	14,025
Number of blood donors	(persons)	1,852	2,621

In 2023, OTP Bank announced the **Responsible for Each Other Award** with a renewed content and approach. One of the prizes awarded at the year-end OTP Gala is the award, which has been given since 2016 to the teams that have been most active and versatile in implementing social and environmental responsibility programmes. An important change in the content of the award was that each team could apply with a single, comprehensive, long-term project. The award was given to the staff of the Document Management Services Department, who are regular and dedicated supporters of Bethesda Children's Hospital. Their exemplary project was built on their expertise: they developed a new professional registration system for hospital X-rays, and also separated industrial silver in X-rays for recycling.

Priority grants, programmes

HU Thanks to the support of OTP Bank, the Children's Safety Service's dental screening bus was able to continue its work in 2023, during which it screened more than 3,300 children free of charge. The donation of HUF 50 million was used to renovate the bus and purchase equipment for screenings. The bus visited more than 11 locations across the country, including communities where dental care is difficult for children to access.

BG DSK Bank has been partnering with SOS Children's Villages in Bulgaria for 12 years. During this period, 424 children and young people in SOS families and homes were helped through corporate donations and donations made available through the ATM network and the Bank's online banking service. A further 469 young people were supported through the "Start of Independent Life" and "Pathways to Freedom" programmes, and a further 3,900 children received support through the SOS Counselling Centres and the "Family Support and Separation Prevention" project.

HR In 2023, the Croatian subsidiary's donation programme was again open to organisations in the categories of youth, education and science, culture, historical and traditional heritage, environment, humanitarian projects and sports. On this occasion, the jury selected 34 projects. Over the past twelve years, it has helped to deliver more than 500 projects of value to the development of communities and society as a whole.

OTP Class Grant

In 2023, OTP Bank launched the OTP Class Grant for the first time, with the aim of supporting school communities in addition to raising financial awareness. Fifth grade classes could enter their ideas in two categories – community development and cleaning up the classroom or the school environment. Around 300 entries were received in the form of a 2–3 minute creative video and a budget plan was also required for entering the competition. In addition to the four classes, each of which received a cash prize of HUF 500,000, two OTP Fáy special winners were also announced, who were given the opportunity to participate in a half-day practical financial training course at the Budapest Zoo. The winners used the prize money for a class trip to Prague, sign language training and a trip with hearing-impaired children, as well as to improve the school yard and buy sports equipment and replace cabinets in changing rooms.

Sponsoring of sports

OTP Bank is a committed supporter of Hungarian football, especially youth football. The **OTP Bozsik Institutional Programme** contributes to the education of young players in Hungarian football. The 2023/2024 season saw an increase of more than 10 percent in the number of registered players, which also means that this was the highest number of school football players (135,796) in the history of the programme. Girls accounted for 28 percent of the players, up 13 percent in a year to 38,646. In 2023, 15 percent more clubs joined the Bozsik programme than in 2022. 70 percent of the newly involved associations operates in disadvantaged municipalities.

SI RS The OTP Group is a key sponsor of the national Olympic team in several countries, including Slovenia and Serbia, in addition to Hungary.

MD OTP Bank Moldova is also committed to the development of football and youth football development. With their support, hundreds of children can once again do sports at the Zimbru Football Academy. In 2023, the bank sponsored members of the Moldovan Paralympic Team who represented the country at the Tokyo Paralympics Games. The grant was used to cover travel and other expenses of the athletes.

7. Environmental policy and environmental protection measures

Information and data relating to environmental protection are, in accordance with the Accounting Act, presented separately. The direct environmental impacts of the operations of the Banking Group, as well as the Group's awareness raising activities, are described in this chapter. The environmental risks relating to the provision of financial services are managed and the relevant environmental opportunities are utilised in the framework of the ESG strategy, therefore these activities are discussed in the chapters of the Non-Financial Statement.

This chapter describes the activities related to the following relevant topic:

GRI 3-3: 305 **Greenhouse gas emissions from operations**

Impacts: The operational functioning of OTP Group requires the use of natural resources and energy, however, the resulting environmental impact is significantly lesser than the indirect impacts associated with the provision of financial services. Among the environmental impacts of our operations, greenhouse gas (GHG) emissions have been identified as a key sustainability topic, but we are also working to mitigate our impacts beyond it. Emissions exacerbate climate change and damage natural resources. Reducing emissions will help fight climate change. The practices of the Banking Group also have an awareness raising impact in the segment of environmental protection and the promotion of environmental awareness in its operations is a major element of the regional leading role undertaken by the Group in relation to the green transition.

This material topic supports the achievement of the following SDGs:

Engagement: Our objective is to reduce the environmental impact of our operations. We are committed to the efficient use of resources, carbon-neutral operations and economy. Encouraging environmentally responsible behaviour in society through our employees and customers. We report transparently on the environmental impacts stemming from our operations, focusing on energy consumption and GHG emissions. Group members set targets to achieve carbon neutrality.

Acts:
- Reporting on the environmental impacts of the Group's operation
- Energy efficiency investment projects
- Purchase of green electricity, use of renewable energy sources
- Reducing paper use through digitalisation; using recycled paper
- Rationalising business travel
- Improving waste management
- Awareness-raising activities

Stakeholder cooperation: We work with service providers and NGOs to implement environmentally responsible practices. We do a lot to raise the awareness of our customers and our employees.

Details of the relevant thematic activities, their results and the evaluation of their effectiveness are presented on the following pages.

For our basic principles concerning environmental protection and the fundamentals of our practices, please visit our @website.

OTP Bank's ESG strategy has set a target of full carbon neutrality by 2030 for Scope 1–2 emissions, with the net **carbon neutrality target** achieved in 2023. In 2022 the subsidiary banks set themselves goals concerning environmental protection as well in relation to their operations under their respective ESG strategies, focusing primarily on energy consumption, carbon dioxide emission and paper use.

SI RO RS ME Slovenian SKB has set a target of net carbon neutrality for Scope 1–2 emissions by 2023, the Romanian subsidiary by 2025 and the Serbian subsidiary by 2027. CKB is expected to become carbon neutral by 2035.

GRI 2-13 Environmental protection at OTP Bank is regulated by the Environmental Policy. Environmental policies are in place at some of the subsidiary banks. OTP Bank prepares annual internal reports on the environmental impact of its operation, for approval by the manager in charge of this function. To enhance knowledge relating to the performance of work, along with general knowledge, every OTP Bank employee is provided with environmental training once every two years.

Energy consumption and carbon dioxide emission

GRI 305: 3-3, TCFD IV.c Even with the two major acquisitions – Ipoteka Bank and NKBM – OTP Group's energy consumption did not increase drastically, as several members of the Banking Group significantly reduced their energy consumption (by up to 10–20 percent). Consumption decreased most in relation to heating (mainly natural gas and district heating), while consumption related to car use increased and electricity usage decreased to a lesser extent at the member companies.
OTP Bank's total energy consumption decreased by almost 10 percent compared to 2022, again largely due to the use of heating fuels.
At the Group level, the reduction in consumption was driven by the savings measures implemented, which, in addition to environmental considerations, were also encouraged by the significant price increase in 2022 and a milder winter. In several cases, consumption was moderated by timers during the period of non-use, and changes in the property portfolio and moves also affected consumption trends.
Some of the team members educated colleagues on the functioning of the office heating and ventilation system and how to set the temperature correctly.
The fact that the OTP Group continuously carries out renovations and modernisations at both its central buildings and in its branch network also reduces consumption, and improving energy efficiency is an important aspect of investment projects. In 2023, the modernisation of heating systems, the widest possible use of LED lighting and the installation of additional motion sensors were again the most common types of energy efficiency investments. Two subsidiary banks carried out energy efficiency audits. During the replacement of air conditioning units we make sure that the new units use environment-friendly coolants.

BG 14 buildings of DSK Bank have been energy audited and issued with energy efficiency certificates. The subsidiary bank also carried out a major heating upgrade and introduced a building management system in 6 buildings.

SI SKB Bank in Slovenia carried out energy audits at 16 locations, including its headquarters. According to the results, lighting replacements and other investments will be implemented. An energy efficiency monitoring system has been installed at NKBM.

RS The Serbian subsidiary has replaced its old air conditioners with devices using environmentally friendly refrigerants. The bank increased the number of areas with LED lighting by 30 percent compared to the previous year and installed motion sensors in toilets.

By means of the 2023 projects aimed at improving energy efficiency and at using renewable energy OTP Bank saved a total of 2,058 GJ energy. The entire OTP Group saved 7,745 GJ.
The Banking Group is also expanding its own **renewable energy** power plants, with significant new solar capacity installed in 2023. At Group level, our systems generated a total of 3,330 GJ of solar energy, 64 percent more than in 2022. OTP Bank's heat pump production decreased significantly because the archives using geothermal energy moved to another site.

BG In 2023, a solar PV system with a capacity of 201 kW was installed on the 3 buildings of DSK Bank.

HR The Croatian bank installed solar panels at two sites in 2023, with a capacity of 48 kW. The HEP Opskrba service provider uses the green electricity surcharge on energy efficiency improving renovations of social institutions, including schools, pre-schools, kindergartens and old people's homes.

RS The Serbian subsidiary bank has also installed solar panels on one of its buildings.

UZ Bank Ipoteka has installed 849 kW of solar panels on its headquarters' building and at its branches. By continuing to invest, the bank expects a 30 percent reduction in electricity consumption.

The energy consumption of the OTP Group[69] in 2023 was 1,107 thousand GJ, practically the same as in the previous year. Electricity accounts for around half of the Banking Group's energy consumption, so increasing **green electricity procurement** reduces carbon emissions. In 2023, OTP Bank, the two Slovenian subsidiaries, OTP Bank Croatia, OTP Bank Serbia and OTP Bank Romania also used predominantly green electricity (green electricity procurement cannot be fully implemented for leased areas)[70].

GRI 305: 3-3, 302-1 Energy consumption within the organisation (GJ) – OTP Bank:

	2019	2020[1]	2021	2022	2023
Natural gas	65,594	63,827	71,219	62,539	50,066
Mineral vehicle fuels	31,829	29,444	31,741	34,651	37,253
Other non-renewable fuel	156	152	585	3,501	2,711
Total non-renewable fuel sources	*97,579*	*93,423*	*103,545*	*100,691*	*90,030*
Biogenic vehicle fuels	-	1,360	2,247	2,615	2,821
Total renewable fuel sources	*0*	*1,360*	*2,247*	*2,615*	*2,821*
Electricity	129,442	127,537	126,112	139,205	4,614
Green electricity (GO)[2]	N/A	N/A	N/A	N/A	128,181
District heating	21,584	24,244	25,970	22,371	18,597
Total indirect energy purchased	*151,026*	*151,781*	*152,082*	*161,575*	*151,392*
Self-generated renewable energy	*2,005*	*5,166*	*5,141*	*4,053*	*1,312*
Total energy consumption[3]	**250,610**	**251,730**	**263,014**	**268,934**	**245,555**
Total energy consumption per employee[4]	**28.14**	**26.75**	**26.73**	**26.17**	**23.19**
Share of renewable energy	**N/A**	**N/A**	**N/A**	**N/A**	**54%**

[1] Also includes the consumption of the former Monicomp and eBIZ.
[2] Purchases of green electricity certified by guarantee of origin (GO) will be indicated separately.
[3] Deviates slightly from the figures in the Annual Report up to 2021 because the finalised consumption data were received at a later date.
[4] In 2019 based on statistical headcount, from 2020 based on average full-time staff numbers.
The energy consumption data are derived from metering; solar energy and part of the heat pump energy is estimated based on manufacturer information in the absence of a meter. Where necessary, we used the calorific values taken from the National Inventory Report (NIR) from 2022 onwards, and previously the EU regulation and DEFRA values, to convert the consumed quantities into energy.

GRI 305: 3-3, 302-1 Energy consumption within the organisation (GJ) – OTP Group:

	2019	2020[1]	2021[2]	2022[2]	2023
Natural gas	143,139	134,738	308,237	272,624	243,745
Mineral vehicle fuels	99,801	79,248	113,153[3]	132,183	140,895
Other non-renewable fuel	2,194	1,054	31,327	53,281	57,078
Total non-renewable fuel sources	*245,134*	*215,040*	*452,717*	*458,088*	*441,719*
Biogenic vehicle fuels	-	1,949	5,583[3]	7,576	6,290
Renewable fuel	134	134	0	0	0
Total renewable fuel sources	*134*	*2,083*	*5,583*	*7,576*	*6,290*
Electricity	404,040	438,810	507,376	525,411	317,182
Green electricity (GO)[4]	N/A	N/A	N/A	N/A	227,349
District heating	87,574[5]	86,514	112,036[3]	94,875	111,108
Total indirect energy purchased	*491,614*	*525,034*	*619,411*	*620,286*	*655,639*
Self-generated renewable energy	*6,563*	*6,855*	*5,923*	*5,056*	*3,395*
Total energy consumption	**743,445**	**749,302**	**1,083,635**	**1,091,006**	**1,107,043**
Total energy consumption per employee	**20.37**	**20.27**	**27.49**	**29.22**	**25.58**
Share of renewable energy	**N/A**	**N/A**	**N/A**	**N/A**	**21%**

[1] Consumption of former Expressbank and OTP banka Srbija a.d. Beograd is reflected in the data from this date.
[2] Full consolidated corporate circle.
[3] In 2022 corrected data owing to calculation error, the Banking Group's total energy consumption is 0.7% higher than the figure published earlier.
[4] Purchases of green electricity certified by guarantee of origin (GO) are reported separately from 2023.
[5] The district heating figure of OTP Bank Russia is an actual measured figure, significantly above the estimated consumption of prior years.
The energy consumption data originate primarily from metering, in the case of certain minor consumptions they come from calculations; some of the solar energy and the heat pump energy is estimated based on information from the manufacturer. Wherever necessary, the amounts consumed were converted into energy from the year 2022 on the basis of calorific values taken from the National Inventory Report (NIR) and on the basis of the EMEP/EEA guide. Earlier we used values from EU regulations and DEFRA.
The table shows the consumption of companies acquired in 2023, during the year, for the full year 2023, in line with the recommendations of the GHG Protocol.

[69] Direct and indirect energy consumption.
[70] Green electricity procurement is not available in all countries where the Banking Group operates.

GRI 305: 3–3, 305–1, 305–2, TCFD IV. b **OTP Group's Scope 1 and Scope 2 CO_2e emission (t):**

	OTP Bank					OTP Group					
	2019	2020[1]	2021	2022	2023	2018	2019	2020	2021	2022	2023
Direct (Scope 1)	***6,779***	***6,078***	***6,548***	***6,670***	***6,005***	***14,564***	***18,594***	***15,282***	***29,583***	***29,680***	***31,270***
By vehicles	2,272	2,123	2,280	2,521	2,706	6,938	7,204	5,738	8,253[3]	9,752	10,324
From natural gas consumption	3,686	3,587	4,003	3,515	2,814	6,053	8,044	7,572	17,323	15,269	13,627
From air conditioners[2]	811	358	228	420	308	1,536	3,140	1,892	1,838	1,708	3,310
Other non-renewable energy	10	10	37	214	177	37	206	80	2,170	2,951	4,009
Indirect (Scope 2)											
Indirect location-based	***10,786***	***9,883***	***9,904***	***11,496***	***11,648***	***45,130***	***47,947***	***52,711***	***56,935***	***56,035***	***62,385***
From electricity	9,912	8,902	8,802	10,491	10,813	42,082	44,012	48,807	51,778	51,601	56,356
From district heating	874	981	1,102	1,004	835	3,048	3,935	3,904	5,158[3]	4,434	6,029
Indirect market-based	***8,640***	***8,350***	***8,369***	***1,005***	***1,110***	***N/A***	***47,334***	***53,196***	***58,562[3]***	***44,021***	***39,379***
From electricity	7,766	7,369	7,286	166	410	N/A	43,399	49,292	53,103	39,442	33,356
From district heating	874	981	1,083	839	701	N/A	3,935	3,904	5,459[3]	4,578	6,024
Total (Scope 1+2) location-based	**17,565**	**15,961**	**16,452**	**18,165**	**17,653**	**59,694**	**66,541**	**67,993**	**86,51[3]**	**85,715**	**93,655**
Total (Scope 1+2) market-based	**15,419**	**14,428**	**14,917**	**7,675**	**7,115**	**N/A**	**65,928**	**68,478**	**88,1463[3]**	**73,701**	**70,649**
Total (Scope 1+2) with carbon offset	**15,419**	**14,428**	**14,917**	**675**	**485**	**N/A**	**65,928**	**68,478**	**87,785**	**66,701**	**60,874**
Per employee (regional)	*1.97*	*1.7*	*1.67*	*1.77*	*1.67*	*1.72*	*1.82*	*1.84*	*2.19*	*2.30*	*2.16*
Per employee (market-based)	*N/A*	*1.53*	*1.52*	*0.75*	*0.67*	*N/A*	*N/A*	*1.85*	*2.24*	*1.97*	*1.63*
Per employee (with offset)	*N/A*	*1.53*	*1.52*	*0.07*	*0.05*	*N/A*	*N/A*	*1.85*	*2.24*	*1.79*	*1.41*
Emissions intensity per turnover (per million HUF, market)	*N/A*	*N/A*	*N/A*	*0.014*	*0.012*	*N/A*	*N/A*	*N/A*	*N/A*	*0.044*	*0.032*
Biogenic emissions[4]	–	97	161	187	202	1	1	140	399	539	539

[1] Also includes the consumption of the former Monicomp and eBIZ.
[2] Headcount-proportionate estimate based on the figures from the OTP Group's member companies that supplied accurate data.
[3] Data corrected ex-post due to a calculation error, total issuance of the Banking Group is 0.4 percent higher than previously published.
[4] From 2020 it includes renewable-based vehicle fuel emissions.
The emissions intensity per turnover is reported from 2022.
The figures shown are calculated from energy consumption, in all cases based on the applicable statutory regulations and the factors stipulated by authorities and industry organisations (National Inventory Reports (NIR), IPCC, DEFRA, EU Regulation, AIB, IFI, and data from suppliers for electricity and district heating). For Scope 1 emissions, country-specific factors are applied subject to availability from 2022. We calculate electricity-related emissions using country-specific factors. For district heating use, from 2020 onwards we use the Hungarian, Slovenian and Croatian factors, and for all other countries, we uniformly use the data published by DEFRA, while in previous years we used the Hungarian emission factors, except for Ukraine, Russia and Serbia, in the absence of other reliable data.
Scope 1 emissions and, in 2022 and 2023, even district heating cover all GHG emissions. For Scope 2 emissions, the previous years of district heating in Hungary and electricity factors only cover CO_2. For the emission factors used, we do not have information on the GWP values considered in each and every case.

To offset its 2023 Scope 1 and Scope 2 emissions, OTP Bank purchased carbon credits in 2023, thereby preventing the emission of 7,600 tonnes of carbon emissions during the year. The 2023 emission values were determined in advance, with offsets higher than emissions. The credits purchased are retired credits verified as per Verra (VER). The Bank considers it essential that the project supported through offsetting is located in the country of operation of the Banking Group, and has again opted for a project in Bulgaria, which was implemented at the Saint Nikola Wind Farm, the largest wind farm in the country, near the town of Kavarna. **SI** Slovenia's SKB Bank has also offset its Scope 1–2 emissions, purchasing 2,175 tonnes of carbon credits in 2023, also in the Sant Nikola Wind Farm project.

TCFD IV. b The OTP Group's other indirect (Scope 3) CO_2e emissions (t), 2023*:

	OTP Bank	OTP Group
Business travel	991	1,963
Paper use	592	2,655

* Includes only emissions arising from our operations; their presentation is partial only. Our goal is to expand the scope covered continuously.
The values are calculated from factors stipulated by the authorities and industry organisations.
As for the Banking Group's Scope 3 emissions the emissions linked to lending are the most significant. The calculation of further emissions under Scope 3 is expanded subject to resource capacities.

Travel

GRI 305: 3-3 The level of business travel varied across the Banking Group, with car use increasing for some companies and decreasing significantly for some businesses. The total mileage increased by 9 percent and 13 percent y-o-y at the parent bank and across the gro up, respectively. The increase was partly due to new group members. While online meetings remain a dominant part of liaising, with the end of the coronavirus pandemic, face-to-face meetings have become more frequent again.
The maximum carbon emission limits for car purchases at Banking Group level remained unchanged during the year. Among the cars to choose from there are hybrid or electric vehicles in all categories. At OTP Bank, 38 hybrid vehicles were purchased during the year, while the fleet of electric and hybrid cars at the subsidiary banks increased minimally.
In addition to company cars, our employees also use their own personal cars for business travel in certain cases (not for commuting to work), and they also order taxi services. At OTP Bank, travelling by taxi and personal vehicles amounted to about 2.4 million kilometres; at Group level this value was 7.8 million[71] kilometres.
At Group level, there was again a significant increase in the number of trips by air. Our employees took around 9,800 trips[72], nearly 30 percent of which were connected to OTP Bank. There were also a significant number of trips at DSK Bank and the Russian subsidiary.
Since OTP Bank and its subsidiaries find it important to enable employees and customers to access the workplace by alternative transportation means, several head office buildings and branches are equipped with bicycle storage at Group level. The establishment of branches typically requires the approval of local governments, which makes implementation more difficult. Bicycle storages are available at 60 percent of the branches of OTP Bank for employees and for customers. During the year, the number of bicycle storage facilities at the Ukrainian subsidiary's headquarters was increased and a shower facility was installed. The Serbian and Russian subsidiaries have also set up bicycle storage facilities. A shower was also installed at the Russian bank's headquarters.

Paper use

We are constantly working on cutting our paper use. The steadily increasing range of electronically available services also reduces paper consumption. In addition, the digitalisation of the bank's internal processes is ongoing. At the same time, the paper-based administration demanded by legal requirements inhibits in many cases the further reduction of printing in Hungary and in other countries. The share of electronic account statements also showed an increasing trend in 2023. We also encourage their use through the conditions and fees of the application. The majority of OTP Bank customers (83 percent of retail clients and almost half of large corporate customers) do not receive paper-based statements, which is a noticeable increase over the previous year. At the Bulgarian subsidiary nearly all of our customers are provided with electronic statements, while e-statements

[71] The Russian subsidiary bank was unable to provide data on own car use, the Montenegrin, Uzbek and NKBM subsidiaries were unable to provide data on taxi use, and some Hungarian subsidiaries were unable to provide any of those data.
[72] One-way trip.

are used exclusively at the Moldavian and the Ukrainian subsidiary. Three quarters of customers now receive an e-statement at the Serbian subsidiary, and 40 percent at the Croatian bank. At both Slovenian banks, 98 percent of corporate customers receive electronic statements, compared to almost 70 percent of retail customers at NKBM and 80 percent at SKB Bank. At the Montenegrin subsidiary electronic account statements are used in more than 50% of the cases among corporate customers. The Albanian, Montenegrin, Russian and Romanian subsidiaries also have a significant number of e-statements, but the exact number by 2023 is not known. At the Group level, office paper use decreased minimally in 2023, which, taking acquisitions into account, represents an average decrease of 10 percent for the rest of the Group. The NKBM uses a minimum amount of paper for its size. At OTP Bank, we were able to reduce consumption by 11 percent. Further savings are expected from the electronic replacement of internal transport processes, with pilot operations launched at the end of 2023. The parent bank used 47 percent recycled paper in office paper use and 31 percent in total paper use. In Hungary, we use FSC-certified paper even in the case of account statements, marketing publications and envelopes, while we use recycled FSC paper for producing DM letters. The internal printing activity of OTP Bank is FSC-certified until 2025. All personal hygiene products used at OTP Bank are exclusively ECO Label products. Some smaller domestic subsidiaries use exclusively recycled paper.

HR RO In 2023, our Croatian and Romanian subsidiary banks covered a small part of their office paper needs with recycled paper. The Croatian subsidiary uses FSC and PEFC certified paper.

RS Our Serbian subsidiary uses FSC-certified and ECF (Elemental Chlorine Free) paper.

SI Both NKBM and SKB Bank have been using PEFC certified products for several years. At group level, the share of recycled paper was the same as in the previous year, 13 percent for office and 9 percent for total use.

Environmentally conscious use and waste management

OTP Bank follows the principle of using all of its equipment, devices and machines for the longest time reasonably possible. Furniture is reused several times and we ensure the compatibility of replacements.

BG RS UA RO At OTP Bank, DSK Bank, OTP Bank Serbia and OTP Bank Romania it is common practice to donate no longer used but still functional furniture and IT equipment (primarily computers and laptops). In 2023, OTP Bank Ukraine also donated nearly 300 assets. At group level, a total of 731 no longer used computers were donated to charity.

BG SI HR RS ME RO MD Our subsidiaries in Bulgaria, Croatia, Serbia, Slovenia, Romania, Montenegro and Moldova have used toner refills for several years to reduce toner and ink cartridge waste.

OTP Group materials and procurement highlights:

		OTP Bank					OTP Group				
		2019	2020	2021	2022	2023	2019	2020	2021	2022	2023
Number of computers (laptops + PCs)	(thousand units)	18	19	19	19	18	51[1]	57[1]	65[1]	65[1]	71
Weight of ink cartridges and toners used	(t)	8	6	4	5	4	35[1]	34[1]	37[1]	35[1]	32
Amount of office paper	(t)	699	478	398	397	354	2,350	1,795	1,751	1,552	1,517
Amount of paper used for document sorting and packaging	(t)	58	75	90	98	26	117	153	829	1.105	842
Amount of indirectly used paper[2]	(t)	7	584[3]	491	558	313	631	903	732	897	704

[1] Partly estimate: prorated based on actual data
[2] E.g. marketing publications, account statements
[3] Predominantly the consumption of the former Monicomp.

Waste collection remains unchanged in 2023. All members of OTP Group collect and treat hazardous waste and paper containing business secrets selectively, in compliance with the relevant legal requirements. The other than confidential paper waste, plastic and metal waste, are selectively collected by the group members to varying degrees. In Moldova, non-confidential paper waste is collected separately. In OTP Bank's central office buildings and at the Croatian and the Romanian subsidiaries non-confidential paper waste, PET bottles, metal packaging materials and glass are selectively collected. The Serbian subsidiary collects its paper waste selectively, both in its head office building and at its branches. SKB Bank selects communal waste, including biodegradable food waste, as completely separately as possible. Our Albanian subsidiary collects paper waste comprehensively; this practice has been implemented at our Montenegrin subsidiary in the case of the head office building and the archives. There is selective waste collection in the head office building of our Ukrainian subsidiary and the Sofia and Varna sites of our Bulgarian subsidiary.

Quantity of selectively collected waste:

		OTP Bank					OTP Group				
		2019	2020	2021	2022	2023	2019	2020	2021	2022	2023
Separately collected waste paper	(t)	809	1,120	729	880	938	1,323	1,450	1,091	1,244	1,350
Separately collected PET bottles, plastic	(kg)	7,929	2,203	4,607	8,807	6,142	12,613	5,810	10,685	29,426	13,187
Municipal waste	(t)	N/A	2,766	2,963	3,148	3,111	N/A	N/A	N/A	5,636	5,917

Attitude-shaping

The members of the Banking Group have launched numerous programmes, awareness-raising campaigns and involved employees to promote environmental awareness and the protection of natural values.

Green Challenge idea contest

OTP Bank has launched the Green Challenge idea contest among its employees. To start the competition, we launched a series of articles on six topics on the intranet. We rewarded the employees who answered the quiz questions at the end of each article the fastest.
For the idea contest, we were looking for applications that support the reduction of the Bank's carbon footprint and can be easily implemented in everyday practice.
The challenge was met with great interest, with 136 ideas submitted, four of which will be implemented:

- Installation of MOL–Bubi stations around OTP offices,
- Green Plate Programme to promote more sustainable dietary habits,
- the digitalisation of business travel settlements,
- special prize for the idea with the greatest impact: minimising standby power consumption.

As a result of the popularity of the competition, we will be launching a permanent sustainability idea box starting from 2024.

OTP Bank was also one of the partners of the Green Friday initiative, launched jointly by Mastercard and several organisations to raise awareness about conscious spending and lifestyle. Throughout the programme, dedicated microsites and social media platforms featured awareness-raising articles and tips to promote a greener Christmas.
In 2023, the Bank continued its campaign with Mastercard in the Priceless Planet Coalition, which aims to mitigate the adverse effects of climate change by planting 100 million trees over five years. In 2023, OTP Bank enabled the planting of 75 thousand trees.

BG DSK Bank, in partnership with Mastercard and the Sofia Zoo, launched a new interactive game that teaches young people about the importance of biodiversity and ways to protect natural habitats. In addition to the game, free downloadable educational materials are available for teachers, educational organisations and students. Together with Mastercard, the subsidiary bank supported the "Five Little Corners" initiative, a unique urban art installation and events that raise awareness of biodiversity and environmental protection. The series of events took place in Sofia for a month.
The subsidiary bank supports the "Real Honey" initiative under the "Adopt a beehive" programme. The support is linked to the opening of a new corporate account, helping happy bee-keeping and Bulgarian bee-keepers. Customers will receive a certificate and Bulgarian honey for their contribution. The Bank's employees also participated in a tree planting project in the Balchik Botanical Garden and in Sofia, planting more than 50 trees.

SI The NKBM has also organised an ideas competition among its staff, inviting initatives on ESG issues. 18 ideas were received for the competition, several of which have started to be implemented. The Bank's employees planted 250 trees in the Karst region to help repair damage caused by forest fires. SKB Bank has launched a challenge to clean its employees' living environment on Earth Day.
Both Slovenian banks participated in the European Mobility Week initiative, encouraging people to cycle to work. There is also a beehive on the roof of both banks' headquarters, which is maintained by staff.

HR The bank provided e-learning training on environmental awareness for its staff, which was completed by 69 percent of the employees. The Board of Directors of the subsidiary bank has approved the decision that all the Bank's bank cards will be made of PLA (plant-derived biodegradable) material. The bank is involved in the "Migration in the Light" bird monitoring project, using equipment installed on the central building to record the sounds and movements of birds to detect the effects of light pollution. In 2023, the subsidiary bank also supported Ekotlon, Croatia's largest plogging (litter picking) race. More than 300 runners participated in the event. The registration fees were used for sponsorship this year again, for sports associations of disabed persons.

RS The Serbian subsidiary has established the so-called OTP Village as a venue for environmental programmes. Employees and their children had the opportunity to attend an event on bees, and workshops on ecological challenges and solutions were organised for the employees. The subsidiary bank also organised an environmental drawing competition for children. The employees also took part in voluntary waste collection and tree planting activities.

AL At the Albanian bank, a "Green Hearts" team of volunteers was formed during 2023, with members taking part in litter picking and tree planting initiatives. The bank also donated 20 trees to the city of Tirana.

ME Employees of a Montenegrin subsidiary bank planted trees in Podgorica and the bank is supporting an environmental project for students at one of the largest secondary schools in Podgorica.

UK Our Ukrainian subsidiary continued the "Surrender your Batteries!" campaign, in the framework of which used batteries and accumulators collected nationwide are shipped to a Romanian recycling plant.

MD The Moldovan subsidiary bank supported the rehabilitation of trees in the Chisinau Botanical Garden through the inclusion of its employees.

Tree planting in Uzbekistan

The Uzbek subsidiary planted an outstanding number of trees (45,680 trees), helping to sequester carbon dioxide and clean the air. Trees neutralise an average of 502 tonnes of carbon dioxide emissions per year, as well as sequestering significant amounts of air pollutants, contributing to climate improvement, noise protection and soil conservation. The planting is equivalent to nearly 30 hectares of forest.

Methodological note: change in the segmentation of OTP Core and Corporate Centre

According the decision of the management, starting from 2023 the segmentation of the Hungarian operation has been changed.
The previously applied old methodology was outlined on page 53 of the Half-Year Financial Report for 2010, pursuant to which the core business activity in Hungary was segmented into OTP Core, whereas Corporate Centre was carved out of the sub-consolidated financial statements of entities making up OTP Core. Thus, Corporate Centre acted as a separate virtual entity established by the equity investment of OTP Core for managing the wholesale financing activity for all the subsidiaries within OTP Group but outside OTP Core.
According to the new methodology, starting from 1Q 2023 Corporate Centre is no longer carved out of the OTP Core segment. One reason for this change was the simplification of the stock exchange reporting structure and the reduction of the segments. Secondly, as a result of this change the balance sheet and P&L impact of capital market instruments issued in the last few quarters will be captured in the OTP Core section, which includes a written analytical chapter. According to the old methodology those capital market instruments issued by OTP Bank were presented on the liability side of Corporate Centre, whereas the already executed and future expected transactions were required partly for regulatory reasons, i.e. in order to comply with the consolidated MREL minimum requirements.
In line with the Single Point of Entry approach used by the Bank, the consolidated MREL requirement has to be met by instruments issued and held by OTP Bank (Hungary). Furthermore, with this change the stock exchange reports adopt the segmentation used in internal reports prepared for the management, as Corporate Center ceased to exist in those internal reports, too.
Under the new methodology, certain intragroup loans and deposits that are recognised within loans and liabilities from accounting point of view, are shifted to financial assets and financial liabilities lines in the adjusted balance sheet of OTP Core. Thus, loan and deposit volumes presented under the OTP Core segment reflect the underlying business developments.
For the sake of transparency, in the report's affected tables the 2022 base periods are presented both under the old (light green? columns marked 'as previously reported') and new ('restated') methodology.
In the below tables we highlight the main financial data of OTP Core and Corporate Centre that were affected by this methodological change.

OTP Core:

Main components of the Statement of recognised income	2022 as prevoiusly reported HUF million	2022 restated HUF million	2023 HUF million
Profit after tax without received dividend	27,274	30,242	313,143
Profit after tax	135,181	138,149	500,869
Adjusted profit after tax	253,232	256,200	302,935
Profit before tax	296,672	300,094	366,502
Operating profit	294,257	297,679	341,049
Total income	637,469	642,520	751,953
Net interest income	412,611	417,662	432,651
Operating expenses	(343,212)	(344,841)	(410,904)
Corporate income tax	-(43,440)	(43,894)	(63,566)
Indicators (adjusted)	**2022 as prevoiusly reported %/pps**	**2022 restated %/pps**	**2023 %/pps**
ROE	12.6	12.7	14.2
ROA	1.6	1.5	1.6
Operating profit margin	1.83	1.70	1.79
Total income margin	3.97	3.68	3.94
Net interest margin	2.57	2.39	2.26
Net fee and commission margin	1.10	1.01	1.03
Net other non-interest income margin	0.30	0.27	0.64
Operating costs to total assets ratio	2.1	2.0	2.2
Cost/income ratio	53.8	53.7	54.6
Effective tax rate	14.6	14.6	17.3
Main components of balance sheet (closing balances)	**2022 as prevoiusly reported HUF million**	**2022 restated HUF million**	**2023 HUF million**
Total Assets	15,758,292	17,596,229	18,459,423
Financial assets (net)	7,438,066	9,270,006	9,630,766
Liabilities to credit institutions	1,251,653	2,313,832	2,326,311
Issued securities	507,540	985,187	1,877,094
Issued securities without retail bonds	471,773	949,421	1,675,963
Subordinated bonds and loans	0	294,186	507,277

Corporate Centre:

Main components of the Statement of recognised income	2022 as prevoiusly reported HUF million	2022 restated HUF million	2023 HUF million
Adjusted profit after tax	2,968	-	-
Profit before tax	3,423	-	-
Operating profit	3,423	-	-
Total income	5,051	-	-
Net interest income	5,051	-	-
Operating expenses	(1,628)	-	-
Corporate income tax	(455)	-	-
Main components of balance sheet (closing balances)	**2022 as prevoiusly reported**	**2022 restated**	**2023**
Total Assets	3,848,180	-	-
Interbank loans to subsidiaries	2,393,334	-	-
Investments in subsidiaries	1,448,849	-	-
Other assets	5,998	-	-
Intra group liabilities from subsidiaries	1,399,338	-	-
Intra group funding from OTP Core	522,960	-	-
Issued securities	477,648	-	-
Subordinated debt (Tier2)	294,186	-	-
Shareholders' equity	1,448,849	-	-

Change in the scope of consolidation for the consolidated capital adequacy ratios presented in the stock exchange reports

According to the decision by the management, starting from 3Q 2023 the consolidated capital adequacy ratios for the actual period and retrospectively for the base periods presented in the Stock Exchange Reports will be based on the prudential scope of consolidation, i.e. in line with Capital Requirements Regulation (CRR).

OTP Bank Plc. reports its consolidated capital adequacy ratios to the National Bank of Hungary in charge of financial supervision based on the prudential scope of consolidation.

In previous periods the consolidated capital adequacy ratios based on the prudential scope of consolidation were disclosed after the release of the Stock Exchange Reports, in the document titled OTP Group Disclosure on consolidated basis.

In the previous Stock Exchange Reports the presented consolidated capital adequacy ratios were calculated based on the accounting scope of consolidation, in line with IFRS standards.

The below table shows the consolidated capital adequacy ratios (Basel 3, IFRS) from 1Q 2022 until 3Q 2023 according to both prudential and accounting scope of consolidation.

According to Prudential scope of consolidation (HUF million):

	1Q 2022	2Q 2022	3Q 2022	4Q 2022	1Q 2023	2Q 2023	3Q 2023
Capital adequacy ratio	18.4%	18.4%	18.1%	17.8%	17.2%	17.9%	18.8%
Tier 1 ratio	16.9%	16.9%	16.7%	16.4%	14.8%	15.6%	16.4%
Common Equity Tier1 ('CET1') capital ratio	16.9%	16.9%	16.7%	16.4%	14.8%	15.6%	16.4%
Own funds	3,217,591	3,635,663	3,922,723	3,671,104	3,767,588	4,076,508	4,489,776
o/w Tier1 Capital	2,950,935	3,347,375	3,620,662	3,383,161	3,242,569	3,551,485	3,929,662
o/w Common Equity Tier1 capital	2,950,935	3,347,375	3,620,662	3,383,161	3,242,569	3,551,485	3,929,662
Consolidated risk weighted assets (RWA) (Credit & Market & Operational risk)	17,464,356	19,772,146	21,643,869	20,607,706	21,920,451	22,713,600	23,922,959

According to Accounting scope of consolidation (HUF million):

	1Q 2022	2Q 2022	3Q 2022	4Q 2022	1Q 2023	2Q 2023	3Q 2023
Capital adequacy ratio	17.8%	17.9%	17.8%	17.5%	16.8%	17.5%	18.4%
Tier 1 ratio	16.2%	16.4%	16.4%	16.1%	14.4%	15.2%	16.1%
Common Equity Tier1 ('CET1') capital ratio	16.2%	16.4%	16.4%	16.1%	14.4%	15.2%	16.1%
Own funds	3,078,173	3,515,020	3,828,083	3,565,932	3,661,078	3,951,088	4,366,482
o/w Tier1 Capital	2,811,517	3,226,731	3,526,063	3,277,984	3,136,729	3,426,218	3,806,368
o/w Common Equity Tier1 capital	2,811,517	3,226,731	3,526,063	3,277,984	3,136,729	3,426,218	3,806,368
Consolidated risk weighted assets (RWA) (Credit & Market & Operational risk)	17,324,682	19,629,309	21,497,011	20,405,328	21,795,586	22,551,166	23,714,042

Change in the presentation of accrued interest receivables on Stage 3 loans – methodological summary

Starting from 2023 the presentation of accrued interest receivables on Stage 3 loans has been changed in the adjusted balance sheets and statements of recognised income.
According to the old methodology in place until the end of 2022, in the adjusted balance sheets of the stock exchange report the total amount of accrued interest receivables on Stage 3 loans under IFRS 9 were netted with the provisions created in relation to the total exposure toward those particular clients.
As a result of this, in the adjusted consolidated balance sheet, and also in the different segments, lower gross loan volumes and allowances for loan losses were shown compared to the IFRS reports. Furthermore, in the adjusted statement of recognised income of OTP Core and therefore on consolidated level, as well, the accrued interests on Stage 3 loans in the given period were netted with the related provision for impairment on loan losses.
These items were not settled against each other in the case of foreign subsidiaries.
From 2023, under the new methodology, these items are not netted against each other in the adjusted financial statements. This means that this change has not been retroactively applied for the base period in the tables of this report, but the numbers according to the new methodology were presented only for 2023.
For the sake of comparability, in the below table we present the main financial data affected by this change for the 2022 base period under the new methodology, for the Group and OTP Core.

Consolidated (in HUF million):

	2022
Gross customer loans	19,690,287
Allowances for loan losses	(1,049,663)
Stage 3 loan volume under IFRS 9	1,015,899
Stage 3 loans under IFRS 9/gross customer loans	5.2%
Own coverage of Stage 3 loans under IFRS 9	62.8%
Net interest income	1,098,914
Net interest margin	3.52%
Provision for impairment on loan losses	(140,566)
Provision for impairment on loan losses-to-average gross loans ratio	0.75%

OTP Core (in HUF million):

	2022
Gross customer loans	6,551,991
Allowances for loan losses	(273,371)
Stage 3 loan volume under IFRS 9	346,947
Stage 3 loans under IFRS 9/gross customer loans	5.3%
Own coverage of Stage 3 loans under IFRS 9	47.1%
Net interest income	422,997
Net interest margin	2.42%
Provision for impairment on loan losses	27,515
Provision for impairment on loan losses-to-average gross loans ratio	(0.46%)

Footnotes of the table 'Consolidated profit after tax breakdown by subsidiaries (IFRS)'

General note: regarding OTP Core and other subsidiaries, the adjusted profit after tax is calculated without the effect of adjustment items.

(1) Aggregated adjusted profit after tax of OTP Core and foreign banks.

(2) OTP Core is an economic unit for measuring the result of core business activity of OTP Group in Hungary. Financials of OTP Core are calculated from the partially consolidated IFRS financial statements of certain companies engaged in OTP Group's operation in Hungary. These companies include OTP Bank Hungary Plc., OTP Mortgage Bank Ltd., OTP Building Society Ltd., OTP Factoring Ltd., OTP Financial Point Ltd., and companies providing intragroup financing; OTP Bank Employee Stock Ownership Plan Organization was included from 4Q 2016; OTP Card Factory Ltd., OTP Facility Management Llc., Monicomp Ltd. and OTP Real Estate Leasing Ltd. were included from 1Q 2017 (from 1Q 2019 OTP Real Estate Lease Ltd. was eliminated from OTP Core); OTP Mobile Service Llc. and OTP Ingatlanpont Llc. were included from 1Q 2019; OTP Ecosystem Ltd. (previous name: OTP eBIZ Ltd., it was eliminated from 1Q 2023) was included from 1Q 2020; OTP OTP Home Solutions was included from 2Q 2021.
The consolidated results of these companies were segmented into OTP Core and Corporate Centre until the end of 2022. According to the new methodology applied from 2023, Corporate Centre is no longer carved out of OTP Core. In the affected tables of this report, the 2022 base periods were presented both under the old and the new segment definitions.

(3) The result and balance sheet of OTP Factoring Bulgaria EAD and DSK Leasing AD is included.

(4) The statement of recognised income and balance sheet of SKB Banka d.d. Ljubljana, SKB Leasing d.o.o., SKB Leasing Select d.o.o. and from February 2023 Nova Kreditna Banka Maribor d.d. is included.

(5) The statement of recognised income and balance sheet of OTP Leasing d.d. and SB Leasing d.o.o. was included.

(6) The financial performance of OTP Factoring Serbia d.o.o, OTP Lizing d.o.o. and OTP Services d.o.o. is included.

(7) The balance sheet of the newly acquired Alpha Bank Albania was included from July 2022, its statement of recognised income from August 2022. Alpha Bank Albania merged with OTP Bank Albania in December 2022.

(8) The statement of recognised income and balance sheet of the acquired Podgoricka banka was included, which merged into the Montenegrin bank in 4Q 2020.

(9) The balance sheet of Ipoteka Bank in Uzbekistan was consolidated from June 2023, whereas the adjusted profit of Ipoteka Bank was recognized in the consolidated P&L from 3Q 2023.

(10) The statement of recognised income and balance sheet of LLC MFO "OTP Finance" is included.

(11) Figures are based on the aggregated financial statements of OTP Bank JSC, LLC OTP Leasing, and OTP Factoring Ukraine LLC.

(12) The statement of recognised income and balance sheet of OTP Faktoring SRL and OTP Leasing Romania IFN S.A. was included.

(13) The subconsolidated adjusted profit after tax of Merkantil Group (Merkantil Bank Ltd., Merkantil Bérlet Ltd., OTP Real Estate Leasing Ltd., NIMO 2002 Ltd., SPLC-P Ltd., SPLC Ltd.) was presented.

(14) LLC AMC OTP Capital, OTP Asset Management SAI S.A. (Romania), DSK Asset Management EAD (Bulgaria), ILIRIKA DZU a.d. Belgrade (Serbia).

(15) Velvin Ventures Ltd. (Belize), SC Aloha Buzz SRL, SC Favo Consultanta SRL, SC Tezaur Cont SRL (Romania), OTP Solution Fund (Ukraine), Mendota Invest d.o.o. (Slovenia), R.E. Four d.o.o., Novi Sad (Serbia).

(16) Until the end of 2022 Corporate Centre acted as a virtual entity established by the

equity investment of OTP Core for managing the wholesale financing activity for all the subsidiaries within OTP Group but outside OTP Core. Therefore, the balance sheet of the Corporate Centre was funded by the equity and intragroup lending received from OTP Core, the intragroup lending received from other subsidiaries, and the subordinated debt and senior notes issued by OTP Bank. From this funding pool, the Corporate Centre was to provide intra-group lending to, and hold equity stakes in OTP subsidiaries outside OTP Core. Main subsidiaries financed by Corporate Centre were as follows: Hungarians: Merkantil Bank Ltd., OTP Flat Lease Ltd., OTP Fund Management Ltd., OTP Real Estate Fund Management Ltd., OTP Life Annuity Ltd; foreigners: banks, leasing companies, factoring companies.
Starting from 2023 Corporate Centre is no longer carved out of OTP Core. In the affected tables of this report, the 2022 base periods were presented both under the old and the new segment definitions.

(17) The profit after tax of the Hungarian operation lines include the profit after tax or adjusted profit after tax of the Hungarian subsidiaries and Corporate Centre, as well as the eliminations allocated onto these entities.

(18) The profit after tax of the Foreign operation lines include the profit after tax or adjusted profit after tax of the Foreign subsidiaries, as well as the eliminations allocated onto these entities.

Calculation of the adjusted lines of IFRS profit and loss statements, as well as the adjusted balance sheet lines presented in the report, and the methodology for calculating the FX-adjusted volume changes

In order to present Group performance reflecting the underlying business trends, the presented consolidated and separate/sub-consolidated profit and loss statements of this report were adjusted in the following way, and the adjusted P&Ls are shown and analysed in the Report (unless otherwise stated). Consolidated financial statements of OTP Bank are disclosed in the *Supplementary Data* section.

Adjustments affecting the income statement:

- The after tax effect of adjustment items (certain, typically one-off items from banking operations' point of view) are shown and analysed separately in the Statement of Recognised Income.
- The components of the new *Gain from derecognition of financial assets at amortized cost* line in the P&L were shifted back in the adjusted P&L structure to the lines on which they were presented previously.
- Due to the introduction of IFRS 16, certain items previously presented on the Other non-interest expenses line (rental fees) were moved to the interest expenses and depreciation lines in the income statement. These items were shifted back to the Other non-interest expenses line in the adjusted P&L structure.
- *The expected one-off effect of the interest rate cap for certain loans in Hungary and Serbia* line contains the expected effect of the Hungarian rate cap, and the expected effect of the Serbian rate cap effective from October 2023 until the end of 2024.
- *The effect of the winding up of Sberbank Hungary* line represents the combined impact of the extraordinary contribution payable into the Deposit Protection Fund in relation to the compensation of depositors, and the recovery from the sale of Sberbank assets.
- Performance indicators (such as cost/income ratio, net interest margin, risk cost to average gross loans as well as ROA and ROE ratios, etc.) presented in this report are calculated on the basis of the adjusted profit and loss statement excluding adjustment items (unless otherwise indicated). Starting from 2022, the Provision for impairment on loan losses line is in the numerator of the Provision for impairment on loan losses-to-average gross loans ratio, which, as opposed to previous periods, does not include the

provision for impairment on placement losses.

- In the *Consolidated financial highlights and share data* table the *Book Value Per Share* and the Tangible Book Value Per Share, as well as indicators derived from these are calculated based on the consolidated diluted share count used for EPS calculation.
- Within the report, FX-adjusted statistics for business volume developments and their product breakdown, as well as the FX-adjusted stock of allowances for loan losses are disclosed, too. For FX-adjustment, the closing cross currency rates for the current period were used to calculate the HUF equivalent of loan and deposit volumes in the base periods. Thus the FX-adjusted volumes will be different from those published earlier.
- The *FX-adjusted* changes of certain consolidated or sub-consolidated P&L lines in HUF terms may be presented in this Report. According to the applied methodology in the case of the P&L lines, the FX-effect is filtered out only in relation to the currency of the given country, irrespective of the transactional currency mix in which the given P&L line materialized. Thus, for instance, as for the consolidated FX-adjusted operating cost development, the effect of the Hungarian Forint rate changes against the given currency is not eliminated in the case of the cost items arising in FX within the Hungarian cost base.

Adjustments affecting the balance sheet:

- On 9 February 2024 OTP Bank announced the signing of the share sale and purchase agreement to sell its Romanian operation. As a result of this, according to IFRS 5, as at the end of 2023 the Romanian operation was presented as an asset classified as held for salein the consolidated balance sheet, and as discontinued operation in the income statement. With regards to the consolidated balance sheet, all Romanian assets and liabilities were shown on a separate line in the 2023 closing balance sheet. As for the consolidated income statement, the Romanian contribution for both 2022 and 2023 was shown separately from the result of continuing operation, on the *Net loss/gain from discontinued operation* line, i.e. the particular P&L lines in the 'continuing operations' section of the P&L don't incorporate the contribution from the Romanian subsidiaries. As opposed to this, in the adjusted financial statements presented in the Stock Exchange Report – in line with the structure of the financial statements monitored by the management – the Romanian operation was presented in a way as if it was still classified as continuing operation, i.e. its net interest income contribution was presented on the net interest income line in the consolidated adjusted income statement.
- In the adjusted balance sheet, net customer loans include the stock of loans at amortized cost, loans mandatorily at fair value through profit or loss, and finance lease receivables.
- In the adjusted balance sheets presented in the analytical section of the report, until the end of 2022 the total amount of accrued interest receivables related to Stage 3 loans under IFRS 9 were netted with the provisions created in relation to the total exposure toward those particular clients, in case of the affected Group members. Therefore, this adjustment made on the balance sheet had an impact on the consolidated gross customer loans and allowances for loan losses. Starting from 2023 this adjustment is no longer applied.


DASHBOARD > INCOME
DAILY
WEEKLY
MONTHLY
INCOME
OUT GOING
TOTAL INCOME
37.91%
31.86%
30.23%

Alternative performance measures pursuant to the National Bank of Hungary 5/2017. (V.24.) recommendation[73]:

Alternative performance measures name	Description	Calculation (data in HUF million)	Measures value 2022	Measures value 2023
Leverage. consolidated[74]	The leverage ratio is calculated pursuant to Article 429 CRR. The calculation of the indicator is designed quarterly by the Bank for the prudential consolidation circle.	The leverage ratio shall be calculated as an institution's capital measure divided by that institution's total exposure measure and shall be expressed as a percentage. Example for 2023: $\frac{3,945,569.6}{42,426,769.2} = 9.3\%$ Example for 2022: $\frac{3,383,160.8}{35,399,551.0} = 9.6\%$	9.6%	9.3%
Liquidity Coverage Ratio (LCR)	According to Article 412 (1) of CRR, the liquidity coverage ratio (LCR) is designed to promote short-term resilience of the Issuer's/Group's liquidity risk profile and aims to ensure that the Issuer/Group has an adequate stock of unencumbered High Quality Liquid Assets (HQLA) to meet its liquidity needs for a 30 calendar day liquidity stress scenario.	The LCR is expressed as: (stock of HQLA)/(total net cash outflows over the next 30 calendar days) ≥ 100%. The numerator of the LCR is the stock of HQLA (High Quality Liquid Assets). In order to qualify as HQLA, assets should be liquid in markets during a time of stress and, in most cases, be eligible for use in central bank operations. The denominator of the LCR is the total net cash outflows, defined as total expected cash outflows minus total expected cash inflow in the specified stress scenario for the subsequent 30 calendar days. Total cash inflows are subject to an aggregate cap of 75% of total expected cash outflows, thereby ensuring a minimum level of HQLA holdings at all times. Example for 2023: $\frac{11,062,683.8}{6,528,404.6 - 2,033,178.9} = 246.1\%$ Example for 2022: $\frac{7,439,159.8}{6,175,742.4 - 1,852,865.4} = 172.1\%$	172.1%	246.1%
ROE (accounting), consolidated	The return on equity ratio shall be calculated the consolidated accounting profit after tax for the given period divided by the average equity, thus shows the effectiveness of the use of equity.	The numerator of the indicator is the consolidated accounting profit after tax for the given period (annualized for periods less than one year), the denominator is the average consolidated equity. (The definition of average equity: calendar day-weighted average of the average balance sheet items in periods comprising the given period, where periods comprising the given period are defined as quarters (and within that months) in case of 1H, 9M and FY periods, and months in case of quarters. Furthermore, the average of the average balance sheet items is computed as the arithmetic average of closing balance sheet items for the previous period and the current period.). Example for 2023: $\frac{990,459.5 \times 1.0}{3,639,782.4} = 27.2\%$ Example for 2022: $\frac{347,081.1 \times 1.0}{3,160,118.9} = 11.0\%$	11.0%	27.2%
ROE (adjusted), consolidated	The return on equity ratio shall be calculated the consolidated adjusted profit after tax for the given period divided by the average equity, thus shows the effectiveness of the use of equity.	The numerator of the indicator is the consolidated adjusted profit after tax for the given period (annualized for periods less than one year), the denominator is the average consolidated equity. Example for 2023: $\frac{1,008,582.9 \times 1.0}{3,639,782.4} = 27.7\%$ Example for 2022: $\frac{592,547.0 \times 1.0}{3,160,118.9} = 18.8\%$	18.8%	27.7%

[73] The NBH's recommendation (5/2017, 24 May) on Alternative Performance Measures (APM) came into effect from 1 June 2017, in line with ESMA's guidance (ESMA/2015/1415) on the same matter. The recommendation is aimed at – amongst other things – enhancing the transparency, reliability, clarity and comparability of those APMs within the framework of regulated information and thus facilitating the protection of existing and potential investors.
[74] Based on the prudential consolidation scope, which is different from the consolidation scope used in this report.

Alternative performance measures name	Description	Calculation (data in HUF million)	Measures value 2022	Measures value 2023
ROA (adjusted). consolidated	The return on asset ratio shall be calculated the consolidated adjusted net profit for the given period divided by the average total asset, thus shows the effectiveness of the use of equity.	The numerator of the indicator is the consolidated adjusted net profit for the given period, the denominator is the average consolidated total asset. (The definition of average asset: calendar day-weighted average of the average balance sheet items in periods comprising the given period, where periods comprising the given period are defined as quarters (and within that months) in case of 9M, 9M and FY periods, and months in case of quarters. Furthermore, the average of the average balance sheet items is computed as the arithmetic average of closing balance sheet items for the previous period and the current period.). Example for 2023: $\frac{1{,}008{,}582.9 \times 1.0}{37{,}167{,}776.0} = 2.7\%$ Example for 2022: $\frac{592{,}547.0 \times 1.0}{31{,}190{,}136.9} = 1.9\%$	1.9%	2.7%
Operating profit margin (adjusted, without one-off items), consolidated	The operating profit margin shall be calculated the consolidated adjusted net operating profit without one-off items for the given period divided by the average total assets, thus shows the effectiveness of the operating profit generation on total assets.	The numerator of the indicator is the consolidated adjusted net operating profit without one-off items for the given period, the denominator is the average consolidated total assets. Example for 2023: $\frac{1{,}260{,}849.8 \times 1.0}{37{,}167{,}776.0} = 3.39\%$ Example for 2022: $\frac{868{,}486.7 \times 1.0}{31{,}190{,}136.9} = 2.78\%$	2.78%	3.39%
Total income margin (adjusted, without one-off items), consolidated	The total income margin shall be calculated the consolidated adjusted total income without one-off items for the given period divided by the average total assets, thus shows the effectiveness of income generation on total assets.	The numerator of the indicator is the consolidated adjusted total income without one-off items for the given period (annualized for periods less than one year), the denominator is the average consolidated total assets. Example for 2023: $\frac{2{,}224{,}584.2 \times 1.0}{37.167.776{,}0} = 5.99\%$ Example for 2022: $\frac{1{,}656{,}571.0 \times 1.0}{31{,}190{,}136.9} = 5.31\%$	5.31%	5.99%
Net interest margin (adjusted), consolidated	The net interest margin shall be calculated the consolidated adjusted net interest income for the given period divided by the average total assets, thus shows the effectiveness of net interest income generation on total assets.	The numerator of the indicator is the consolidated adjusted net interest income for the given period (annualized for periods less than one year), the denominator is the average consolidated total assets. Example for 2023: $\frac{1{,}459{,}693.5 \times 1.0}{37.167.776{,}0} = 3.93\%$ Example for 2022: $\frac{1{,}093{,}578.8 \times 1.0}{31{,}190{,}136.9} = 3.51\%$	3.51%	3.93%
Operating cost (adjusted)/total assets, consolidated	The indicator shows the operational efficiency.	The numerator of the indicator is the consolidated adjusted operating cost for the given period (annualized for periods less than one year), the denominator is the average consolidated total assets. Example for 2023: $\frac{963{,}734.3 \times 1.0}{37{,}167{,}776.0} = 2.59\%$ Example for 2022: $\frac{788{,}084.3 \times 1.0}{31{,}190{,}136.9} = 2.53\%$	2.53%	2.59%
Cost/income ratio (adjusted, without one-off items), consolidated	The indicator is another measure of operational efficiency.	The numerator of the indicator is the consolidated adjusted operating cost for the given period, the denominator is the adjusted operating income (without one-off items) for the given period. Example for 2023: $\frac{963{,}734.3}{2{,}224{,}584.2} = 43.3\%$ Example for 2022: $\frac{788{,}084.3}{1{,}656{,}571.0} = 47.6\%$	47.6%	43.3%

Alternative performance measures name	Description	Calculation (data in HUF million)	Measures value 2022	2023
Provision for impairment on loan and placement losses (adjusted)/average (adjusted) gross loans, consolidated	The indicator provides information on the amount of impairment on loan and placement losses relative to gross customer loans.	The numerator of the indicator is the consolidated adjusted provision for impairment on loan and placement losses for the given period (annualized for periods less than one year), the denominator is the adjusted consolidated gross customer loans for the given period. (The definition of average [adjusted)] gross customer loans: calendar day-weighted average of the average balance sheet items in periods comprising the given period, where periods comprising the given period are defined as quarters [and within that months] in case of 1H, 9M and FY periods, and months in case of quarters. Furthermore, the average of the average balance sheet items is computed as the arithmetic average of closing balance sheet items for the previous period and the current period.). Example for 2023: $\frac{34,780.7 \times 1.0}{21.377.407,9} = 0.16\%$ Example for 2022: $\frac{135,231.1 \times 1.0}{18,639,432.7} = 0.73\%$	0.73%	0.16%
Total risk cost (adjusted)/total asset ratio, consolidated	The indicator shows the amount of total risk cost relative to the balance sheet total.	The numerator of the indicator is consolidated adjusted total risk cost for the given period (annualized for periods less than one year), the denominator is the average consolidated total assets for the given period. Example for 2023: $\frac{38,521.5 \times 1.0}{37,167,776.0} = 0.10\%$ Example for 2022: $\frac{178,464.7 \times 1,0}{31,190,136.9} = 0.57\%$	0.57%	0.10%
Effective tax rate (adjusted), consolidated	The indicator shows the amount of corporate income tax accounted on pre-tax profit.	The numerator of the indicator is consolidated adjusted corporate income tax for the given period, the denominator is the consolidated adjusted pre-tax profit for the given period. Example for 2023: $\frac{213,745.5}{1,222,328.4} = 17.5\%$ Example for 2022: $\frac{97,475.0}{690,022.0} = 14.1\%$	14.1%	17.5%
Net loan/(deposit+ retail bonds) ratio (FX-adjusted), consolidated	The net loan to deposit+retail bonds ratio is the indicator for assessing the bank's liquidity position.	The numerator of the indicator is the consolidated net consumer loan volume (gross loan reduced the amount of provision), the denominator is the end of period conso-lidated consumer FX-adjusted deposit volume plus the end of period retail bond volume (issued by OTP Bank). Example for 2023: $\frac{21,447,380.3}{29,428,283.5 + 201,130.6} = 72\%$ Example for 2022: $\frac{18,640,624.3}{25,158,557.6 + 35,766.3} = 74\%$	74%	72%

Adjustments on the consolidated statement of profit or loss (IFRS):

	2022 HUF million	2023 HUF million
Net interest income	**1,026,868**	**1,386,706**
(+) Presentation of the revaluation result of intra-group swaps on the net interest income line realized at the Romanian operation	2,034	0
(-) Netting of interest revenues on Stage 3 loans with the related provision (booked on the Provision for loan losses line)	5,335	-
(-) Effect of acquisitions	(3,179)	(1,867)
(-) Reclassification due to the introduction of IFRS16	(2,386)	(2,970)
(+) Presentation of the contribution from discontinued operation and assets held for sale on the adjusted P&L lines	64,446	68,151
Net interest income (adj.)	**1,093,579**	**1,459,694**
Net fees and commissions	**584,491**	**691,994**
(+) Financial Transaction Tax	(89,751)	(98,472)
(-) Effect of acquisitions	(2)	220
(+) Presentation of the contribution from discontinued operation and assets held for sale on the adjusted P&L lines	15,870	5,537
(-) Structural shift of income from currency exchange from net fees to the FX result	113,494	120,693
Net fees and commissions (adj.)	**397,118**	**478,146**
Foreign exchange result	**(16,302)**	**13,827**
(-) Presentation of the revaluation result of intra-group swaps on the net interest income line realized at the Romanian operations	7,818	0
(-) Effect of acquisitions	(4)	(191)
(+) Presentation of the contribution from discontinued operation and assets held for sale on the adjusted P&L lines	1,313	(11,397)
(+) Structural shift of income from currency exchange from net fees to the FX result	113,494	120,693
Foreign exchange result (adj.)	**90,691**	**123,314**
Gain/loss on securities, net	**(4,505)**	**7,283**
(-) Effect of acquisitions	(556)	(1,125)
(+) Presentation of the contribution from discontinued operation and assets held for sale on the adjusted P&L lines	17	194
(-) Revaluation result of the treasury share swap agreement	(10,002)	(3,868)
(+) Structural adjustment due to the Gain from derecognition of financial assets at amortized cost line (against Gain/loss on securities, net)	(4,636)	(18,716)
(+) Shifting of the Gains and losses on non-trading securities mandatorily at fair value through profit or loss line from the Net other non-interest income to the Gains or losses from securities line	145	8,240
Gain/loss on securities, net (adj.)	**1,579**	**1,994**
Result of discontinued operation and gains from disposal of subsidiaries classified as held for sale	**28,003**	**(21,246)**
(-) Profit of the sale of OTP Garancia Group (before tax)	0	0
(-) Effect of acquisitions	0	(55,913)
Result of discontinued operation and gains from disposal of subsidiaries classified as held for sale (adj.)	**28,003**	**34,667**
Gains and losses on real estate transactions	**5,232**	**7,195**
Result of discontinued operation and gains from disposal of subsidiaries classified as held for sale (adj.)	**28,003**	**34,667**
(+) Other non-interest income	**118,329**	**315,155**
(+) Net results on derivative instruments and hedge relationships	**16,360**	**(12,760)**
(+) Net insurance result	**1,369**	**1,915**
(+) Losses on loans measured mandatorily at fair value through other comprehensive income and on securities at amortized cost	**(4,044**	**94,613**
(-) Shifting of the Gains and losses on non-trading securities mandatorily at fair value through profit or loss line from the Net other non-interest income to the Gains or losses from securities line	145	8,240
(-) Received cash transfers	447	531
(+) Other other non-interest expenses	(72,969)	(54,490)
(+) Change in shareholders' equity of companies consolidated with equity method, and the change in the net asset value of the private equity funds managed by PortfoLion	840	2,738
(-) Effect of acquisitions	3,268	191,783
(-) Presentation of the revaluation result of intra-group swaps on the net interest income line realized at the Romanian operation	(5,783)	0
(-) One-off impact of the CHF mortgage loan conversion programme and regulatory changes related to mortgage loans in Romania	(591)	0
(-) Netting of refunds related to legal cases (accounted for on the Net other non-interest result line) with the release of provisions created earlier for these cases (accounted for on the Other provisions line) from 1Q 2017 at OTP Bank Romania	(275)	0
(+) Presentation of the contribution from discontinued operation and assets held for sale on the adjusted P&L lines	(21,994)	(13,697)
(-) Expected one-off negative effect of the debt repayment moratorium in Hungary and Serbia	(5)	0
(+) Shifting of the costs of mediated services at Merkantil Bérlet Ltd. to the net other non-interest result line	(1,846)	(2,119)
(+) Structural adjustment due to the Gain from derecognition of financial assets at amortized cost line (against Net other non-interest result)	(492)	191
(-) Expected one-off effect of the interest rate cap for certain loans in Hungary and Serbia	(2,022)	0
(-) Effect of the winding up of Sberbank Hungary (recovery leg)		11,416
Net other non-interest result (adj.)	**73,604**	**161,436**

Adjustments on the consolidated statement of profit or loss (IFRS) – *continued*	2022 HUF million	2023 HUF million
Gain from derecognition of financial assets at amortized cost	**(1,573)**	**(17,182)**
(-) Structural adjustment due to the Gain from derecognition of financial assets at amortized cost line (against Gain/loss on securities, net)	(4,636)	(18,716)
(-) Structural adjustment due to the Gain from derecognition of financial assets at amortized cost line (against Provision for impairment on loan losses)	3,473)	1,343
(-) Structural adjustment due to the Gain from derecognition of financial assets at amortized cost line (against Net other non-interest result)	(492)	191
(+) Presentation of the contribution from discontinued operation and assets held for sale on the adjusted P&L lines	(82)	0
Gain from derecognition of financial assets at amortized cost (adj.)	**0**	**0**
Provision for impairment on loan and placement losses	**(145,159)**	**(107,158)**
(+) Modification gains or losses	**(39,997)**	**(38,141)**
(+) Change in the fair value attributable to changes in the credit risk of loans mandatorily measured at fair value through profit of loss	**13,346**	**(91)**
(+) Loss allowance on securities at fair value through other comprehensive income and on securities at amortized cost	**(60,761)**	**8,831**
(+) Provision for commitments and guarantees given	**(5,917)**	**19,870**
(+) Impairment of assets subject to operating lease and of investment properties	**(1,204)**	**1,333**
(-) One-off impact of the CHF mortgage loan conversion programme and regulatory changes related to mortgage loans in Romania	138	0
(+) Netting of interest revenues on Stage 3 loans with the related provision (booked on the Provision for loan losses line)	5,335	-
(-) Effect of acquisitions	(3,493)	(51,873)
(-) Structural correction between Provision for loan losses and Other provisions	(61,965)	10,164
(+) Presentation of the contribution from discontinued operation and assets held for sale on the adjusted P&L lines	(10,750)	2,758
(-) Expected one-off negative effect of the debt repayment moratorium in Hungary and Serbia	(4,816)	0
(+) Structural adjustment due to the Gain from derecognition of financial assets at amortized cost line (against Provision for impairment on loan losses)	3,473	1,343
(-) Shifting of provision for impairment on placement losses to the other provisions line from 1Q 2022	(261)	2,143
(-) Expected one-off effect of the interest rate cap for certain loans in Hungary and Serbia	(36,005)	(36,909)
Provision for impairment on loan losses (adj.)	**(135,231)**	**(34,781)**
Profit from associates	**14,618**	**14,716**
(+) Received cash transfers	447	531
(+) Paid cash transfers	(17,709)	(15,360)
(-) Sponsorships, subsidies and cash transfers to public benefit organisations	(17,519)	(15,067)
(-) Dividend income of swap counterparty shares kept under the treasury share swap agreement	12,130	14,200
(-) Change in shareholders' equity of companies consolidated with equity method, and the change in the net asset value of the private equity funds managed by PortfoLion	840	2,738
(+) Presentation of the contribution from discontinued operation and assets held for sale on the adjusted P&L lines	23	22
After tax dividends and net cash transfers	**1,927**	**(1,911)**
Depreciation	**(168,840)**	**(111,996)**
(-) Goodwill impairment charges	(67,715)	0
(-) Effect of acquisitions	(4,917)	(4,900)
(-) Reclassification due to the introduction of IFRS16	(18,008)	(15,575)
(+) Presentation of the contribution from discontinued operation and assets held for sale on the adjusted P&L lines	(6,463)	(4,040)
(+) Structural shift of right of use asset depreciation between other non-interest expenses and depreciation line		0
Depreciation (adj.)	**(84,663)**	**(95,561)**
Personnel expenses	**(377,728)**	**(478,695)**
(-) Effect of acquisitions	(1,259)	(1,307)
(+) Presentation of the contribution from discontinued operation and assets held for sale on the adjusted P&L lines	(24,835)	(26,571)
(-) Shifting of the support granted to the Special Employee Partial Ownership Plan Organizations booked within the Personnel expenses to the Other non-interest expenses line	(5,000)	0
Personnel expenses (adj.)	**(396,304)**	**(503,959)**

Adjustments on the consolidated statement of profit or loss (IFRS) – *continued*	2022 HUF million	2023 HUF million
Income taxes	**(58,600)**	**(189,477)**
(-) Corporate tax impact of goodwill/investment impairment charges	8,461	(3,919)
(-) Corporate tax impact of the special tax on financial institutions	5,456	6,079
(+) Tax deductible transfers to spectator sports (offset against corporate taxes)	(14,479)	(73)
(-) Corporate tax impact of the effect of acquisitions	543	9,375
(+) Presentation of the contribution from discontinued operation and assets held for sale on the adjusted P&L lines	(652)	(3,575)
(-) Corporate tax impact of the expected one-off negative effect of the debt repayment moratorium in Hungary and Serbia	244	0
(-) Corporate tax impact of the result of the treasury share swap agreement	900	348
(-) Corporate tax impact of the impairments on Russian government bonds booked at OTP Core and DSK Bank from 2022	3,494	311
(-) Corporate tax impact of the winding up of Sberbank Hungary (contribution to the Deposit Protection Fund)	1,027	(1,027)
(-) Corporate tax impact of the expected one-off effect of the interest rate cap for certain loans in Hungary and Serbia	3,618	3,830
(+) One-timer structural reclassification between Corporate income tax and Other non-interest expenses in 4Q 2023		(5,624)
Corporate income tax (adj.)	**(97,475)**	**(213,746)**
Other operating expense	**(125,742)**	**(112,634)**
(-) Other costs and expenses	(17,279)	(10,143)
(-) Other non-interest expenses	(90,678)	(69,850)
(-) Effect of acquisitions	(1,341)	(12,511)
(-) One-off impact of the CHF mortgage loan conversion programme and regulatory changes related to mortgage loans in Romania	453	0
(-) Netting of refunds related to legal cases (accounted for on the Net other non-interest result line) with the release of provisions created earlier for these cases (accounted for on the Other provisions line) from 1Q 2017 at OTP Bank Romania	275	0
(+) Structural correction between Provision for loan losses and Other provisions	(61,965)	10,164
(+) Presentation of the contribution from discontinued operation and assets held for sale on the adjusted P&L lines	(3,057)	(98)
(-) Expected one-off negative effect of the debt repayment moratorium in Hungary and Serbia	2,104	0
(-) Impairments on Russian government bonds booked at OTP Core and DSK Bank from 2022	(38,268)	(3,110)
(+) Shifting of provision for impairment on placement losses to the other provisions line from 1Q 2022	(261)	2,143
(-) Shifting of certain expenses arising from mediated services from other provisions to the other non-interest expenses line	(882)	(1,252)
(-) Expected one-off effect of the interest rate cap for certain loans in Hungary and Serbia	(2,175)	181
Other provisions (adj.)	**(43,234)**	**(3,741)**
Other general expenses	**(451,163)**	**(483,646)**
(+) Other costs and expenses	(17,279)	(10,143)
(+) Other non-interest expenses	(90,678)	(69,850)
(-) Paid cash transfers	(17,709)	(15,360)
(+) Film subsidies and cash transfers to public benefit organisations	(17,519)	(15,067)
(-) Other other non-interest expenses	(72,969)	(54,490)
(-) Special tax on financial institutions (recognised as other administrative expenses)	(96,808)	(68,630)
(-) Tax deductible transfers (offset against corporate taxes)	(14,479)	(73)
(-) Financial Transaction Tax	(89,751)	(98,472)
(-) Effect of acquisitions	(4,654)	(6,803)
(+) Reclassification due to the introduction of IFRS16	(20,395)	(18,545)
(+) Presentation of the contribution from discontinued operation and assets held for sale on the adjusted P&L lines	(13,835)	(17,284)
(-) Expected one-off negative effect of the debt repayment moratorium in Hungary and Serbia	0	0
(-) Shifting of the costs of mediated services at Merkantil Bérlet Ltd. to the net other non-interest result line	(1,846)	(2,119)
(+) Shifting of certain expenses arising from mediated services from other provisions to the other non-interest expenses line	(882)	(1,252)
(-) Effect of the winding up of Sberbank Hungary (contribution to the Deposit Protection Fund)	(11,416)	0
(+) Shifting of the support granted to the Special Employee Partial Ownership Plan Organizations booked within the Personnel expenses to the Other non-interest expenses line	(5,000)	0
(-) Structural shift of right of use asset depreciation between other non-interest expenses and depreciation line		0
(-) One-timer structural reclassification between Corporate income tax and Other non-interest expenses in 4Q 2023		(5,624)
Other non-interest expenses (adj.)	**(307,117)**	**(364,215)**

Adjustments of consolidated IFRS balance sheet lines:

	2022 HUF million	2023 HUF million
Cash, amounts due from Banks and balances with the National Banks	**4,221,392**	**7,125,050**
(+) Allocation of *Assets classified as held for sale* among balance sheet lines	0	199,587
Cash, amounts due from Banks and balances with the National Banks (adjusted)	**4,221,392**	**7,324,636**
Placements with other banks, net of allowance for placement losses	**1,351,081**	**1,567,777**
(+) Allocation of *Assets classified as held for sale* among balance sheet lines	0	8,147
Placements with other banks, net of allowance for placement losses (adjusted)	**1,351,081**	**1,575,924**
Securities at fair value through profit and loss	**436,387**	**288,884**
(+) Allocation of Assets classified as held for sale among balance sheet lines	0	2,091
Securities at fair value through profit or loss (adjusted)	**436,387**	**290,975**
Securities at fair value through other comprehensive income	**1,739,603**	**1,601,461**
(+) Allocation of Assets classified as held for sale among balance sheet lines	0	39,430
Securities at fair value through other comprehensive income (adjusted)	**1,739,603**	**1,640,891**
Gross customer loans (incl. finance lease receivables and accrued interest receivables related to loans)	**19,690,287**	**21,329,908**
(-) Accrued interest receivables related to Stage 3 loans	46,730	–
(+) Allocation of *Assets classified as held for sale* among balance sheet lines	0	1,136,507
Gross customer loans (adjusted)	**19,643,558**	**22,466,415**
Allowances for loan losses (incl. impairment of finance lease receivables)	**(1,049,663)**	**(963,179)**
(-) Allocated provision on accrued interest receivables related to Stage 3 loans	(46,730)	–
(+) Allocation of *Assets classified as held for sale* among balance sheet lines	0	(55,856)
Allowances for loan losses (adjusted)	**(1,002,933)**	**(1,019,035)**
Associates and other investments	**73,849**	**96,110**
(+) Allocation of *Assets classified as held for sale* among balance sheet lines	0	236
Associates and other investments (adjusted)	**73,849**	**96,346**
Securities at amortized costs	**4,891,938**	**5,249,490**
(+) Allocation of *Assets classified as held for sale* among balance sheet lines	0	226,427
Securities at amortized costs (adjusted)	**4,891,938**	**5,475,917**
Tangible and intangible assets, net	**738,105**	**860,449**
(+) Allocation of *Assets classified as held for sale* among balance sheet lines	0	18,500
Tangible and intangible assets, net (adjusted)	**738,105**	**878,949**
Other assets	**711,230**	**2,455,664**
(+) Allocation of *Assets classified as held for sale* among balance sheet lines	0	(1,575,068)
Other assets (adjusted)	**711,230**	**880,596**
Amounts due to banks, the National Governments, deposits from the National Banks and other banks, and Financial liabilities designated at fair value through profit or loss	**1,517,349**	**2,011,569**
(+) Allocation of *Liabilities directly associated with assets classified as held-for-sale* among balance sheet lines	0	1,764
Amounts due to banks, the National Governments, deposits from the National Banks and other banks, and Financial liabilities designated at fair value through profit or loss (adjusted)	**1,517,349**	**2,013,333**
Deposits from customers	**25,188,805**	**28,332,431**
(+) Allocation of *Liabilities directly associated with assets classified as held-for-sale* among balance sheet lines	0	1,095,852
Deposits from customers (adjusted)	**25,188,805**	**29,428,284**
Other liabilities	**1,603,078**	**2,514,876**
(+) Allocation of *Liabilities directly associated with assets classified as held-for-sale* among balance sheet lines	0	(1,097,617)
Other liabilities (adjusted)	**1,603,078**	**1,417,260**

Statement of profit or loss of OTP Bank Plc., according to IFRS standards as adopted by the European Union (consolidated)*:

	2023 HUF million	2022 HUF million	Change %
CONTINUING OPERATIONS			
Interest income calculated using the effective interest method	2,314,677	1,425,859	62
Income similar to interest income	633,587	475,547	33
Interest incomes	2,948,264	1,901,406	55
Interest expenses	(1,561,558)	(874,538)	79
NET INTEREST INCOME	**1,386,706**	**1,026,868**	**35**
Risk cost total	**(79,281)**	**(199,695)**	**(60)**
Loss allowance/Release of loss allowance on loans, placements, amounts due from banks and repo receivables	(109,223)	(145,159)	(25)
Change in the fair value attributable to changes in the credit risk of loans mandatorily measured at fair value through profit of loss	(91)	13,346	
Loss allowance/Release of loss allowance on securities at fair value through other comprehensive income and on securities at amortized cost	8,831	(60,761)	
Provision for commitments and guarantees given	19,870	(5,917)	
Impairment/(Release of impairment) of assets subject to operating lease and of investment properties	1,332	(1,204)	
NET INTEREST INCOME AFTER RISK COST	**1,307,425**	**827,173**	**58**
Income from fees and commissions	861,309	716,866	20
Expense from fees and commissions	(169,316)	(132,375)	28
Net profit from fees and commissions	**691,993**	**584,491**	**18**
Modification gain or loss	**(38,141)**	**(39,997)**	**(5)**
Foreign exchange gains/losses, net	1,067	58	
Foreign exchange gains/losses, net	13,827	(16,302)	
Net results on derivative instruments and hedge relationships	(12,760)	16,360	
Gains/Losses on securities, net	7,283	(4,505)	
Gains/Losses on financial assets/liabilities measured at fair value through profit or loss	94,613	(4,044)	
Gain from derecognition of financial assets at amortized cost	(17,182)	(1,573)	992
Profit from associates	14,766	14,618	1
Other operating income	324,266	124,930	160
Gains and losses on real estate transactions	7,195	5,232	38
Other non-interest income	315,155	118,329	166
Net insurance result	1,915	1,369	40
Other operating expense	(110,570)	(125,742)	(12)
Net operating income	**314,243**	**3,742**	**8298**
Personnel expenses	(478,696)	(377,728)	27
Depreciation and amortization	(111,996)	(168,840)	(34)
Other administrative expenses	(483,645)	(451,163)	7
Other administrative expenses	**(1,074,337)**	**(997,731)**	**8**
PROFIT BEFORE INCOME TAX	**1,201,183**	**377,678**	**218**
Income tax expense	(189,478)	(58,600)	223
PROFIT AFTER INCOME TAX FOR THE PERIOD FROM CONTINUING OPERATIONS	**1,011,705**	**319,078**	**217**
DISCONTINUED OPERATIONS			
Gains from disposal of subsidiary classified as held for sale	**0**	**11,444**	**(100)**
Net loss/gain from discontinued operation	**(21,246)**	**16,559**	
PROFIT AFTER INCOME TAX FROM CONTINUING AND DISCONTINUED OPERATION	**990,459**	**347,081**	**185**
From this, attributable to:			
Non-controlling interest	1,801	727	148
Owners of the company	988,658	346,354	185

* The rows of the table are based on audited numbers, but the structure of the table can differ from the IFRS financial statements presented in the Annual Report (certain rows might be merged or represent different level of aggregation).

Statement of financial position of OTP Bank Plc., according to IFRS standards as adopted by the European Union (consolidated)*:

	2023 HUF million	2022 HUF million	Change %
Cash, amounts due from banks and balances with the National Banks	7,125,049	4,221,392	69
Placements with other banks, net of loss allowance for placements	1,566,998	1,351,082	16
Repo receivables	223,884	41,009	446
Financial assets at fair value through profit or loss	288,885	436,387	(34)
Securities at fair value through other comprehensive income	1,601,461	1,739,603	(8)
Loans at amortized cost	17,676,533	16,094,458	10
Loans mandatorily at fair value through profit or loss	1,400,485	1,247,414	12
Finance lease receivables	1,289,712	1,298,752	(1)
Associates and other investments	96,110	73,849	30
Loans at amortized cost	5,249,272	4,891,938	7
Property and equipment	523,124	464,469	13
Intangible assets and goodwill	291,358	237,031	23
Right-of-use assets	74,698	58,937	27
Investment properties	53,381	47,452	12
Derivative financial assets designated as hedge accounting	41,967	48,247	(13)
Deferred tax assets	55,691	75,421	(26)
Current income tax receivable	7,773	5,650	38
Other assets	509,430	471,119	8
Assets classified as held for sale	1,533,333	–	
TOTAL ASSETS	**39,609,144**	**32,804,210**	**21**
Amounts due to banks, the National Governments, deposits from the National Banks and other banks	1,940,862	1,463,158	33
Repo liabilities	126,237	217,369	(42)
Financial liabilities designated at fair value through profit or loss	70,707	54,191	30
Deposits from customers	28,332,431	25,188,805	12
Liabilities from issued securities	2,095,548	870,682	141
Derivative financial liabilities held for trading	140,488	385,747	(64)
Derivative financial liabilities designated as hedge accounting	63,899	27,949	129
Leasing liabilities	76,313	63,778	20
Deferred tax liabilities	28,663	40,094	(29)
Current income tax payable	69,948	28,866	142
Provisions	121,119	131,621	(8)
Other liabilities	745,820	707,654	5
Subordinated bonds and loans	562,396	301,984	86
Liabilities directly associated with assets classified as held for sale	1,139,920	–	
TOTAL LIABILITIES	**35,514,351**	**29,481,898**	**20**
Share capital	28,000	28,000	0
Retained earnings and reserves	4,179,322	3,395,215	23
Treasury shares	(120,489)	(106,862)	13
Total equity attributable to the parent	4,086,833	3,316,353	23
Total equity attributable to non-controlling interest	7,960	5,959	34
TOTAL SHARHOLDERS' EQUITY	**4,094,793**	**3,322,312**	**23**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**39,609,144**	**32,804,210**	**21**

* The rows of the table are based on audited numbers, but the structure of the table can differ from the IFRS financial statements presented in the Annual Report (certain rows might be merged or represent different level of aggregation).

Security listed on the Budapest stock exchange between 01/01/2014 and 31/12/2023:

Issuer	Type of security	Security name	Date of issue	Date of maturity	Ccy
OTP Bank Plc.	Retail bond	OTP_EURO_1 2015/II	17/01/2014	31/01/2015	EUR
OTP Bank Plc.	Retail bond	OTP_EURO_2 2016/I	17/01/2014	17/01/2016	EUR
OTP Bank Plc.	Retail bond	OTP_EURO_1 2015/III	31/01/2014	14/02/2015	EUR
OTP Bank Plc.	Retail bond	OTP_EURO_2 2016/II	31/01/2014	31/01/2016	EUR
OTP Bank Plc.	Retail bond	OTP_EURO_1 2015/IV	14/02/2014	28/02/2015	EUR
OTP Bank Plc.	Retail bond	OTP_EURO_2 2016/III	14/02/2014	14/02/2016	EUR
OTP Bank Plc.	Retail bond	OTP_ EURO_1 2015/V	28/02/2014	14/03/2015	EUR
OTP Bank Plc.	Retail bond	OTP_EURO_2 2016/IV	28/02/2014	28/02/2016	EUR
OTP Bank Plc.	Retail bond	OTP_EURO_1 2015/VI	14/03/2014	28/03/2015	EUR
OTP Bank Plc.	Retail bond	OTP_EURO_2 2016/V	14/03/2014	14/03/2016	EUR
OTP Bank Plc.	Retail bond	OTP_EURO_1 2015/VII	21/03/2014	04/04/2015	EUR
OTP Bank Plc.	Retail bond	OTP_EURO_2 2016/VI	21/03/2014	21/03/2016	EUR
OTP Bank Plc.	Retail bond	OTP_EURO_1 2015/VIII	11/04/2014	25/04/2015	EUR
OTP Bank Plc.	Retail bond	OTP_EURO_2 2016/VII	11/04/2014	11/04/2016	EUR
OTP Bank Plc.	Retail bond	OTP_EURO_1 2015/IX	18/04/2014	02/05/2015	EUR
OTP Bank Plc.	Retail bond	OTP_EURO_2 2016/VIII	18/04/2014	18/04/2016	EUR
OTP Bank Plc.	Retail bond	OTP_EURO_1 2015/X	09/05/2014	23/05/2015	EUR
OTP Bank Plc.	Retail bond	OTP_EURO_2 2016/IX	09/05/2014	09/05/2016	EUR
OTP Bank Plc.	Retail bond	OTP_EURO_1 2015/XI	23/05/2014	06/06/2015	EUR
OTP Bank Plc.	Retail bond	OTP_EURO_2 2016/X	23/05/2014	23/05/2016	EUR
OTP Bank Plc.	Retail bond	OTP_EURO_1 2015/XII	06/06/2014	20/06/2015	EUR
OTP Bank Plc.	Retail bond	OTP_EURO_2 2016/XI	06/06/2014	06/06/2016	EUR
OTP Bank Plc.	Retail bond	OTP_EURO_1 2015/XIII	20/06/2014	04/07/2015	EUR
OTP Bank Plc.	Retail bond	OTP_EURO_2 2016/XII	20/06/2014	20/06/2016	EUR
OTP Bank Plc.	Retail bond	OTP_EURO_1 2015/XIV	04/07/2014	18/07/2015	EUR
OTP Bank Plc.	Retail bond	OTP_EURO_2 2016/XIII	04/07/2014	04/07/2016	EUR
OTP Bank Plc.	Retail bond	OTP_EURO_1 2015/XV	18/07/2014	01/08/2015	EUR
OTP Bank Plc.	Retail bond	OTP_EURO_2 2016/XIV	18/07/2014	18/07/2016	EUR
OTP Bank Plc.	Retail bond	OTP_EURO_1 2015/XVI	30/07/2014	13/08/2015	EUR
OTP Bank Plc.	Retail bond	OTP_EURO_2 2016/XV	30/07/2014	30/07/2016	EUR
OTP Bank Plc.	Retail bond	OTP_EURO_1 2015/XVII	08/08/2014	22/08/2015	EUR
OTP Bank Plc.	Retail bond	OTP_EURO_2 2016/XVI	08/08/2014	08/08/2016	EUR
OTP Bank Plc.	Retail bond	OTP_EURO_1 2015/XVIII	29/08/2014	12/09/2015	EUR
OTP Bank Plc.	Retail bond	OTP_EURO_2 2016/XVII	29/08/2014	29/08/2016	EUR
OTP Bank Plc.	Retail bond	OTP_EURO_1 2015/XIX	12/09/2014	26/09/2015	EUR
OTP Bank Plc.	Retail bond	OTP_EURO_2 2016/XVIII	12/09/2014	12/09/2016	EUR
OTP Bank Plc.	Retail bond	OTP_EURO_1 2015/XX	03/10/2014	17/10/2015	EUR
OTP Bank Plc.	Retail bond	OTP_EURO_2 2016/XIX	03/10/2014	03/10/2016	EUR
OTP Bank Plc.	Retail bond	OTP_EURO_1 2015/XXI	22/10/2014	05/11/2015	EUR
OTP Bank Plc.	Retail bond	OTP_EURO_1 2015/XXII	31/10/2014	14/11/2015	EUR
OTP Bank Plc.	Retail bond	OTP_EURO_1 2015/XXIII	14/11/2014	28/11/2015	EUR
OTP Bank Plc.	Retail bond	OTP_EURO_1 2015/XXIV	28/11/2014	12/12/2015	EUR
OTP Bank Plc.	Retail bond	OTP_VK_USD_2 2016/I	28/11/2014	28/11/2016	USD
OTP Bank Plc.	Retail bond	OTP_EURO_1 2015/XXV	19/12/2014	02/01/2016	EUR
OTP Bank Plc.	Retail bond	OTP_EURO_1 2015/XXVI	09/01/2015	23/01/2016	EUR
OTP Bank Plc.	Retail bond	OTP_EURO_1 2016/I	30/01/2015	13/02/2016	EUR
OTP Bank Plc.	Retail bond	OTP_EURO_1 2016/II	20/02/2015	06/03/2016	EUR
OTP Bank Plc.	Retail bond	OTP_EURO_1 2016/III	20/03/2015	03/04/2016	EUR
OTP Bank Plc.	Retail bond	OTP_VK_USD_2 2017/I	10/04/2015	10/04/2017	USD
OTP Bank Plc.	Retail bond	OTP_EURO_1 2016/IV	10/04/2015	24/04/2016	EUR
OTP Bank Plc.	Retail bond	OTP_EURO_1 2016/V	24/04/2015	08/05/2016	EUR
OTP Bank Plc.	Retail bond	OTP_VK_USD_1 2016/I	24/04/2015	24/04/2016	USD
OTP Bank Plc.	Retail bond	OTP_EURO_1 2016/VI	29/05/2015	12/06/2016	EUR
OTP Bank Plc.	Retail bond	OTP_EURO_1 2016/VII	30/06/2015	14/07/2016	EUR
OTP Bank Plc.	Retail bond	OTP_EURO_1 2016/VIII	24/07/2015	07/08/2016	EUR
OTP Bank Plc.	Retail bond	OTP_VK_USD_1 2016/II	24/07/2015	24/07/2016	USD
OTP Bank Plc.	Retail bond	OTP_VK_USD_1 2016/III	25/09/2015	25/09/2016	USD
OTP Bank Plc.	Retail bond	OTP_EURO_1 2016/IX	25/09/2015	09/10/2016	EUR
OTP Bank Plc.	Retail bond	OTP_EURO_1 2016/X	30/10/2015	13/11/2016	EUR
OTP Bank Plc.	Retail bond	OTP_EURO_1 2016/XI	11/11/2015	25/11/2016	EUR
OTP Bank Plc.	Retail bond	OTP_EURO_1 2016/XII	27/11/2015	11/12/2016	EUR
OTP Bank Plc.	Retail bond	OTP_EURO_1 2016/XIII	30/12/2015	13/01/2017	EUR
OTP Bank Plc.	Retail bond	OTP_VK_USD_1 2017/I	29/01/2016	29/01/2017	USD
OTP Bank Plc.	Retail bond	OTP_EURO_1 2017/I	29/01/2016	12/02/2017	EUR
OTP Bank Plc.	Retail bond	OTP_EURO_1 2017/II	12/02/2016	26/02/2017	EUR

Issuer	Type of security	Security name	Date of issue	Date of maturity	Ccy
OTP Bank Plc.	Retail bond	OTP_EURO_1 2017/III	26/02/2016	12/03/2017	EUR
OTP Bank Plc.	Retail bond	OTP_VK_USD_1 2017/II	18/03/2016	18/03/2017	USD
OTP Bank Plc.	Retail bond	OTP_EURO_1 2017/IV	18/03/2016	01/04/2017	EUR
OTP Bank Plc.	Retail bond	OTP_EURO_1 2017/V	15/04/2016	29/04/2017	EUR
OTP Bank Plc.	Retail bond	OTP_VK_USD_1 2017/III	27/05/2016	27/05/2017	USD
OTP Bank Plc.	Retail bond	OTP_EURO_1 2017/VI	27/05/2016	10/06/2017	EUR
OTP Bank Plc.	Retail bond	OTP_EURO_1 2017/VII	10/06/2016	24/06/2017	EUR
OTP Bank Plc.	Retail bond	OTP_EURO_1 2017/VIII	01/07/2016	15/07/2017	EUR
OTP Bank Plc.	Retail bond	OTP_EURO_1 2017/IX	10/08/2016	24/08/2017	EUR
OTP Bank Plc.	Retail bond	OTP_VK_USD_1 2017/IV	16/09/2016	16/09/2017	USD
OTP Bank Plc.	Retail bond	OTP_EURO_1 2017/X	16/09/2016	30/09/2017	EUR
OTP Bank Plc.	Retail bond	OTP_VK_USD_1 2018/I	20/01/2017	20/01/2018	USD
OTP Mortgage Bank	Mortgage bond	OJB2021/I	15/02/2017	27/10/2021	HUF
OTP Mortgage Bank	Mortgage bond	OJB2020/III	23/02/2017	20/05/2020	HUF
OTP Mortgage Bank	Mortgage bond	OJB2022/I	24/02/2017	24/05/2022	HUF
OTP Bank Plc.	Retail bond	OTP_VK_USD_1 2018/II	03/03/2017	03/03/2018	USD
OTP Bank Plc.	Retail bond	OTP_VK_USD_1 2018/III	13/04/2017	13/04/2018	USD
OTP Bank Plc.	Retail bond	OTP_VK_USD_1 2018/IV	02/06/2017	02/06/2018	USD
OTP Bank Plc.	Retail bond	OTP_VK_USD_1 2018/V	14/07/2017	14/07/2018	USD
OTP Bank Plc.	Retail bond	OTP_VK_USD_1 2018/VI	04/08/2017	04/08/2018	USD
OTP Bank Plc.	Retail bond	OTP_VK_USD_1 2018/VII	29/09/2017	29/09/2018	USD
OTP Bank Plc.	Retail bond	OTP_VK_USD_1 2018/VIII	17/11/2017	17/11/2018	USD
OTP Bank Plc.	Retail bond	OTP_VK_USD_1 2018/IX	20/12/2017	20/12/2018	USD
OTP Bank Plc.	Retail bond	OTP_VK_USD_1 2019/I	16/02/2018	16/02/2019	USD
OTP Bank Plc.	Retail bond	OTP_VK_USD_1 2019/II	29/03/2018	29/03/2019	USD
OTP Mortgage Bank	Mortgage bond	OJB2023/I	05/04/2018	24/11/2023	HUF
OTP Bank Plc.	Retail bond	OTP_VK_USD_1 2019/III	18/05/2018	18/05/2019	USD
OTP Bank Plc.	Retail bond	OTP_VK_USD_1 2019/IV	28/06/2018	28/06/2019	USD
OTP Bank Plc.	Retail bond	OTP_VK_USD_1 2019/V	06/08/2018	06/08/2019	USD
OTP Mortgage Bank	Mortgage bond	OJB2024/A	17/09/2018	20/05/2024	HUF
OTP Mortgage Bank	Mortgage bond	OJB2024/B	18/09/2018	24/05/2024	HUF
OTP Bank Plc.	Retail bond	OTP_VK_USD_1 2019/VI	04/10/2018	04/10/2019	USD
OTP Mortgage Bank	Mortgage bond	OJB2024/II	10/10/2018	24/10/2024	HUF
OTP Bank Plc.	Retail bond	OTP_VK_USD_1 2019/VII	15/11/2018	15/11/2019	USD
OTP Bank Plc.	Corporate bond	OTP_DK_HUF_2019/II	15/12/2018	31/05/2019	HUF
OTP Bank Plc.	Corporate bond	OTP_DK_HUF_2020/I	15/12/2018	31/05/2020	HUF
OTP Bank Plc.	Corporate bond	OTP_DK_HUF_2021/I	15/12/2018	31/05/2021	HUF
OTP Bank Plc.	Corporate bond	OTP_DK_HUF_2022/I	15/12/2018	31/05/2022	HUF
OTP Bank Plc.	Corporate bond	OTP_DK_HUF_2023/I	15/12/2018	31/05/2023	HUF
OTP Bank Plc.	Retail bond	OTP_VK_USD_1 2019/VIII	20/12/2018	20/12/2019	USD
OTP Bank Plc.	Retail bond	OTP_VK_USD_1 2020/I	21/02/2019	21/02/2020	USD
OTP Bank Plc.	Retail bond	OTP_VK_USD_1 2020/II	04/04/2019	04/04/2020	USD
OTP Bank Plc.	Retail bond	OTP_VK_USD_1 2020/III	16/05/2019	16/05/2020	USD
OTP Bank Plc.	Corporate bond	OTP_DK_HUF_2024/I	30/05/2019	31/05/2024	HUF
OTP Bank Plc.	Corporate bond	OTP_DK_HUF_2025/I	30/05/2019	31/05/2025	HUF
OTP Bank Plc.	Retail bond	OTP_VK_USD_1 2020/IV	27/06/2019	27/06/2020	USD
OTP Bank Plc.	Retail bond	OTP_VK_USD_1 2020/V	15/08/2019	15/08/2020	USD
OTP Bank Plc.	Retail bond	OTP_VK_USD_1 2020/VI	26/09/2019	26/09/2020	USD
OTP Bank Plc.	Retail bond	OTP_VK_USD_1 2020/VII	07/11/2019	07/11/2020	USD
OTP Bank Plc.	Retail bond	OTP_VK_USD_1 2020/VIII	19/12/2019	19/12/2020	USD
OTP Mortgage Bank	Mortgage bond	OJB2025/II	03/02/2020	26/11/2025	HUF
OTP Bank Plc.	Retail bond	OTP_VK_USD_1 2021/I	20/02/2020	20/02/2021	USD
OTP Mortgage Bank	Mortgage bond	OJB2024/C	24/02/2020	24/10/2024	HUF
OTP Bank Plc.	Retail bond	OTP_VK_USD_1 2021/II	02/04/2020	02/04/2021	USD
OTP Bank Plc.	Retail bond	OTP_VK_USD_1 2021/III	14/05/2020	14/05/2021	USD
OTP Bank Plc.	Corporate bond	OTP_DK_HUF_2022/II	29/05/2020	31/05/2022	HUF
OTP Bank Plc.	Corporate bond	OTP_DK_HUF_2023/II	29/05/2020	31/05/2023	HUF
OTP Bank Plc.	Corporate bond	OTP_DK_HUF_2024/II	29/05/2020	31/05/2024	HUF
OTP Bank Plc.	Corporate bond	OTP_DK_HUF_2025/II	29/05/2020	31/05/2025	HUF
OTP Bank Plc.	Corporate bond	OTP_DK_HUF_2026/I	29/05/2020	31/05/2026	HUF
OTP Bank Plc.	Corporate bond	OTP_DK_HUF_2027/I	29/05/2020	31/05/2027	HUF
OTP Bank Plc.	Retail bond	OTP_VK_USD_1 2021/IV	18/06/2020	18/06/2021	USD
OTP Mortgage Bank	Mortgage bond	OJB2027/I	23/07/2020	27/10/2027	HUF
OTP Bank Plc.	Corporate bond	OTP_DK_HUF_2025/III	31/05/2021	31/05/2025	HUF
OTP Bank Plc.	Corporate bond	OTP_DK_HUF_2024/III	31/05/2021	31/05/2024	HUF
OTP Bank Plc.	Corporate bond	OTP_DK_HUF_2027/II	31/05/2021	31/05/2027	HUF
OTP Bank Plc.	Corporate bond	OTP_DK_HUF_2026/II	31/05/2021	31/05/2026	HUF
OTP Bank Plc.	Corporate bond	OTP_DK_HUF_2028/I	31/05/2021	31/05/2028	HUF
OTP Bank Plc.	Corporate bond	OTP_DK_HUF_2029/I	31/05/2021	31/05/2029	HUF

Issuer	Type of security	Security name	Date of issue	Date of maturity	Ccy
OTP Bank Plc.	Corporate bond	OTP_DK_HUF_2030/I	31/05/2021	31/05/2030	HUF
OTP Mortgage Bank	Mortgage bond	OJB2031/I	18/08/2021	22/10/2031	HUF
OTP Bank Plc.	Corporate bond	OTP_DK_HUF_2026/III	31/03/2022	31/05/2026	HUF
OTP Bank Plc.	Corporate bond	OTP_DK_HUF_2027/III	31/03/2022	31/05/2027	HUF
OTP Bank Plc.	Corporate bond	OTP_DK_HUF_2028/II	31/03/2022	31/05/2028	HUF
OTP Bank Plc.	Corporate bond	OTP_DK_HUF_2029/II	31/03/2022	31/05/2029	HUF
OTP Bank Plc.	Corporate bond	OTP_DK_HUF_2030/II	31/03/2022	31/05/2030	HUF
OTP Bank Plc.	Corporate bond	OTP_DK_HUF_2031/I	31/03/2022	31/05/2031	HUF
OTP Bank Plc.	Corporate bond	OTP_DK_HUF_2032/I	31/03/2022	31/05/2032	HUF
OTP Mortgage Bank	Mortgage bond	OJB2029/A	25/07/2022	24/05/2029	HUF
OTP Bank Plc.	Retail bond	OTP_HUF_2025/1	18/11/2022	18/11/2025	HUF
OTP Bank Plc.	Retail bond	OTP_HUF_2026/1	22/12/2022	05/01/2026	HUF
OTP Bank Plc.	Retail bond	OTP_HUF_2024/1	17/02/2023	17/02/2024	HUF
OTP Bank Plc.	Retail bond	OTP_HUF_2024/2	10/03/2023	10/03/2024	HUF
OTP Bank Plc.	Retail bond	OTP_HUF_2024/3	31/03/2023	31/03/2024	HUF
OTP Bank Plc.	Retail bond	OTP_HUF_2024/4	21/04/2023	21/04/2024	HUF
OTP Bank Plc.	Retail bond	OTP_HUF_2024/5	12/05/2023	12/05/2024	HUF
OTP Bank Plc.	Corporate bond	OTP_DK_HUF_2028/III	01/06/2023	31/05/2028	HUF
OTP Bank Plc.	Corporate bond	OTP_DK_HUF_2029/III	01/06/2023	31/05/2029	HUF
OTP Bank Plc.	Corporate bond	OTP_DK_HUF_2030/III	01/06/2023	31/05/2030	HUF
OTP Bank Plc.	Corporate bond	OTP_DK_HUF_2031/II	01/06/2023	31/05/2031	HUF
OTP Bank Plc.	Corporate bond	OTP_DK_HUF_2032/II	01/06/2023	31/05/2032	HUF
OTP Bank Plc.	Corporate bond	OTP_DK_HUF_2033/I	01/06/2023	31/05/2033	HUF
OTP Bank Plc.	Retail bond	OTP_HUF_2024/6	02/06/2023	02/06/2024	HUF
OTP Bank Plc.	Retail bond	OTP_HUF_2024/7	23/06/2023	23/06/2024	HUF
OTP Bank Plc.	Retail bond	OTP_HUF_2024/8	30/06/2023	30/06/2024	HUF
OTP Bank Plc.	Retail bond	OTP_HUF_2025/2	30/06/2023	30/06/2025	HUF
OTP Bank Plc.	Retail bond	OTP_HUF_2024/9	28/07/2023	28/07/2024	HUF
OTP Bank Plc.	Retail bond	OTP_HUF_2024/10	07/08/2023	07/08/2024	HUF
OTP Bank Plc.	Retail bond	OTP_HUF_2024/11	01/09/2023	01/09/2024	HUF
OTP Mortgage Bank	Mortgage bond	OJB2032/A	20/09/2023	24/11/2032	HUF
OTP Bank Plc.	Retail bond	OTP_HUF_2024/12	25/09/2023	25/09/2024	HUF
OTP Bank Plc.	Retail bond	OTP_TBSZ_HUF_2028/1	13/10/2023	15/12/2028	HUF
OTP Bank Plc.	Retail bond	OTP_HUF_2024/13	20/10/2023	20/10/2024	HUF
OTP Bank Plc.	Retail bond	OTP_HUF_2024/14	17/11/2023	17/11/2024	HUF
OTP Bank Plc.	Retail bond	OTP_HUF_2026/2	15/12/2023	15/12/2026	HUF
OTP Bank Plc.	Retail bond	OTP_HUF_2024/15	20/12/2023	20/12/2024	HUF

Companies involved in the scope of consolidation (in IFRS consolidated accounts):

	Description	Main activity	Country of tax residence
1	OTP Bank Plc.	monetary intermediation	Hungary
2	OTP Real Estate Ltd.	buying and selling of own real estate	Hungary
3	BANK CENTER No. 1. Ltd.	renting and operating real estate	Hungary
4	OTP Fund Management Ltd.	fund management activities	Hungary
5	OTP Factoring Ltd.	other financial services	Hungary
6	OTP Close Building Society Ltd.	monetary intermediation	Hungary
7	Merkantil Bank Ltd.	monetary intermediation	Hungary
8	OTP Factoring Management Ltd.	buying and selling of own real estate	Hungary
9	Merkantil Bérlet Ltd.	renting and operating real estate, leasing machines and equipment	Hungary
10	OTP Mortgage Bank Ltd.	monetary intermediation	Hungary
11	OTP Funds Servicing and Consulting Company Limited	activities auxiliary to financial services	Hungary
12	NIMO 2002 Ltd.	renting and operating real estate	Hungary
13	OTP Real Estate Investment Fund Management Ltd.	fund management activities	Hungary
14	OTP Card Factory Ltd.	manufacture of plastic products	Hungary
15	Air-Invest Ltd.	passenger air transport	Hungary
16	SPLC-P Ltd.	renting and operating real estate	Hungary
17	SPLC Ltd.	trade of passenger vehicles, renting and operating real estate	Hungary
18	OTP Real Estate Leasing Ltd.	credit granting, financial leasing	Hungary
19	OTP Life Annuity Real Estate Investment Plc.	buying and selling of own real estate	Hungary
20	OTP Ingatlanpont Ltd.	real estate brokerage	Hungary
21	OTP Hungaro-Projekt Ltd.	business management consultancy	Hungary
22	OTP Mérnöki Ltd.	engineering activity	Hungary
23	OTP Ingatlanüzemeltető Ltd.	real estate operation	Hungary
24	PortfoLion Venture Capital Fund Management Ltd.	fund management activities	Hungary
25	Monicomp Ltd.	repair of computers and computer peripherals	Hungary
26	CIL Babér Ltd.	renting and operating real estate, business management consultancy	Hungary
27	OTP Financial point Ltd.	activities auxiliary to financial services	Hungary
28	Bajor-Polár Center Real Estate Management Ltd.	renting and operating real estate	Hungary
29	OTP Mobile Service Ltd.	IT services	Hungary
30	OTP Travel Limited	travel agency services	Hungary
31	OTP Ecosystem Limited Liability Company; OTP Ecosystem Llc.	other information technology services	Hungary
32	OTP ESOP	activities auxiliary to financial services	Hungary
33	PortfoLion Digital Ltd.	business management consultancy	Hungary
34	OTP Ingatlankezelő Ltd.	real estate management	Hungary
35	MFM Project Investment and Development Ltd.	renting and operating real estate	Hungary
36	ShiwaForce.com Inc.	computer programming	Hungary
37	EiSYS Ltd.	IT consultancy	Hungary
38	OTP Home Solutions Limited Liability Company	data processing	Hungary
39	OD Ltd.	computer programming	Hungary
40	Balansz Real Estate Institute Fund	investment fund	Hungary
41	PortfoLion Zöld Fund	investment fund	Hungary
42	PortfoLion Digitális Magántőkealap I.	investment fund	Hungary
43	PortfoLion Regionális Fund	investment fund	Hungary
44	PortfoLion Regionális Fund II.	investment fund	Hungary
45	PortfoLion Partner Fund	investment fund	Hungary
46	PortfoLion Digitális Magántőkealap II.	investment fund	Hungary
47	Nemesszalóki Ltd.	agricultural activity	Hungary
48	ZA-Invest Béta Ltd.	agricultural activity	Hungary
49	NAGISZ Mezőgazdasági Termelő és Szolgáltató Ltd.	agricultural activity	Hungary
50	Nádudvari Ltd.	agricultural activity	Hungary
51	HAGE Ltd.	agricultural activity	Hungary
52	AFP Private Equity Invest Ltd.	asset management (holding)	Hungary
53	ZA-Invest Delta Ltd.	asset management (holding)	Hungary
54	Foglaljorvost Online Ltd.	World Wide Web portal service	Hungary
55	OTP Ecosystem Limited Liability Company; OTP Ecosystem Llc.	Other information technology services	Hungary
56	JN Parkoló Ltd.	Services to buildings	Hungary
57	Szajk Agricultural Closed Company Limited by shares	Growing of cereals (except rice), leguminous crops, oil seeds	Hungary
58	Agricultural Privatey Held Joint-Stock Company Szekszárd	Growing of cereals (except rice), leguminous crops, oil seeds	Hungary
59	ARANYMEZŐ 2001. Ltd.	Growing of cereals (except rice), leguminous crops, oil seeds	Hungary
60	AGROMAG-PLUSZ Ltd.	Growing of cereals (except rice), leguminous crops, oil seeds	Hungary

	Description	Main activity	Country of tax residence
61	Aranykalász 1955. Ltd.	Growing of cereals (except rice), leguminous crops, oil seeds	Hungary
62	ZA Gamma HoldCo Ltd.	Asset management (holding)	Hungary
63	ZA Invest Gamma Ltd.	Asset management (holding)	Hungary
64	ZA-Invest Kappa Ltd.	Asset management (holding)	Hungary
65	Club Hotel Füred Szálloda Ltd.	Hotel services	Hungary
66	DSK Bank AD	monetary intermediation	Bulgaria
67	DSK Trans Security EAD	security services	Bulgaria
68	POK DSK-Rodina AD	pension insurance	Bulgaria
69	DSK Asset Management EAD	fund management activities	Bulgaria
70	DSK Leasing AD	financial leasing	Bulgaria
71	OTP Insurance Broker EOOD	activities of insurance agents and brokers	Bulgaria
72	OTP Factoring Bulgaria EAD	factoring, trade credit	Bulgaria
73	DSK ventures EAD	commercial mediation, marketing, IT services	Bulgaria
74	DSK DOM EAD	credit intermediation	Bulgaria
75	OTP Leasing EOOD	financial leasing	Bulgaria
76	Regional Urban Development Fund AD	financing of urban development plans	Bulgaria
77	OTP banka dioničko društvo	monetary intermediation	Croatia
78	OTP Invest društvo s ograničenom odgovornošću za upravljanje fondovima	fund management activities	Croatia
79	OTP Nekretnine d.o.o.	development of construction projects	Croatia
80	OTP Leasing d.d.	financial leasing	Croatia
81	CRESCO d.o.o.	buying and selling of own real estate	Croatia
82	Georg d.o.o	business management consultancy	Croatia
83	SKB Banka d.d. Ljubljana	monetary intermediation	Slovenia
84	SKB Leasing d.o.o.	financial leasing	Slovenia
85	SKB Leasing Select d.o.o.	financial leasing	Slovenia
86	Mendota Invest, Nepremicninska druzba, d.o.o.	property developer, manager	Slovenia
87	Mendota Invest, Nepremicninska druzba, d.o.o.	Real estate management	Slovenia
88	Nova Kreditna Banka Maribor d.d.	Other monetary intermediation	Slovenia
89	ALEJA FINANCE, FINANCNE IN DRUGE STORITVE, D.O.O.	Other activities auxiliary to financial services, except insurance and pension funding	Slovenia
90	OTP banka Srbija, joint-stock company, Novi Sad)	monetary intermediation	Serbia
91	OTP Investments d.o.o. Novi Sad	other financial services	Serbia
92	OTP Factoring Serbia d.o.o.	other financial services	Serbia
93	R.E. Four d.o.o., Novi Sad	buying and selling of own real estate	Serbia
94	PEVEC d.o.o. Beograd	warehousing	Serbia
95	OTP Leasing d.o.o. Beograd	financial leasing	Serbia
96	OTP Services Ltd.	trade of passenger vehicles	Serbia
97	OTP Leasing Srbija d.o.o. Beograd	financial leasing	Serbia
98	OTP Osiguranje AKCIONARSKO DRUŠTVO ZA	insurance	Serbia
99	Banka OTP Albania SHA	monetary intermediation	Albania
100	Montenegrin Commercial Bank Shareholding Company, Podgorica Montenegro	monetary intermediation	Montenegro
101	OTP Debt Collection d.o.o. Podgorica	other financial intermediation	Montenegro
102	JSCMB 'IPOTEKA BANK'	Other monetary intermediation	Uzbekistan
103	JSC "OTP Bank" (Russia)	monetary intermediation	Russia
104	Velvin Ventures Ltd.	real estate brokerage	Russia
105	LLC MFO "OTP Finance"	micro-financial operation	Russia
106	Joint-Stock Company OTP Bank	monetary intermediation	Ukraine
107	LLC AMC OTP Capital	fund management activities	Ukraine
108	LLC OTP Leasing	financial leasing	Ukraine
109	OTP Factoring Ukraine LLC	receivable management, credit intermediation	Ukraine
110	Venture Closed-End Non Diversified Mutual Investment Fund "OTP Solution"	investment fund	Ukraine
111	OTP Bank Romania S.A.	monetary intermediation	Romania
112	OTP Leasing Romania IFN S.A.	financial leasing	Romania
113	OTP Asset Management SAI S.A.	fund management activities	Romania
114	OTP Factoring SRL	other financial services	Romania
115	SC Aloha Buzz SRL	other financial services	Romania
116	SC Favo Consultanta SRL	other financial services	Romania
117	SC Tezaur Cont SRL	other financial services	Romania
118	OTP Bank S.A.	monetary intermediation	Moldova
119	OTP Holding Ltd.	other financial services	Cyprus
120	OTP Luxembourg S.à r.l.	Asset management (holding)	Luxembourg
121	OTP Financing Solutions	loan receivables	Netherlands
122	OTP Holding Malta Ltd.	financial holdings	Malta
123	OTP Financing Malta Ltd.	lending	Malta
124	Project 01 Consulting, s. r. o.	other financial services	Slovakia