

Management's analysis of the 2022 results of the OTP Bank

SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022 (in HUF million)

	Note	31 December 2022	31 December 2021
Cash, amounts due from banks and balances with the National Bank of Hungary	5	1,092,198	474,945
Placements with other banks, net of allowance for placement losses	6	2,899,829	2,567,212
Repo receivables	7	246,529	33,638
Financial assets at fair value through profit or loss	8	410,012	246,462
Financial assets at fair value through other comprehensive income	9	797,175	641,939
Securities at amortised cost	10	3,282,373	3,071,038
Loans at amortised cost	11	4,825,040	4,032,465
Loans mandatorily measured at fair value through profit or loss	11	793,242	662,012
Investments in subsidiaries	12	1,596,717	1,573,008
Property and equipment	13	94,564	81,817
Intangible assets	13	69,480	62,161
Right of use assets		39,882	17,231
Investment properties	14	4,207	4,328
Deferred tax assets	34	35,742	-
Current tax assets	34	1,569	-
Derivative financial assets designated as hedge accounting	15	47,220	17,727
Other assets	16	329,752	224,488
TOTAL ASSETS		16,565,531	13,710,471
Amounts due to banks and deposits from the National Bank of Hungary and other banks	17	1,736,128	1,051,203
Repo liabilities	18	408,366	86,580
Deposits from customers	19	11,119,158	9,948,532
Leasing liabilities		41,464	17,932
Liabilities from issued securities	20	498,709	22,153
Financial liabilities designated at fair value through profit or loss	21	16,576	20,133
Derivative financial liabilities designated as held for trading	22	373,401	192,261
Derivative financial liabilities designated as hedge accounting	23	50,623	18,690
Deferred tax liabilities	34	-	1,507
Current tax liabilities	34	3,199	4,776
Provisions	24	29,656	21,527
Other liabilities	24	313,188	238,437
Subordinated bonds and loans	25	294,186	271,776
TOTAL LIABILITIES		14,884,654	11,895,507
Share capital	26	28,000	28,000
Retained earnings and reserves	27	1,655,601	1,845,836
Treasury shares	28	(2,724)	(58,872)
TOTAL SHAREHOLDERS' EQUITY		1,680,877	1,814,964
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		16,565,531	13,710,471

SEPARATE STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2021 (in HUF million)

	Note	Year ended 31 December 2022	Year ended 31 December 2021
<i>Interest Income</i>			
Interest income calculated using the effective interest method	29	721,679	302,373
Income similar to interest income	29	377,231	105,663
Interest income and similar to interest income total		1,098,910	408,036
<i>Interest Expense</i>			
Interest expenses total	29	(802,020)	(155,491)
NET INTEREST INCOME		296,890	252,545
Loss allowance on loan, placement and repo receivables losses	6, 7, 11, 30	(47,687)	(38,841)
Loss allowance on securities at fair value through other comprehensive income and on securities at amortised cost	9, 10, 30	(53,238)	(1,484)
Provision for loan commitments and financial guarantees given	24, 30	(5,541)	(130)
Change in the fair value attributable to changes in the credit risk of loans mandatorily measured at fair value through profit or loss	45.4.	11,872	(16,255)
Risk cost total		(94,594)	(56,710)
NET INTEREST INCOME AFTER RISK COST		202,296	195,835
LOSSES ARISING FROM DERECOGNITION OF FINANCIAL ASSETS MEASURED AT AMORTISED COST		(56,195)	(2,700)
MODIFICATION LOSS	4	(14,856)	(7,017)
Income from fees and commissions	31	362,444	300,803
Expenses from fees and commissions	31	(66,087)	(52,276)
NET PROFIT FROM FEES AND COMMISSIONS		296,357	248,527
Foreign exchange gains and (losses)	32	541	(5,638)
(Losses) and gains on securities, net	32	(10,605)	2,104
Losses on financial instruments at fair value through profit or loss	32	(18,790)	(6,494)
Gains on derivative instruments, net	32	9,917	3,436
Dividend income	32	194,526	99,037
Other operating income	33	13,775	11,265
Other operating expenses	33	(131,942)	(41,636)
NET OPERATING INCOME		57,422	62,074
Personnel expenses	33	(154,303)	(136,126)
Depreciation and amortization	33	(46,738)	(40,692)
Other administrative expenses	33	(290,989)	(178,611)
OTHER ADMINISTRATIVE EXPENSES		(492,030)	(355,429)
PROFIT BEFORE INCOME TAX		(7,006)	141,290
Income tax	34	13,638	(15,951)
PROFIT AFTER INCOME TAX		6,632	125,339
Earnings per share (in HUF)			
Basic	43	24	455
Diluted	43	24	455

SEPARATE STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022 (in HUF million)

	Note	Year ended 31 December 2022	Year ended 31 December 2021
PROFIT AFTER INCOME TAX		6,632	125,339
Items that may be reclassified subsequently to profit or loss			
Fair value adjustment of debt instruments at fair value through other comprehensive income		(55,803)	(37,163)
Deferred tax (9%) related to fair value adjustment of debt instruments at fair value through other comprehensive income	34	5,185	3,410
Gains/(Losses) on separated currency spread of financial instruments designated as hedging instrument		(4,887)	1,681
Deferred tax (9%) related to (losses)/gains on separated currency spread of financial instruments designated as hedging instrument	34	440	(151)
(Losses)/Gains on derivative financial instruments designated as cash-flow hedge		(5,641)	(6,307)
Deferred tax (9%) 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		61	1,407
Deferred tax (9%) related to equity instruments at fair value through other comprehensive income	34	(41)	(281)
Total		(58,011)	(37,404)
TOTAL COMPREHENSIVE INCOME		(51,379)	87,935

POST-BALANCE SHEET EVENTS

Post-balance sheet event cover the period until 17 February 2023.

Hungary

- On 4 January 2023 OTP Bank announced that the National Bank of Hungary imposed the below additional capital requirements for OTP Group, on consolidated level, effective from 1 January 2023 until the next review:

- 1.13 pps in case of the Common Equity Tier1 (CET1) capital, accordingly the minimum requirement for the consolidated CET1 ratio is 5.63% (without regulatory capital buffers);
- 1.50 pps in case of the Tier1 capital, accordingly the minimum requirement for the consolidated Tier1 ratio is 7.50% (without regulatory capital buffers);
- 2.00 pps in case of the Total SREP Capital Requirement (TSCR), accordingly the

minimum requirement for the consolidated capital adequacy ratio is 10.00% (without regulatory capital buffers).

- On 23 January 2023 the Ministry of Economic Development announced that the Gábor Baross Reindustrialization Loan Programme will be launched from February by Eximbank, with a total available amount of HUF 700 billion. Under the scheme, the HUF and EUR denominated loans will be available for all purposes, depending on the loan amount either through commercial banks or directly through Eximbank, but all the funding need will be provided or refinanced by Eximbank. The interest rate of the loans will be fixed throughout the whole tenor, and will be typically maximum

6% in the case of HUF loans and maximum 3.5% in the case of EUR loans.

- On 24 January 2023 the National Bank of Hungary kept the reference rates unchanged. The NBH held a long-term deposit tender on 25 January, and from 1 February discount bill auctions are held on a weekly basis. The NBH said that it will continue to meet foreign currency liquidity needs in the coming months to reach market balance related to the energy account. Furthermore, the Deputy Governor announced that effective from April the mandatory reserve requirement for banks will be increased from 5% to 10%.
 - On 27 January 2023 S&P Global Ratings lowered the long- and short-term foreign and local currency sovereign credit ratings on Hungary to 'BBB-/A-3' from 'BBB/A-2'. The outlook on the long-term ratings is stable.
 - According to the press release published on 30 January 2023 by S&P Global Ratings, the rating agency downgraded its long- and short-term issuer credit ratings, as well as the long- and short-term resolution counterparty ratings on OTP Bank Plc. and OTP Mortgage Bank Ltd. to 'BBB-/A-3' from 'BBB/A-2', and the senior preferred debt rating of OTP Bank Plc. was also downgraded by one notch to 'BBB-'.
- The outlook on the long-term issuer ratings is stable.
- The financial completion of the transaction to purchase 100% shareholding of Nova KBM d.d. and its subsidiary in Slovenia – after obtaining all necessary regulatory approvals – has been completed on 6 February 2023.
 - According to the press release published on 6 February 2023 by Moody's Investors Service, the rating agency concluded the ratings review initiated in July 2021. The rating agency downgraded OTP Bank's subordinated bond rating by one notch to 'Ba2' from 'Ba1'. All other ratings and assessments of OTP Bank have been affirmed. Outlook is stable.
- At the same time, Moody's Investors Service downgraded the backed long-term domestic currency issuer rating of OTP Mortgage Bank to 'Baa3' from 'Baa2'. All other ratings and assessments of OTP Mortgage Bank have been affirmed. Outlook is stable.
- On 15 February 2023 as value date OTP Bank issued Tier2 Notes in the aggregate nominal amount of USD 650 million. The Tier2 Notes with 10.25 years maturity, redeemable at par any time during the 3-month period prior to the Reset Date at 5.25 years, were priced on 8 February 2023.

ACQUISITIONS

On 6 December 2021 OTP Bank signed an acquisition agreement with Alpha International Holdings Single Member S.A. on purchasing 100% shareholding of Alpha Bank SH.A., the Albanian subsidiary of the Greek Alpha Bank S.A. The purchase price has been agreed at EUR 55 million. The financial closing of the transaction was completed on 18 July 2022. On 31 May 2021 OTP Bank signed a share sale and purchase agreement on purchasing 100% shareholding of Nova KBM d.d. and its subsidiary, 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.

On 12 December 2022 OTP Bank signed a purchase and sale contract for the purchase of the majority stake of Ipoteka Bank and its subsidiaries with the Ministry of Finance of the Republic of Uzbekistan. OTP Bank will purchase 100% of the shares held by the Ministry of Finance of the Republic of Uzbekistan (nearly 97% total shareholding) in two steps: 75% of the shares now and the remaining 25% three years

after the financial closing of the first transaction. The financial closure of the first transaction is expected in 1H 2023 subject to obtaining all the necessary regulatory approvals. The the Nova KBM acquisition completed in February 2023 and the pending acquisition of Ipoteka Bank in Uzbekistan (expected to

be financially closed in 2Q) may substantially contribute to the consolidated profit after tax; in addition to this, the expected positive after tax effect of one-off items to be booked in relation to the consolidation of Nova KBM (badwill, PPA, initial risk cost, etc.) might reach EUR 230 million.

MACROECONOMIC OVERVIEW

The rapid recovery following the COVID crisis has created capacity bottlenecks in many sectors, which, coupled with rising commodity and energy prices, have significantly increased inflation in advanced economies. In the USA, the rate of inflation has not been at this level since the 1970s. The rapidly rising and increasingly broad-based inflation prompted the Fed to take action and to become the first major central bank to start raising interest rates. This move has significantly strengthened the dollar, and US 10-year yields rose to 4.3%. In the USA, inflation clearly peaked in mid-2022, and has been on a downward trend since then. Inflation also rose rapidly in Europe, where the dramatically growing gas and electricity prices posed the bigger problem. However, inflation also peaked in the euro area by the end of 2022, and has been on a downward trend since October 2022. As the Russia-Ukraine war had a much stronger impact on Europe's economic outlook, and the labour market was much less tight than in the USA, the ECB was slower to react to the rise in inflation. Still, European short-term interest rates also rose to 2% by the end of 2022.

The USA went into a technical recession in the first half of 2022, but this turned out to be temporary, and the US economy resumed growth in the second half-year. Europe's economies proved more resilient than had been expected to the effects of the Russia-Ukraine war. In the first half of the year, growth benefited from the sectors that recovered after the pandemic, but the currency area also avoided recession in the second half of the year, and grew by 3.5% in full year 2022.

The main factor that affected Hungary's economy in 2022 was the war in a neighbouring country. Although the Hungarian economy grew by 8.2% year-on-year in the first quarter and by 6.5% in the second, this was largely fuelled by massive one-off transfers at the beginning of 2022. By the second half of the year, however, the economy had lost steam and entered technical recession (two consecutive quarters of economic contraction) by the end of 2022. As a result, the Hungarian economy grew by 4.6% in 2022 as a whole. Inflation, which went beyond 20% by the end of the year, played a significant role in the downturn, significantly eroding real income, and turning its growth negative by the end of 2022.

The strong domestic demand at the beginning of the year allowed businesses to pass through the ongoing cost shocks to prices. From the second half of the year, a number of administrative measures (tightening of KATA tax rules, windfall taxes, increasing the public health product tax, scrapping some price caps, etc.) also boosted inflation. As a consequence, Hungary's inflation decoupled from the developments in the euro area, where inflation peaked around 10%, and from the CEE region, where it peaked at 15–17%. In Hungary, inflation did not peak in 2022.

Given that Hungary is a major net energy importer, the sharp rise in energy prices has significantly worsened the Hungarian economy's external balance, which put the forint under depreciation pressure. In addition, the continued delay in agreeing on EU funds has increased the risk premium on HUF assets, which also contributed to the forint's weakening – the

MNB could reverse this only by a drastic interest rate hike, when the EUR/HUF was nearing 435. As a result, the effective reference rate rose to 18%. The falling gas prices, and the agreement reached with the EU at the end of 2022 had a benign effect on the HUF's exchange rate. Falling real incomes and high interest rates have considerably slowed credit market growth. The housing loan market saw the sharpest slowdown: by the end of 2022 (as the

Green Home Programme credit line ended), the contracted amount had fallen to half of the level seen in 2021.

Despite the rapidly eroding real incomes, household consumption was still relatively buoyant. But this came at a price: households' ability to save has sharply fallen. Outflows from demand deposits was particularly strong; these amounts flowed into foreign currency deposits and investment fund units.

DIGITAL AND IT INNOVATIONS

OTP Bank broadens the range of remotely available services continually. By the end of 2022 more than 1.7 million customers have registered to the Digital Contract, which allows them to sign up for further digital services via fully online processes.

In 2022 OTP Bank developed a unique electronic document signing option for the users of the InternetBank. Taking advantage of the strong customer authentication of the netbank platform, our clients can sign on their contracts initiated in the Contact Center.

The new MobilBank serving our retail clients with extensive functionality replaced the previously applied solution completely in March 2022. The new app offers several innovative functions such as: QR-code based cheque payment, Apple Pay integration, credit card installment and OpenBanking option for handling external balances and account information.

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.

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.

The ratio of personal loan applications submitted online has risen from 30 to almost 40 percent during 2022.

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 and via our internet banking service as well, therefore we serve client needs also via identified conversations. Most popular topics raised with customer service are managed by chatbots: by 2022 we already have 35 live end-to-end chatbot processes which provide our clients with automated support around the clock.

In the branch network, paperless administration is supported by the digital signature pads available in all OTP branches, which were already used by 2.4 million customers.

Signature pads' self-learning function contributes to a faster verification making branch processes even more effective.

The branch network and the Contact Center uses the same user-friendly front-end system, which handles majority of all business processes, hence shortens the time of training and development.

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.

1013 Budapest, Alagút utca 3.	1126 Budapest, Böszörményi út 9-11.	7370 Sásd, Dózsa György utca 2.
1011 Budapest, Iskola utca 38-42.	1123 Budapest, Alkotás utca 53.	7960 Sellye, Köztársaság tér 4.
1015 Budapest, Széna tér 7.	1124 Budapest, Apor Vilmos tér 11.	7940 Szentlőrinc, Munkácsy Mihály utca 16/A
1024 Budapest, Fény utca 11-13.	1055 Budapest, Nyugati tér 9.	7773 Villány, Baross Gábor utca 36.
1025 Budapest, Törökvész út 1/A	1137 Budapest, Pozsonyi út 38.	7754 Bóly, Hősök tere 8/B
1026 Budapest, Szilágyi Erzsébet fasor 121.	1062 Budapest, Váci út 1-3.	6000 Kecskemét, Korona utca 2.
1021 Budapest, Hűvösvölgyi út 138.	1138 Budapest, Váci út 135-139.	6000 Kecskemét, Szabadság tér 5.
1033 Budapest, Flórián tér 15.	1133 Budapest, Váci út 80.	6500 Baja, Deák Ferenc utca 1.
1025 Budapest, Szépvölgyi út 4/B	1134 Budapest, Váci út 17.	6300 Kalocsa, Szent István király út 43-45.
1039 Budapest, Heltai Jenő tér 2.	1135 Budapest, Lehel utca 70-76.	6200 Kiskőrös, Petőfi Sándor tér 13.
1032 Budapest, Bécsi út 154.	1148 Budapest, Nagy Lajos király útja 19-21.	6400 Kiskunhalas, Sétáló utca 7.
1033 Budapest, Szentendrei út 115.	1149 Budapest, Fogarasi út 15/B	6100 Kiskunfélegyháza, Petőfi tér 1.
1041 Budapest, Erzsébet utca 50.	1149 Budapest, Bosnyák tér 17.	6430 Bácsalmás, Szent János utca 32.
1048 Budapest, Kordován tér 4.	1146 Budapest, Thököly út 102/B	6087 Dunavecse, Fő út 40.
1042 Budapest, Árpád út 63-65.	1152 Budapest, Szentmihályi út 131.	6070 Izsák, Szabadság tér 1.
1051 Budapest, Nádor utca 16.	1151 Budapest, Fő út 64.	6440 Jánoshalma, Rákóczi Ferenc utca 10.
1052 Budapest, Deák Ferenc utca 7-9.	1157 Budapest, Zsókavár utca 28.	6237 Kecel, Császártöltési utca 1.
1055 Budapest, Szent István körút 1.	1163 Budapest, Jókai Mór utca 3/B	6120 Kiskunmajsa, Csendes köz 1.
1054 Budapest, Szabadság tér 7-8.	1161 Budapest, Rákosi út 118.	6090 Kunszentmiklós, Kálvin tér 11.
1066 Budapest, Oktogon tér 3.	1173 Budapest, Ferihegyi út 93.	6050 Lajosmizse, Dózsa György út 102/A
1075 Budapest, Károly körút 1.	1173 Budapest, Pesti út 5-7.	6449 Mélykút, Petőfi tér 18.
1076 Budapest, Thököly út 4.	1181 Budapest, Üllői út 377.	6230 Soltvadkert, Szentháromság utca 2.
1075 Budapest, Károly körút 25.	1188 Budapest, Vasút utca 48.	6060 Tiszakécske, Béke tér 6.
1085 Budapest, József körút 33.	1183 Budapest, Üllői út 440.	6000 Kecskemét, Dunaföldvári út 2.
1085 Budapest, József körút 53.	1195 Budapest, Üllői út 285.	6320 Solt, Kossuth Lajos utca 48-50.
1087 Budapest, Könyves Kálmán körút 76-1.	1191 Budapest, Vak Bottyán utca 75/A-C	6080 Szabadszállás, Dózsa György út 1.
1081 Budapest, Népszínház utca 3-5.	1204 Budapest, Kossuth Lajos utca 44-46.	5600 Békéscsaba, Szent István tér 3.
1083 Budapest, Futó utca 35-45.	1238 Budapest, Grassalkovich út 160.	5700 Gyula, Bodoky utca 9.
1191 Budapest, Üllői út 201.	1203 Budapest, Bíró Mihály utca 7.	5800 Mezőkovácsháza, Árpád utca 177.
1094 Budapest, Ferenc körút 13.	1239 Budapest, Bevásárló utca 2.	5900 Orosháza, Kossuth Lajos utca 20.
1085 Budapest, Kálvin tér 12-13.	1211 Budapest, Kossuth Lajos utca 86.	5540 Szarvas, Kossuth Lajos tér 1.
1097 Budapest, Könyves Kálmán körút 12-14.	1211 Budapest, Kossuth Lajos utca 99.	5520 Szeghalom, Tildy Zoltán utca 4-8.
1095 Budapest, Soroksári út 32-34.	1221 Budapest, Kossuth Lajos utca 31.	5630 Békés, Széchenyi tér 2.
1102 Budapest, Kőrösi Csoma sétány 6.	1222 Budapest, Nagytétényi út 37-45.	5830 Battonya, Fő utca 86.
1103 Budapest, Sibrik Miklós út 30.	7621 Pécs, Rákóczi út 44.	5510 Dévaványa, Árpád utca 32.
1106 Budapest, Örs vezér tere 25.	7621 Pécs, Rákóczi út 1.	5742 Elek, Gyulai út 5.
1106 Budapest, Örs Vezér tere 25/A 1. em.	7632 Pécs, Diana tér 14.	5500 Gyomaendrőd, Szabadság tér 7.
1115 Budapest, Bartók Béla út 92-94.	7633 Pécs, Ybl Miklós utca 7/3	5650 Mezőberény, Kossuth Lajos tér 12.
1117 Budapest, Mórícz Zsigmond körtér 18.	7300 Komló, Kossuth Lajos utca 95/1	5820 Mezőhegyes, Zala György lakótelep 7.
1118 Budapest, Rétköz utca 5.	7700 Mohács, Széchenyi tér 1.	5720 Sarkad, Árpád fejedelem tér 5.
1117 Budapest, Hunyadi János út 19.	7800 Siklós, Felszabadulás utca 60-62.	5940 Tótkomlós, Széchenyi utca 4-6.
1117 Budapest,	7900 Szigetvár, Vár utca 4.	5661 Újkígyós, Kossuth utca 38.
Október huszonharmadika utca 8-10.	7720 Pécsvárad, Bem utca 2/B	5530 Vésztő, Kossuth Lajos utca 72.

5525 Füzesgyarmat, Szabadság tér 1.	9330 Kapuvár, Szent István király utca 4-6.	3170 Szécsény, Feszty Árpád utca 1.
5600 Békéscsaba, Andrassy út 37-43.	9431 Fertőd, Fő utca 7.	2700 Cegléd, Szabadság tér 6.
3530 Miskolc, Uitz Béla utca 6.	9317 Szany, Ady Endre utca 2.	2370 Dabas, Bartók Béla út 46.
3530 Miskolc, Rákóczi Ferenc utca 1.	9024 Győr, Bartók Béla út 53/B	2100 Gödöllő, Szabadság tér 12-13.
3531 Miskolc, Győri kapu 51.	9024 Győr, Kormos István utca 6.	2200 Monor, Kossuth Lajos utca 88/B
3535 Miskolc, Árpád út 2.	9026 Győr, Egyetem tér 1.	2760 Nagykáta, Bajcsy-Zsilinszky út 1.
3780 Edelény, Tóth Árpád út 1.	9027 Győr, Budai út 1.	2300 Ráckeve, Szent István tér 3.
3860 Encs, Bem József út 1.	4025 Debrecen, Pásti utca 1-3.	2000 Szentendre, Pannónia utca 1-3.
3400 Mezőkövesd, Mátyás király út 149.	4025 Debrecen, Piac utca 45-47.	2600 Vác, Széchenyi István utca 3-7.
3580 Tiszaújváros, Szent István út 30.	4032 Debrecen, Füredi út 43.	2120 Dunakeszi, Barátság útja 29.
3600 Ózd, Városház tér 1/A	4100 Berettyóújfalu, Oláh Zsigmond utca 1.	2030 Érd, Budai út 24.
3980 Sátoraljaújhely, Széchenyi tér 13.	4150 Püspökladány, Kossuth utca 2.	2750 Nagykőrös, Szabadság tér 2.
3900 Szerencs, Kossuth tér 3/A	4220 Hajdúböszörmény, Kossuth Lajos utca 3.	2440 Százhalombatta, Szent István tér 8.
3700 Kazincbarcika, Egressy Béni út 50.	4080 Hajdúnánás, Köztársaság tér 17-18/A	2740 Abony, Kossuth Lajos tér 3.
3950 Sárospatak, Eötvös József utca 2.	4200 Hajdúszoboszló, Szilfákajla 6-8.	2730 Albertirsa, Vasút utca 4/A
3630 Putnok, Kossuth Lajos út 45.	4060 Balmazújváros, Veres Péter utca 3.	2170 Aszód, Kossuth Lajos utca 42-46.
3800 Szikszó, Kassai út 16.	4110 Biharkeresztes, Kossuth utca 4.	2040 Budaörs, Szabadság út 131/A
3770 Sajószentpéter, Bethlen Gábor utca 1/A	4130 Derecske, Köztársaság út 111.	2330 Dunaharaszti, Dózsa György út 25.
3450 Mezőcsát, Hősök tere 23.	4087 Hajdúdorog, Petőfi tér 9-11.	2230 Gyömrő, Szent István út 17.
3910 Tokaj, Rákóczi út 37.	4138 Komádi, Fő utca 1-3.	2340 Kiskunlacháza, Dózsa György út 219.
3527 Miskolc, József Attila utca 87.	4181 Nádudvar, Fő út 119.	2364 Ócsa, Szabadság tér 1.
6720 Szeged, Takaréktár utca 7.	4090 Polgár, Barankovics tér 15.	2721 Pilis, Rákóczi út 9.
6720 Szeged, Aradi vértanúk tere 3.	4242 Hajdúhadház, Kossuth utca 2.	2085 Pilisvörösvár, Fő utca 60.
6791 Szeged, Negyvennyolcas utca 3.	4032 Debrecen, Egyetem tér 1.	2310 Szigetszentmiklós, Ifjúság útja 17.
6600 Szentcsaba, Kossuth Lajos utca 26.	4254 Nyíradony, Árpád tér 6.	2220 Vecsés, Fő út 170.
6640 Csongrád, Szentháromság tér 2-6.	4025 Debrecen, Hatvan utca 2-4.	2360 Gyál, Kőrösi út 160.
6800 Hódmezővásárhely, Andrassy út 1.	3300 Eger, Törvényház utca 4.	2143 Kistarcsa, Hunyadi utca 7.
6900 Makó, Széchenyi tér 14-16.	3390 Füzesabony, Rákóczi Ferenc út 77.	2119 Pécel, Kossuth tér 4.
6760 Kistelek, Kossuth utca 6-8.	3200 Gyöngyös, Fő tér 1.	2092 Budakeszi, Fő utca 174.
6782 Mórahalom, Szegedi út 3.	3360 Heves, Hősök tere 4.	2040 Budaörs, Sport utca 2-4.
6724 Szeged, Rókusi körút 42-64.	3000 Hatvan, Kossuth tér 8. földszint 1.	2120 Dunakeszi, Nádas utca 6.
6724 Szeged, Londoni körút 3.	3021 Lőrinci, Szabadság tér 25/A	2310 Szigetszentmiklós, Háros utca 120.
8000 Székesfehérvár, Ősz utca 13.	3245 Recsk, Kossuth Lajos út 93.	2141 Csömör, Határ út 6.
2060 Bicske, Bocskai köz 1.	3300 Eger, Széchenyi István utca 2.	2013 Pomáz, József Attila utca 17.
2400 Dunaújváros, Dózsa György út 4/E	2800 Tatabánya, Fő tér 32.	2083 Solymár, Szent Flórián utca 2.
8060 Mór, Deák Ferenc utca 2.	2510 Dorog, Bécsi út 33.	2220 Vecsés, Fő út 246-248.
7000 Sárospatak, Ady Endre út 172.	2900 Komárom, Mártírok útja 23.	2112 Veresegyház, Fő út 52.
2457 Adony, Petőfi utca 2.	2890 Tata, Ady Endre utca 1-3.	2234 Maglód, Esterházy János utca 1.
8130 Enying, Kossuth Lajos utca 43.	2500 Esztergom, Rákóczi tér 2-4.	2030 Érd, Iparos utca 5.
2483 Gárdonyi, Szabadság út 18.	2840 Oroszlány, Rákóczi Ferenc út 84.	2225 Üllő, Pesti út 92/B
8154 Polgárdi, Deák Ferenc utca 16.	2941 Ács, Gyár utca 14.	7400 Kaposvár, Széchenyi tér 2.
8000 Székesfehérvár, Fő utca 7.	2870 Kisbér, Batthyány tér 5.	7400 Kaposvár, Honvéd utca 55.
8000 Székesfehérvár, Holland fasor 2.	2536 Nyergesújfalu, Kossuth Lajos utca 126.	8700 Marcali, Rákóczi utca 6-10.
9022 Győr, Teleki László utca 51.	2800 Tatabánya, Bárdos László utca 2.	7500 Nagyatád, Korányi Sándor utca 6.
9011 Győr, Győrszentiván, Déryné út 77.	3100 Salgótarján, Rákóczi út 22.	8600 Siófok, Fő tér 10/A
9400 Sopron, Teleki Pál út 22/A	2660 Balassagyarmat, Rákóczi fejedelem út 44.	7570 Barcs, Séta tér 5.
9300 Csorna, Soproni út 58.	3060 Pásztó, Fő utca 73/A	8630 Balatonboglár, Dózsa György utca 1.
9200 Mosonmagyaróvár, Fő utca 24.	2651 Rétság, Rákóczi Ferenc út 28-30.	8840 Csurgó, Petőfi tér 20.
9400 Sopron, Várkerület 96. földszint 1.	3070 Bátonytereny, Bányász út 1/A	8640 Fonyód, Ady Endre utca 25.

8693 Lengyeltóti, Csalogány utca 2.
8660 Tab, Kossuth Lajos utca 96.
7561 Nagybajom, Fő utca 107.
8638 Balatonlelle, Rákóczi út 202–204.
4400 Nyíregyháza, Rákóczi utca 1.
4900 Fehérgyarmat, Móricz Zsigmond utca 4.
4600 Kisvárda, Szent László utca 30.
4700 Mátészalka, Szalkay László utca 34.
4300 Nyírbátor, Zrínyi utca 1.
4800 Vásárosnamény, Szabadság tér 33.
4561 Baktalórántháza, Köztársaság tér 4.
4233 Balkány, Szakolyi utca 5.
4765 Csenger, Ady Endre utca 1.
4492 Dombrád, Szabadság tér 7.
4501 Kemece, Móricz Zsigmond utca 18.
4320 Nagykálló, Árpád utca 10.
4450 Tiszalök, Kossuth Lajos utca 52/A
4440 Tiszavasvári, Kossuth Lajos utca 6.
4244 Újfehértó, Fő tér 15.
4625 Záhony, Ady Endre út 27–29.
5000 Szolnok, Szapáry utca 31.
5000 Szolnok, Nagy Imre körút 2/A
5100 Jászberény, Lehel vezér tér 28.
5440 Kunszentmárton, Kossuth Lajos út 2.
5350 Tiszafüred, Piac tér 3.

5200 Törökszentmiklós, Kossuth Lajos utca 141.
5300 Karcag, Kossuth Lajos tér 15.
5310 Kisújszállás, Szabadság tér 6.
5400 Mezőtúr, Szabadság tér 29.
5420 Túrkeve, Széchenyi utca 32–34.
5130 Jászapáti, Kossuth Lajos út 2–8.
5123 Jászárokszállás, Rákóczi Ferenc utca 4–6.
5055 Jászládány, Kossuth Lajos utca 77.
5340 Kunhegyes, Szabadság tér 4.
5321 Kunmadaras, Kossuth tér 3.
5430 Tiszaföldvár, Kossuth Lajos út 191.
5000 Szolnok, Széchenyi István körút 135.
7100 Szekszárd, Szent István tér 5–7.
7030 Paks, Dózsa György út 33.
7090 Tamási, Szabadság utca 33.
7150 Bonyhád, Szabadság tér 10.
7200 Dombóvár, Dombó Pál utca 3.
7020 Dunaföldvár, Béke tér 11.
7081 Simontornya, Petőfi utca 68.
7130 Tolna, Kossuth Lajos utca 31.
7030 Paks, Kishegyi út 44/A
7140 Bátaszék, Budai út 13.
9700 Szombathely, Fő tér 3–5.
9700 Szombathely, Rohonci út 52.
9900 Körmend, Vida József utca 12.

9600 Sárovar, Batthyány utca 2.
9500 Celldömölk, Kossuth Lajos utca 18.
9730 Kőszeg, Kossuth Lajos utca 8.
9970 Szentgotthárd, Mártírok út 2.
9800 Vasvár, Alkotmány utca 2.
9737 Bük, Kossuth Lakos utca 1–3.
9700 Szombathely, Király utca 10.
8200 Veszprém, Brusznyai Árpád utca 1.
8400 Ajka, Szabadság tér 18.
8500 Pápa, Fő tér 22.
8300 Tapolca, Fő tér 2.
8230 Balatonfüred, Petőfi Sándor utca 8.
8100 Várpalota, Újlaky út 2.
8220 Balatonalmádi, Baross Gábor út 5/A
8460 Devecser, Kossuth Lajos utca 13.
8330 Sümeg, Kisfaludy Sándor tér 1.
8420 Zirc, Rákóczi tér 15.
8900 Zalaegerszeg, Kisfaludy Sándor utca 15–17.
8800 Nagykanizsa, Deák Ferenc tér 15.
8960 Lenti, Dózsa György út 1.
8360 Keszthely, Kossuth Lajos utca 38.
8868 Letenye, Szabadság tér 8.
8790 Zalaszentgrót, Batthyány utca 11.
8380 Hévíz, Erzsébet királyné utca 11.

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. 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 well-separated test and development environments along with 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 is 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 prevention, detection, identification, isolation, analysis, recovery and reporting;
- remote work is regulated in a controlled and documented way, remote accesses are protected with multi-factor authentication;
- ensures IT security compliance within operated regulative framework;
- revision and update of IT security regulations with required frequencies;
- ensures vulnerability assessments and penetration tests are carried out as planned;
- define pools for categorization of installed software into preferred, allowed and prohibited. Ensure policy is followed.
- 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.

The General Meeting was held on 13 April 2022 in accordance with the general rules, traditionally, with the personal participation of the shareholders, subject to Section 3 (1) of the Government Decree 502/2020. (XI. 16.) on the re-introduction of deviation provisions pertaining to the operation of partnerships and corporations during the state of emergency, also in line with the Act I of 2021 on the prevention of the coronavirus pandemic.

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 Rész tulajdonosi Programjéért*, 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 Section 61 (10)–(11)–(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 in the first paragraph of this section, 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 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 2022			31 December 2022		
	Ownership share	Voting rights ¹	Quantity	Ownership share	Voting rights ¹	Quantity
Domestic institution/company	26.66%	26.97%	74,637,180	31.80%	31.84%	89,040,716
Foreign institution/company	66.69%	67.47%	186,733,858	50.05%	50.11%	140,129,576
Domestic individual	4.79%	4.84%	13,405,389	16.91%	16.93%	47,338,305
Foreign individual	0.11%	0.12%	319,712	0.52%	0.52%	1,464,494
Employees, senior officers ²	0.48%	0.48%	1,341,018	0.55%	0.55%	1,526,762
Treasury shares ³	1.16%	0.00%	3,251,484	0.13%	0.00%	354,144
Government held owner	0.07%	0.07%	188,326	0.05%	0.05%	139,946
International Development Institutions	0.04%	0.04%	120,871	0.00%	0.00%	3,183
Other ⁴	0.00%	0.00%	2,172	0.00%	0.00%	2,884
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 The shares indirectly owned by György Nagy, a member of the Board of Directors, were reclassified to the domestic individual category as of 31 December 2021.

³ 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 2022 ESOP owned 10,965,752 OTP shares.

⁴ Non-identified shareholders according to the shareholders' registry.

Number of treasury shares held in the year under review (2022):

	1 January	31 March	30 June	30 September	31 December
OTP Bank	3,251,484	691,233	467,880	365,842	354,144
Subsidiaries	0	0	0	0	0
Total	3,251,484	691,233	467,880	365,842	354,144

Shareholders with over/around 5% stake as at 31 December 2022:

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%	8.58%	
Groupama Group	F/D	C	14,258,161	5.09%	5.10%	
Groupama Gan Vie SA	F	C	14,140,000	5.05%	5.06%	
Groupama Biztosító Ltd.	D	C	118,161	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 2022:

Type ¹	Name	Position	Commencement date of the term	Expiration/termination of the term	Number of shares
IT	dr. Sándor Csányi ²	Chairman and CEO	15/05/1992	2026	325.047
IT	Tamás György Erdei	Deputy Chairman	27/04/2012	2026	43.085
IT	Gabriella Balogh	member	16/04/2021	2026	8.193
IT	Mihály Baumstark	member	29/04/1999	2026	53.600
IT	Péter Csányi	member, Deputy CEO	16/04/2021	2026	9.648
IT	dr. István Gresa	member	27/04/2012	2026	182.858
IT	Antal György Kovács ³	member, Deputy CEO	15/04/2016	2026	114.759
IT	György Nagy ⁴	member	16/04/2021	2026	34.800
IT	dr. Márton Gellért Vági	member	16/04/2021	2026	8.500
IT	dr. József Zoltán Vörös	member	15/05/1992	2026	186.714
IT	László Wolf	member, Deputy CEO	15/04/2016	2026	535.347
FB	Tibor Tolnay	Chairman	15/05/1992	2023	54
FB	dr. József Gábor Horváth	Deputy Chairman	19/05/1995	2023	0
FB	Klára Bella	member	12/04/2019	2023	408
FB	dr. Tamás Gudra	member	16/04/2021	2023	0
FB	András Michnai	member	25/04/2008	2023	100
FB	Olivier Péqueux	member	13/04/2018	2023	0
SP	László Bencsik	Deputy CEO			12.744
SP	György Kiss-Haypál	Deputy CEO			10.905
TOTAL No. of shares held by management					1,526,762

¹ Employee in strategic position (SP), Board Member (IT), Supervisory Board Member (FB)

² Number of OTP shares owned by Dr. Sándor Csányi, Chairman and CEO, directly or indirectly: 4,602,174

³ Number of OTP shares owned by Antal Kovács, Member of Board of Directors, directly or indirectly: 119,059

⁴ Number of OTP shares owned by György Nagy, Member of Board of Directors, directly or indirectly: 1,118,955

Committees¹

Members of the Board of Directors

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

Members of the Supervisory Board

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

Members of the Audit Committee

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

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

Personal and organizational changes

On 13 April 2022, concerning the audit of OTP Bank Plc.'s separate and consolidated annual financial statements in accordance with International Financial Reporting Standards

for the year 2022, the Annual General Meeting elected Ernst & Young Ltd. as the Company's auditor from 1 May 2022 until 30 April 2023.

From 1 January 2023 Antal György Kovács' position was taken over by András Becsei as the Retail Division Deputy CEO. Antal György Kovács will retain his employment status, thus his position as

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

Deputy CEO until the Annual General Meeting closing the financial year 2022, during which time he will mainly be responsible for group governance.

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 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 2 meetings in 2022. In addition, resolutions were passed by the Board of Directors on 139, by the Supervisory Board on 73 and by the Audit Committee on 24 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 Board 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 7 members and has no female member.

NON-FINANCIAL STATEMENT

OTP BANK PLC. (SEPARATE)

Environmental policy, environmental projects

OTP Group is committed to the protection of the environment, the combating of climate change and its impacts, and the preservation and low-impact use of natural resources. OTP Bank's environmental activities are regulated in its Environmental Regulation, which is revised annually. The Regulation ensures legal compliance and the consideration and integration of environmental criteria into the Bank's business operations to minimise the environmental impacts of operating and maintaining the Bank's organisation. It also sets out the rules on implementing the principles of sustainable procurement. OTP Group members operate in full compliance with environmental legislation and received no fines in 2022. In CDP's Climate Change Questionnaire, OTP Group was rated at B- in 2022, thus retaining its previous rating. The environmental impacts of the OTP Group are related to the provision of financial services and directly from its operations. In connection with the provision of financial services, the management of environmental risks and the exploitation of environmental opportunities take place within the framework of the Environmental, Social and Governance (ESG) strategy; therefore, these activities are presented in the chapter Non-financial Report. Our efforts to reduce the direct environmental impact of OTP Group's operations are centred around improving energy efficiency and reducing paper usage. The environmental risks associated with our operations are analysed and managed within our operational risk management process. Potential risks are identified during the annual process-based self-assessment, and the assessment of climate change risks is also included in the scenario analysis of risks with low probability but high impact.

Energy consumption and business travel
OTP Group uses state-of-the-art technology in new construction and renovation projects; we are also continually expanding our use of LED lighting technology. We are constantly seeking opportunities to increase energy efficiency, by analysing the energy efficiency and consumption characteristics of our buildings. As part of our renovation process, we are replacing air conditioning units, always ensuring that the new units use environmentally-friendly coolants.

Whenever a branch of the parent bank is renovated, we always examine the possibility of installing solar panels and heat pumps. In 2022, we installed solar panels at two branches and a heat pump. Our systems generated a total of 2,034 GJ energy from solar power. We are committed to using green electricity. The solar system planned for the three DSK Bank buildings will be installed in early 2023. OTP Bank, Serbian and Croatian subsidiaries covered all their consumption with green electricity, while SKB Bank in Slovenia covered 50%.

The trend in energy consumption during the year was significantly influenced by the fact that a significantly higher proportion of staff returned to work in offices as the restrictions imposed by Covid-19 were lifted. Again, face-to-face meetings, including business travel, became more frequent. This has led to an overall increase in car use across in OTP Group, while online meetings remain a dominant part of the relationship.

The number of business trips and the size of the vehicle fleet are determined by the needs of the business. Our Group's vehicle policy sets carbon limits; moreover, the choice of cars includes environmentally-friendly vehicles in all vehicle categories. OTP Bank's fleet will include 5 electric and 89 hybrid cars by the end of 2022.

Volume of energy consumption:

OTP Bank	2021	2022
Total energy consumption (GJ)	251,730	267,883
Per capita energy consumption (GJ)	26.75	26.07

Energy consumption data are derived from readings; the measured consumption volumes are converted to energy using local average calorific values

The projection of the per capita value is the average number of full-time employees (TMD).

Efforts to reduce paper use

We are constantly working to reduce paper use. At OTP Group, office paper use decreased

again in 2022, while at OTP Bank it remained practically the same.

OTP Group's paper consumption:

	2018	2019	OTP Bank			2018	2019	OTP Group		
	2020	2021	2022			2020	2021	2022		
Total quantity of paper used (t)	685	699	478	398	397	1,955	2,350 ¹	1,795	1,751	1,551
Quantity of paper used for packaging, document filing and other purposes (t)	43	58	75	90	98	116	117	153	829 ⁴	1,105 ⁴
Quantity of paper used indirectly (t) ²	5	7	584 ³	491	558	511	631	903	732	897

¹ In 2019 our Russian subsidiary also added the paper used in POS sales, which it did not include in prior years. This represented 320 tons of paper.

² E.g. marketing publications, account statements.

³ Predominantly the consumption of the former Monicomp.

⁴ The consumption of Nádudvari Élelmiszer Kft. amounts to 500 tons.

Sustainable use and waste management

We follow the principle of using all our equipment, devices and machines for the longest time reasonably possible. We explicitly aim to use furniture until the end of its lifecycle, reusing it multiple times and ensuring the compatibility of replacements. OTP Bank, DSK Bank, OTP Bank Romania and OTP banka Srbija all follow the practice of making charitable donations of any furniture no longer used but in good condition, as well as functioning IT equipment (mostly computers and laptops), to institutions and organisations in need.

OTP Bank was the first bank in Hungary to issue a bank card made largely (85%) of recycled plastic. In 2022, OTP Bank continued to issue debit cards with a lower environmental impact. With the aim of reducing plastic waste, in addition to our previous practices, in 2022 Bulgaria, Romania and Slovenia started replacing plastic cups with paper for internal use. In order to reduce waste from the use of toners and ink cartridges, the Croatian, Serbian, Slovenian, Romanian, Montenegrin

and Moldovan subsidiaries also use refilled toners.

The selective collection and treatment of hazardous waste and paper containing business secrets is carried out at all members of the OTP Group in accordance with legal requirements. The selective collection of non-confidential paper waste, plastic and metal waste is carried out to varying degrees at the members of the Group. In Moldova, the selective collection of non-confidential paper waste started in 2022. At OTP Bank's headquarters, at the Croatian and Romanian subsidiaries, selective collection of non-confidential paper waste, PET bottles, packaging metal and glass is implemented. In the Serbian subsidiary bank, paper waste is also collected separately at the head office and in branches. SKB Bank collects municipal waste, including degradable food waste, as separately as possible. Our Albanian subsidiary bank collects paper waste separately in its entirety, and our Montenegrin subsidiary bank has

implemented this practice for the head office and the archives. Separate collection is carried out at the headquarters of the Ukrainian subsidiary and at the Sofia and Varna sites of the Bulgarian subsidiary.

Attitude shaping

Most members of our Banking Group have a tradition of raising awareness and taking joint action to protect environmental and natural resources. In 2022, we supported several environmental initiatives and encouraged the environmentally conscious behaviour of our employees.

OTP Bank continued the campaign with Mastercard in the Priceless Planet Coalition in 2022 that encourages consumers to protect the environment and actively contribute to this goal themselves. The Priceless Planet Coalition aims to preserve the environment through the

restoration of 100 million trees over five years and to help mitigate the adverse effects of climate change. In 2022, OTP Bank has made it possible to plant 75,000 trees, 50 % more than in the previous year.

DSK Bank also supported the One Tree Initiative, which aims to create an interactive map of Sofia's tree stock. The tree survey was conducted by volunteers, registering a total of more than 12,000 trees. The bank also supported the initiative of the Hungarian Cultural Institute, within the framework of which bicycle storage spaces will be installed in front of cultural institutions. The aim of the project was to ensure the environmentally friendly accessibility of cultural institutions. Our Croatian subsidiary supported Ekotlon, Croatia's largest plogging (garbage collection) race in 2022. More than 500 runners participated in the event. Registration fees were again used to support sports clubs for people with disabilities.



We are also extending the scope of our employee involvement programmes:

- To promote environmental awareness, we wrote about the reduction in paper use and disposable plastics in the OTP Bank's online magazine.
- During the year, the Serbian subsidiary bank commemorated all major international World Environment Day events on its social media channels. It published several messages in its internal newsletter on ways to reduce carbon emissions at work and at home.
- The Slovenian subsidiary has implemented an extensive internal campaign on environmental awareness. The results of the campaign are already visible in the economical use of lighting and heating and are expected to be reflected in consumption in the future. Bank staff planted more than 1,000 honey plants in 2022, and a total of 72 kg of honey was produced in the beehives on the roof of the central office building. The Bank is also working to gather new innovative ideas by joining the Green Network and the Centre for Energy Efficient Solutions (CER) in Slovenia.
- At Ukrainian subsidiary the "Batteries, inward" campaign was limited due to the war, in which used batteries are collected and delivered to a recycling plant in Romania.
- Following its energy renovations, our Montenegro subsidiary will also train its employees in the energy-conscious use of the systems.
- Many internal communication activities of the Romanian subsidiary are brought together by the Green dot hashtag. Employees participated in volunteer activities, including supporting the Plastic Free Water Association, which works to stop pollution from entering the Danube via the River Zsil. As part of the cooperation, 22 Bank employees also participated in waste collection.

Fight against corruption and against the practice of bribery

The Code of Ethics and the Anti-Corruption Policy of OTP Bank 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>, https://www.otpbank.hu/static/portal/sw/file/OTP_EtikaiKodex_EN.pdf, [Anti_Corruption_Policy.pdf](https://www.otpbank.hu/static/portal/sw/file/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 Bank 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 Bank 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 Bank conducts inquiries for the purpose of detecting, preventing anomalies in connection with reports made or anomalies it became aware of otherwise.

Through the Bank's ethics reporting system a total of 152 reports were received in 2022. In 70 of these reports, we deemed it necessary to conduct an ethical procedure and 10 case's investigation resulted in declaring ethics offense – though not due to corruption, bribery or discrimination.

The Bank 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 Bank's website.

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 Bank will act prudently in its dealings with contractors, in particular in the tendering and preparation process, to minimise the risk of corruption. The Bank 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.

Any requests from third parties affecting human rights are treated by the Bank 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 Management 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 2022, OTP Bank and its Hungarian subsidiaries served more than 4.6 million clients in total.

The Bank owns foreign subsidiaries in many countries of Central and Eastern Europe through capital investments.

Non-financial performance indicators

- **Internal audit:** 176 closed audits, 1,142 recommendations, 1,141 accepted recommendations.
- **Compliance with Budapest Stock Exchange (BSE) Recommendations (yes/no ratio):** 72 yes, 0 no.
- **Compliance:** 6 closed consumer protection related investigations.
- **Bank security investigations, reports:** we filed a criminal complaint in connection with a total of 655 cases (728 in 2021), and in 8 cases we filed a report with the various authorities.
- **Official reports made on suspicion of money laundering:** in the relevant period, we filed official reports on suspicion of money laundering in 315 cases. The total amount included in the reports: HUF 13.6 billion. Notifications: We made 3,476 notifications to NAV PEI in connection with money laundering. The total amount included in the notifications was HUF 1.1 billion. The expected damage value from the discovered crimes is more than HUF 1 billion, which is more than the requested amount of the realized loss last year, which was HUF 445 million (680 million HUF in 2020, 533 million HUF in 2019). The majority of the loss occurred in the area of financial abuse. Regarding the year 2022, according to our data, a loss of close to HUF 1.3 billion was prevented by thwarting attempts to defraud the bank.

(It can be concluded that in the year 2022, the number of abuses committed on the electronic interface to the detriment of customers has increased almost ninefold, compared to last year. The perpetrators rely on the IT education deficiencies and inexperience of the customers. As a result, there is also an exceptional increase in customer losses, which was around HUF 3 billion.)

In 2022, a total of 1,874 suspicious transactions with a total value of HUF 31.7 billion will be screened in the monitoring filter system used to filter international payment orders.

Of these, 170 transfers HUF 5 billion in total were confiscated due to suspicion of money laundering, and 1,704 transfers HUF 26.7 billion in total due to suspicion of fraud.

Compared to 2020 and 2021, an increase can be observed in connection with bank card abuse, both in terms of the number of attempted abuses and the damage.

In 2022, the value of successful bank card abuses exceeded HUF 1.9 billion (HUF 820 million in 2021), of which the value of successful transactions with cards issued by OTP amounted to HUF 1.7 billion (HUF 667 million in 2021).

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 4,993.4 million. (2021 HUF 5,440.2 million, 2020 HUF 2,159.2 million). Of this, the value of abuses prevented in the case of cards issued by OTP is HUF 4,784.1 million (2021: HUF 5.2 billion). Despite the negative tendencies, in the case of OTP the ratio of bank card misuse to turnover remained lower than the European average published by Mastercard (last year's figures: OTP Bank 0.0108%, European average 0.0421%).

- **Ethics issues:** 152 ethics reports, establishing ethics offense in 10 cases.

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

The statutory audit of OTP Bank is carried out by **Ernst and 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 2022 results of the OTP Group

CONSOLIDATED FINANCIAL HIGHLIGHTS¹ AND SHARE DATA

Main components of the adjusted Statement of recognised income	2021 HUF million	2022 HUF million	Change %
Consolidated profit after tax	456,428	347,081	(24)
Adjustments (total)	(40,474)	(245,466)	506
Consolidated adjusted profit after tax	496,902	592,547	19
Profit before tax	587,853	690,022	17
Operating profit	660,391	868,487	32
Total income	1,313,124	1,656,571	26
Net interest income	884,012	1,093,579	24
Net fees and commissions	325,548	397,118	22
Other net non-interest income	103,563	165,874	60
Operating expenses	(652,733)	(788,084)	21
Total risk costs	(72,538)	(178,465)	146
Corporate taxes	(90,951)	(97,475)	7
Main components of the adjusted balance sheet closing balances	2021	2022	%
Total assets	27,553,384	32,804,210	19
Total customer loans (net, FX-adjusted)	16,655,367	18,640,624	12
Total customer loans (gross, FX-adjusted)	17,610,471	19,643,558	12
Performing (Stage 1+2) customer loans (gross, FX-adjusted)	16,675,058	18,674,389	12
Allowances for possible loan losses (FX-adjusted)	(955,104)	(1,002,933)	5
Total customer deposits (FX-adjusted)	22,173,249	25,188,805	14
Issued securities	436,325	870,682	100
Subordinated loans	278,334	301,984	8
Total shareholders' equity	3,036,766	3,322,312	9
Indicators based on adjusted earnings	2021	2022	pps
ROE (from profit after tax)	17.0%	11.0%	(6.0)
ROE (from adjusted profit after tax)	18.5%	18.8%	0.3
ROA (from adjusted profit after tax)	2.0%	1.9%	(0.1)
Operating profit margin	2.62%	2.78%	0.16
Total income margin	5.21%	5.31%	0.10
Net interest margin	3.51%	3.51%	0.00
Cost-to-asset ratio	2.59%	2.53%	(0.06)
Cost/income ratio	49.7%	47.6%	(2.1)
Provision for impairment on loan losses-to-average gross loans ratio	0.30%	0.73%	0.42
Total risk cost-to-asset ratio	0.29%	0.57%	0.28
Effective tax rate	15.5%	14.1%	(1.3)
Net loan/(deposit+retail bond) ratio (FX-adjusted)	75%	74%	(1)
Capital adequacy ratio (consolidated, IFRS) – Basel3	19.1%	17.5%	(1.6)
Tier 1 ratio – Basel3	17.5%	16.1%	(1.5)
Common Equity Tier 1 (CET1) ratio – Basel3	17.5%	16.1%	(1.5)
Share Data	2021	2022	%
EPS diluted (HUF) (from profit after tax)	1,738	1,288	(26)
EPS diluted (HUF) (from adjusted profit after tax)	1,896	2,204	16
Closing price (HUF)	16,600	10,110	(39)
Highest closing price (HUF)	19,400	18,600	(4)
Lowest closing price (HUF)	12,920	7,854	(39)
Market Capitalization (EUR billion)	12.6	7.1	(44)
Book Value Per Share (HUF)	10,846	11,865	9
Tangible Book Value Per Share (HUF)	10,190	11,257	10
Price/Book Value	1.5	0.9	(44)
Price/Tangible Book Value	1.6	0.9	(45)
P/E (trailing, from profit after tax)	10.2	8.2	(20)
P/E (trailing, from adjusted profit after tax)	9.4	4.8	(49)
Average daily turnover (EUR million)	22	24	7
Average daily turnover (million share)	0.5	0.8	69

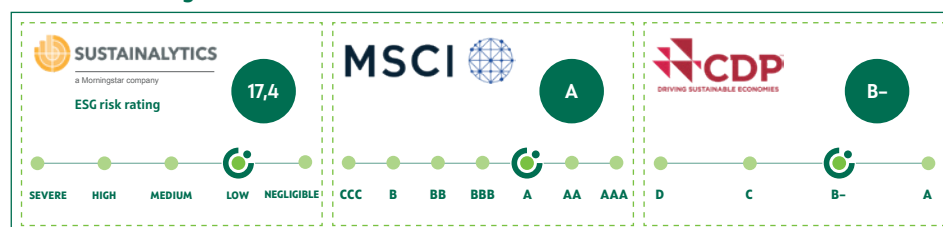
¹ Structural adjustments made on consolidated IFRS profit and loss statement as well as balance sheet, together with the calculation methodology of adjusted indicators are detailed in the Supplementary data section of this Report..

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+

Updated: 15/02/2023

Actual ESG ratings

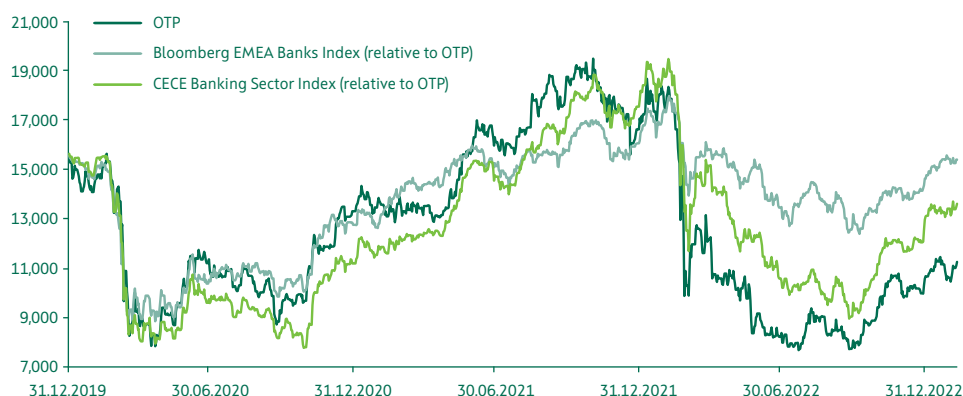


Awards

After 2021, **Global Finance** magazine chose OTP Bank as the best bank in Hungary again this year. The OTP Group also received the regional recognition of "Best Bank of Central and Eastern Europe", and the Montenegrin and Slovenian subsidiary banks of the OTP Group also proved to be the best at the local level. In the **Euromoney** Awards for Excellence 2022 competition, OTP Bank received the "Best Bank in Hungary" award. In addition, the Albanian, Bulgarian, Moldovan and Serbian subsidiary banks of the OTP Group also proved to be the best at the local level. In the annual ranking of **The Banker** magazine, which belongs to the Financial Times group, OTP Group became the "best bank in Central and Eastern Europe". In addition, the OTP Group's Hungarian, Montenegrin, Croatian and Slovenian subsidiary banks received the "Bank of the Year" award.



Share price performance (in HUF)



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 region and, following the financial completion of the already signed purchase agreement, soon also in Uzbekistan. 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 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. 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 develop-

ment 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 recognises our success in creating shareholder value through favourable valuation compared to European and regional peers.

MANAGEMENT'S ANALYSIS OF THE FULL-YEAR 2022 RESULTS OF OTP GROUP

The overall performance of 2022 was shaped mainly by the direct and indirect impact of the war between Russia and Ukraine broken out on 24 February.

As part of the acquisition activity, in 2022 OTP successfully completed the purchase of Alpha Bank in Albania, and the 3Q results already incorporated the balance sheet and P&L numbers of the newly acquired entity.

Consolidated earnings: HUF 347 billion profit after tax, y-o-y stable net interest margin, improving cost efficiency and portfolio quality with FX-adjusted performing loan volume growth of 15% y-o-y without the Russian and Ukrainian volumes, but including the Albanian acquisition

In 2022 OTP Group posted HUF 347.1 billion profit after tax. The significant, y-o-y 24% drop was due to the massive increase of the negative adjustment items. The annual ROE was 11% (-6.0 pps y-o-y).

The total volume of adjustment items amounted to -HUF 245 billion underpinning a y-o-y six-fold increase. The major items were as follows:

- -HUF 91.4 billion tax on financial institutions including both the banking tax and the windfall tax (after tax);

- -HUF 59.3 billion on goodwill/investment impairment charges (after tax);
- -HUF 36.5 billion expected one-of effect of the extension of the interest rate cap for certain loans in Hungary (after tax);
- -HUF 35 billion impairments on Russian government bonds held at OTP Core and DSK Bank (after tax);
- -HUF 10.4 billion effect of the winding up Sberbank Hungary (after tax);
- -HUF 2.5 billion expected one-off negative effect of the debt payment moratorium in Hungary (after tax);
- -HUF 14 billion other items.

The profit after tax, as well as the balance sheet items were substantially affected by the currency moves: the average rate of the Hungarian Forint y-o-y depreciated against all currencies, the most significant weakening (-37.5%) was suffered against RUB.

The weight of exposures towards Russia and Ukraine was shaped partially by FX moves, but also by deliberate or forced business policy measures.

In Russia the profit after tax in local currency dropped from RUB 9.1 billion to 3.9 billion (-57% y-o-y); the grow loan portfolio eroded by 12% y-o-y in RUB, within that the corporate exposures decreased by 75%. The intragroup funding declined to nil, and there is a Tier2 loan expiring in 2031 in the amount

of HUF 10 billion. The weight of Russian assets in the consolidated total assets comprised 3.1% by the end of 2022, while net loans represented 3.3%, respectively. Under an unexpected and extremely negative scenario of deconsolidating the Russian entity and writing down the outstanding gross intragroup exposure as well, the effect for the consolidated CET1 ratio would be -71 bps.

In Ukraine the lending activity suffered a major setback after 24 February, loan volumes dropped by 16% y-o-y, however the deposit book advanced by 21%, FX-adjusted. The weight of the Ukrainian assets within the Group comprised 3.2%, while net loans represented 2.2% within the consolidated loan book. The volume of gross intragroup funding towards Ukraine comprised HUF 84 billion. In 2022 the Ukrainian operation posted almost HUF 16 billion loss, however after the negative results in 1H, the bank managed to turn that around and reached a positive result in 2H. The provision coverage of the gross Ukrainian loan book reached almost 22% by the end of 2022 (+14.7 pps y-o-y). Under an unexpected

and extremely negative scenario of deconsolidating the Ukrainian entity and writing down the outstanding gross intragroup funding as well, the effect for the consolidated CET1 ratio would be +1 bp.

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, though a Russian presidential decree in October 2022 prohibited the sale of foreign owned banks. 2022 earnings to a large extent were shaped by the 32% improvement of operating result; total risk costs grew by 146% y-o-y mainly due to higher Russian and Ukrainian provisions. The dynamic increase of total income (+26%) was supported by all lines. The net interest income advanced by 24% y-o-y, whereas the net fee and commission income grew somewhat slower, by 22% y-o-y. Other net non-interest income surged by 60% y-o-y, within that FX results more than doubled. The consolidated net interest margin remained flat y-o-y (3.51%). Apart from the Russian market, in other geographies rate hike trend



continued. In 2022 the Ukrainian, Moldavian and Hungarian policy rates closed at the highest levels (25%, 20% and 18%, respectively). The positive impact of higher rates on the interest income kicks in only gradually as a result of the different dynamics in deposit and loan repricing. In other markets like Bulgaria, Ukraine, Slovenia, Moldova and Romania the NIM improved in 2022 y-o-y; at OTP Core, however it eroded by 28 bps y-o-y.

The consolidated operating expenses grew by 21% y-o-y, the underlying inflation above 10% in most of the countries took its toll through all cost elements. The consolidated cost-to-income ratio improved by 2.1 pps y-o-y to 47.6%; the cost-to-asset ratio (2.53%) declined by 6 bps y-o-y.

Total risk costs for 2022 amounted to -HUF 178 billion, two and the half times higher than in 2021. Within that the total volume of credit risk costs reached -HUF 135.2 billion versus -HUF 46 billion a year ago. The credit risk cost rate stood at 0.73% (+42 bps y-o-y). Without the Russian and Ukrainian operations the yearly credit risk costs would be +HUF 7 billion implying a CoR of -0.04% versus 0.19% in 2021.

The FX-adjusted consolidated performing (Stage 1+2) loan volumes increased by 12% y-o-y. Without the Ukrainian and Russian volumes but incorporating the acquisition impact of Alpha Bank Albania the loan book advanced by 15%. As a result, the growth of the portfolio reached close to HUF 2,300 billion in 2022.

Apart from the Ukrainian, Russian and Moldavian subsidiaries, all other operations posted an increase of around or above 10%, whereas in those three countries the decline was 27, 16 and 5% y-o-y, respectively. It was positive that alongside the strong volume dynamics OTP managed to improve its markets shares in many countries and segments.

As for the major segments, the fastest FX-adjusted performing loan volume increase was posted in the corporate sector (+20% y-o-y), followed by MSE loans (+12%) which was also supported by the new subsidized structures in Hungary. The consumer book grew by 3%, while the mortgage book by 10% y-o-y, respectively.

The FX-adjusted deposits grew by 14% y-o-y which corresponds to about HUF 3,000 billion increase. Without the Russian, Ukrainian volumes the growth was 13% y-o-y. In 4Q the deposit growth slowed down to 2% q-o-q.

The consolidated net loan-to-deposit ratio marginally declined to 74% (-1 pp y-o-y).

In 2022 OTP Bank issued two international public bond deals with EUR 400 million and 650 million face value, furthermore it also printed a USD 60 million private placement. In Hungary the Bank also tested the market with 2 additional transactions and raised HUF 36.2 billion in total. All issued bonds were MREL-eligible. In February 2023 OTP Bank issued USD 650 million Tier2 bonds.

The credit profile of the consolidated loan book kept further improving in 2022, the major indicators shaped favorably. The Stage 3 ratio under IFRS 9 comprised 4.9% of the gross loan exposure by the end of 4Q 2022 underpinning a y-o-y 0.3 pp improvement. The own coverage of the Stage 3 exposures was 61%. On the Group level the Ukrainian and Russian operations had the highest Stage 3 ratio (18.1% and 15.7%, respectively). The consolidated Stage 2 ratio stood at 11.6% at the end of 2022.

The general Hungarian payment moratorium ceased to exist by the end of 2022. At OTP Core and Merkantil Bank altogether 2.1% of their aggregated gross loan volumes were under the expiring moratorium (HUF 148 billion). There is still a moratorium in place for agricultural companies until the end of 2023, the affected volumes comprised HUF 57 billion at OTP Core and Merkantil Group in total (0.8% of their aggregated gross loan volumes).

Acquisitions

On 6 December 2021 OTP Bank signed an acquisition agreement with Alpha International Holdings Single Member S.A. on purchasing 100% shareholding of Alpha Bank SH.A., the Albanian subsidiary of the Greek Alpha Bank S.A. The purchase price has been agreed at EUR 55 million. The financial closing of the transaction was completed on 18 July 2022.

On 31 May 2021 OTP Bank signed a share sale and purchase agreement on purchasing 100% shareholding of Nova KBM d.d. and its subsidiary, 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.

On 12 December 2022 OTP Bank signed a purchase and sale contract for the purchase of the majority stake of Ipoteka Bank and its subsidiaries with the Ministry of Finance of the Republic of Uzbekistan. OTP Bank will purchase 100% of the shares held by the Ministry of Finance of the Republic of Uzbekistan (nearly 97% total shareholding) in two steps: 75% of the shares now and the remaining 25% three years after the financial closing of the first transaction. The financial closure of the first transaction is expected in 1H 2023 subject to obtaining all the necessary regulatory approvals.

The Nova KBM acquisition completed in February 2023 and the pending acquisition of Ipoteka Bank in Uzbekistan (expected to be financially closed in 2Q) may substantially contribute to the consolidated profit after tax; in addition to this, the expected positive after tax effect of one-off items to be booked in relation to the consolidation of Nova KBM (badwill, PPA, initial risk cost, etc.) and presented among the adjustments might reach EUR 230 million.

Consolidated capital adequacy ratio (in accordance with BASEL III)

At the end of December 2022, the consolidated CET1 ratio under the accounting scope of consolidation according to IFRS was 16.1% (-1.5 pps y-o-y). This equals to the Tier 1 ratio. By the end of 2022 the effective regulatory minimum requirement for the consolidated Tier1 capital adequacy ratio was 10.7% which also incorporated the effective SREP rate, whereas

the minimum CET1 requirement was 8.8%.

The risk weighted assets (RWA) under the accounting scope of consolidation increased by more than HUF 3,700 billion in 2022 (+22% y-o-y), partly due to the credit risk RWA growth of 23% y-o-y. The consolidated regulatory capital increased by HUF 374 billion y-o-y as a result of higher revaluation reserves booked in the comprehensive income (+HUF 180 billion y-o-y) due to the weaker HUF. The consolidated regulatory capital incorporated the annual eligible profit (HUF 262 billion after the deduction of the dividend which comprised HUF 84 billion).

Credit rating, shareholder structure

There was no change in S&P Global Ratings credit assessment in 2022, however on 16 August 2022 the rating agency has changed the outlook of its 'BBB/A-2' long and short-term issuer credit ratings on OTP Bank Plc. and OTP Mortgage Bank Ltd. to negative from stable. However, on 30 January 2023 the agency downgraded OTP Bank's long-term issuer credit rating from 'BBB' to 'BBB-', the outlook is stable; the credit rating of the dated Tier2 instrument issued in February 2023 is 'BB'. There was no change at Moody's either in 2022, accordingly, the long-term FX deposit rating of OTP Bank Plc. remained 'Baa1'. However, the dated subordinated FX debt rating was changed to 'Ba2' on 6 February 2023. Simultaneously, OTP Mortgage Bank Ltd.'s long-term issuer rating was downgraded from 'Baa2' to 'Baa3'. Its mortgage bond rating remained 'A1'. OTP Bank Plc.' issuer rating at Scope Ratings was 'BBB+' and the subordinated debt rating 'BB+', respectively; on 6 December 2022 the outlook changed from stable to negative. Regarding the ownership structure of the Bank, on 31 December 2022 the following investors had more than 5% influence (voting rights) in the Company: MOL (the Hungarian Oil and Gas Company, 8.57%) and Groupama Group (5.09%).

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

Post-balance sheet event cover the period until 17 February 2023.

Hungary

- On 4 January 2023 OTP Bank announced that the National Bank of Hungary imposed the below additional capital requirements for OTP Group, on consolidated level, effective from 1 January 2023 until the next review:
 - 1.13 pps in case of the Common Equity Tier1 (CET1) capital, accordingly the minimum requirement for the consolidated CET1 ratio is 5.63% (without regulatory capital buffers);
 - 1.50 pps in case of the Tier1 capital, accordingly the minimum requirement for the consolidated Tier 1 ratio is 7.50% (without regulatory capital buffers);
 - 2.00 pps in case of the Total SREP Capital Requirement (TSCR), accordingly the minimum requirement for the consolidated capital adequacy ratio is 10.00% (without regulatory capital buffers).
- On 23 January 2023 the Ministry of Economic Development announced that the Gábor Baross Reindustrialization Loan Programme will be launched from February by Eximbank, with a total available amount of HUF 700 billion. Under the scheme, the HUF and EUR denominated loans will be available for all purposes, depending on the loan amount either through commercial banks or directly through Eximbank, but all the funding need will be provided or refinanced by Eximbank. The interest rate of the loans will be fixed throughout the whole tenor, and will be typically maximum 6% in the case of HUF loans and maximum 3.5% in the case of EUR loans.
- On 24 January 2023 the National Bank of Hungary kept the reference rates unchanged. The NBH held a long-term deposit tender on 25 January, and from 1 February discount bill auctions are held on a weekly basis. The NBH said that it will continue to meet foreign currency liquidity needs in the coming months to reach market balance related to the energy account. Furthermore, the Deputy Governor announced that effective from April the mandatory reserve requirement for banks will be increased from 5% to 10%.
- On 27 January 2023 S&P Global Ratings lowered the long- and short-term foreign and local currency sovereign credit ratings on Hungary to 'BBB-/A-3' from 'BBB/A-2'. The outlook on the long-term ratings is stable.
- According to the press release published on 30 January 2023 by S&P Global Ratings, the rating agency downgraded its long- and short-term issuer credit ratings, as well as the long- and short-term resolution counterparty ratings on OTP Bank Plc. and OTP Mortgage Bank Ltd. to 'BBB-/A-3' from 'BBB/A-2', and the senior preferred debt rating of OTP Bank Plc. was also down-

graded by one notch to 'BBB-'. The outlook on the long-term issuer ratings is stable.

- The financial completion of the transaction to purchase 100% shareholding of Nova KBM d.d. and its subsidiary in Slovenia – after obtaining all necessary regulatory approvals – has been completed on 6 February 2023.
- According to the press release published on 6 February 2023 by Moody's Investors Service, the rating agency concluded the ratings review initiated in July 2021. The rating agency downgraded OTP Bank's subordinated bond rating by one notch to 'Ba2' from 'Ba1'. All other ratings and assessments of OTP Bank have been affirmed. Outlook is stable.

At the same time, Moody's Investors Service downgraded the backed long-term domestic currency issuer rating of OTP Mortgage Bank to 'Baa3' from 'Baa2'. All other ratings and assessments of OTP Mortgage Bank have been affirmed. Outlook is stable.

- On 15 February 2023 as value date OTP Bank issued Tier2 Notes in the aggregate nominal amount of USD 650 million. The Tier2 Notes

with 10.25 years maturity, redeemable at par any time during the 3-month period prior to the Reset Date at 5.25 years, were priced on 8 February 2023.

Bulgaria

- On 17 February 2023 the Minister of Finance announced that the originally planned accession date to the Eurozone of 1 January 2024 will be postponed. The new target date will be declared by the new Parliament formed after the elections scheduled to 2 April.

Serbia

- On 12 January 2023 the central bank hiked the base rate by 25 bps to 5.25%.
- On 9 February 2023 the central bank hiked the base rate by 25 bps to 5.5%.

Slovenia

- On 2 February 2023 the ECB hiked its key interest rate by 50 bps to 3.0%.
- On 7 February 2023 Moody's upgraded the deposit rating of NKBM to 'A3', the outlook is stable. At the same time, the Bank's



unsecured non-preferred debt rating was upgraded to 'Baa3'.

Romania

- On 20 January 2023 the central bank hiked the base rate by 25 bps to 7%.

Russia

- Effective from 1 January 2023 the capital conservation buffer in Russia decreased temporarily to 0% from 2.5%, which does not affect the minimum requirement for OTP Group.

Ukraine

- Effective from 1 January 2023 the Ukrainian central bank raised the mandatory reserve requirement for local and foreign currency denominated deposits by 5-5 pps each, to 5% and 15%, respectively.
- On 10 February 2023 Moody's downgraded the Ukrainian sovereign credit rating from 'Caa' to 'Ca', the outlook is stable.

Moldova

- On 7 February 2023 Moldova's central bank cut its key rate to 17% from 20%.

CONSOLIDATED PROFIT AFTER TAX BREAKDOWN BY SUBSIDIARIES (IFRS)²

	2021 HUF million	2022 HUF million	Change %
Consolidated profit after tax	456,428	347,081	(24)
Adjustments (total)	(40,474)	(245,466)	506
Consolidated adjusted profit after tax	496,901	592,547	19
Banks total ¹	468,962	535,717	14
OTP Core (Hungary) ²	213,377	253,232	19
DSK Group (Bulgaria) ³	76,790	119,885	56
OBH (Croatia) ⁴	33,448	42,801	28
OTP Bank Serbia ⁵	32,104	36,873	15
SKB Banka (Slovenia)	16,822	23,860	42
OTP Bank Romania ⁶	4,253	3,071	(28)
OTP Bank Ukraine ⁷	39,024	(15,922)	(141)
OTP Bank Russia ⁸	37,624	42,548	13
CKB Group (Montenegro) ⁹	4,140	9,791	137
OTP Bank Albania ¹⁰	5,522	10,175	84
OTP Bank Moldova	5,858	9,403	61
Leasing	7,998	10,971	37
Merkantil Group (Hungary) ¹¹	7,998	10,971	37
Asset Management	6,321	9,621	52
OTP Asset Management (Hungary)	6,116	9,357	53
Foreign Asset Management Companies (Ukraine, Romania, Bulgaria) ¹²	205	263	28
Other Hungarian Subsidiaries	10,205	27,645	171
Other Foreign Subsidiaries ¹³	50	(141)	(385)
Corporate Centre ¹⁴	2,887	2,968	3
Eliminations	479	5,767	
Profit after tax of the Hungarian operation ¹⁵	229,194	167,057	(27)
Adjusted profit after tax of the Hungarian operation ¹⁵	241,304	303,873	26
Profit after tax of the Foreign operation ¹⁶	227,234	180,024	(21)
Adjusted profit after tax of the Foreign operation ¹⁶	255,597	288,674	13
Share of Hungarian contribution to the adjusted profit after tax	49%	51%	3
Share of Foreign contribution to the adjusted profit after tax	51%	49%	(3)

² 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	2021 HUF million	2022 HUF million	Change %
Consolidated profit after tax	456,428	347,081	(24)
Adjustments (total, after corporate income tax)	(40,474)	(245,466)	506
Dividends and net cash transfers (after tax)	729	1,927	164
Goodwill/investment impairment charges (after tax)	1,909	(59,254)	
Special tax on financial institutions (after tax)	(18,893)	(91,353)	384
Expected one-off negative effect of the debt repayment moratorium in Hungary (after tax)	(15,040)	(2,473)	(84)
Expected one-off effect of the interest rate cap for certain loans in Hungary (after tax)	0	(36,585)	
Effect of the winding up of Sberbank Hungary (after tax)	0	(10,389)	
Effect of acquisitions (after tax)	(15,506)	(15,594)	1
Result of the treasury share swap agreement (after tax)	6,326	3,028	(52)
Impairments on Russian government bonds at OTP Core and DSK Bank booked in 2022 (after tax)	0	(34,775)	
Consolidated adjusted profit after tax	496,902	592,547	19
Profit before tax	587,853	690,022	17
Operating profit	660,391	868,487	32
Total income	1,313,124	1,656,571	26
Net interest income	884,012	1,093,579	24
Net fees and commissions	325,548	397,118	22
Other net non-interest income	103,563	165,874	60
Foreign exchange result, net	44,251	90,691	105
Gain/loss on securities, net	9,726	1,579	(84)
Net other non-interest result	49,586	73,604	48
Operating expenses	(652,733)	(788,084)	21
Personnel expenses	(340,201)	(396,304)	16
Depreciation	(72,816)	(84,663)	16
Other expenses	(239,716)	(307,117)	28
Total risk costs	(72,538)	(178,465)	146
Provision for impairment on loan losses	(46,006)	(135,231)	194
Other provision	(26,532)	(43,234)	63
Corporate taxes	(90,951)	(97,475)	7
Indicators	2021	2022	%/pps
ROE (from profit after tax)	17.0%	11.0%	(6.0)
ROE (from adjusted profit after tax)	18.5%	18.8%	0.3
ROA (from adjusted profit after tax)	2.0%	1.9%	(0.1)
Operating profit margin	2.62%	2.78%	0.16
Total income margin	5.21%	5.31%	0.10
Net interest margin	3.51%	3.51%	0.00
Net fee and commission margin	1.29%	1.27%	(0.02)
Net other non-interest income margin	0.41%	0.53%	0.12
Cost-to-asset ratio	2.59%	2.53%	(0.06)
Cost/income ratio	49.7%	47.6%	(2.1)
Provision for impairment on loan losses-to-average gross loans ratio	0.30%	0.73%	0.42
Total risk cost-to-asset ratio	0.29%	0.57%	0.28
Effective tax rate	15.5%	14.1%	(1.3)
Non-interest income/total income	33%	34%	1
EPS base (HUF) (from profit after tax)	1,739	1,289	(26)
EPS diluted (HUF) (from profit after tax)	1,738	1,288	(26)
EPS base (HUF) (from adjusted profit after tax)	1,896	2,204	16
EPS diluted (HUF) (from adjusted profit after tax)	1,896	2,204	16
Comprehensive Income Statement	2021	2022	%
Consolidated profit after tax	456,428	347,081	(24)
Fair value changes of financial instruments measured at fair value through other comprehensive income	(44,877)	(119,378)	166
Foreign currency translation difference	61,729	179,623	191
Change of actuarial costs (IAS 19)	42	1,016	
Net comprehensive income	473,322	408,342	(14)
o/w Net comprehensive income attributable to equity holders	472,281	407,695	(14)
Net comprehensive income attributable to non-controlling interest	1,041	647	(38)
Average exchange rate* of the HUF	2021 HUF	2022 HUF	Change %
HUF/EUR	359	391	9
HUF/CHF	332	390	18
HUF/USD	303	373	23

* 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 security portfolio on Group level exceeded EUR 1.8 billion).

Total liquidity reserves of OTP Bank remained steadily and substantially above the safety level. As of 31 December 2022 the gross liquidity buffer was around EUR 6.9 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 of 31 December 2022 OTP Group consolidated liquidity coverage (LCR) ratio was 172% (4Q 2021: 180%) while NSFR compliance has remained comfortable (4Q 2022: 131%).

The volume of issued securities doubled on a consolidated basis y-o-y, mainly because of senior preferred bond issuances in the second half of the year. To meet MREL requirements OTP Bank issued on the international bond markets green bonds in the amount of EUR 400 million in July and USD 60 million in September, followed by a EUR 650 million transaction in December. On the domestic bond market OTP Mortgage Bank issued mortgage bonds in the amount of HUF 92 billion and in the fourth quarter OTP Bank issued notes in the total amount of HUF 36 billion. Bonds were redeemed in the total amount of HUF 6 billion in the course of 2022.



...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.

Although the stock of variable interest rate assets decreased as a result of the interest rate cap measures introduced last year, they are still significant at group level (EUR, BGN and HUF) and quickly follow the rise in money market interest rates: the loans get repriced typically in 3 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.

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 51 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.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF OTP GROUP

Main components of the adjusted balance sheet	2021 HUF million	2022 HUF million	Change %
TOTAL ASSETS	27,553,384	32,804,210	19
Cash, amounts due from Banks and balances with the National Banks	2,556,035	4,221,392	65
Placements with other banks, net of allowance for placement losses	1,584,860	1,351,081	(15)
Securities at fair value through profit or loss	341,397	436,387	28
Securities at fair value through other comprehensive income	2,224,510	1,739,603	(22)
Net customer loans	15,743,922	18,640,624	18
Net customer loans (FX-adjusted*)	16,655,367	18,640,624	12
Gross customer loans	16,634,454	19,643,558	18
Gross customer loans (FX-adjusted*)	17,610,471	19,643,558	12
Gross performing (Stage 1+2) customer loans (FX-adjusted*)	16,675,058	18,674,389	12
o/w Retail loans	9,035,587	9,686,987	7
Retail mortgage loans (incl. home equity)	4,338,022	4,787,822	10
Retail consumer loans	3,978,753	4,094,534	3
SME loans	718,813	804,631	12
Corporate loans	6,411,601	7,697,424	20
Leasing	1,227,870	1,289,977	5
Allowances for loan losses	(890,532)	(1,002,933)	13
Allowances for loan losses (FX-adjusted*)	(955,104)	(1,002,933)	5
Associates and other investments	67,223	73,849	10
Securities at amortized costs	3,891,335	4,891,938	26
Tangible and intangible assets, net	689,290	738,105	7
o/w Goodwill, net	105,640	68,319	(35)
Tangible and other intangible assets, net	583,650	669,786	15
Other assets	454,811	711,230	56
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	27,553,384	32,804,210	19
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	1,608,533	1,517,349	(6)
Deposits from customers	21,068,644	25,188,805	20
Deposits from customers (FX-adjusted*)	22,173,249	25,188,805	14
o/w Retail deposits	15,105,139	16,314,389	8
Household deposits	12,598,433	13,639,627	8
SME deposits	2,506,706	2,674,762	7
Corporate deposits	7,059,715	8,844,168	25
Accrued interest payable related to customer deposits	8,396	30,247	260
Liabilities from issued securities	436,325	870,682	100
o/w Retail bonds	0	35,766	
Liabilities from issued securities without retail bonds	436,325	834,916	91
Other liabilities	1,124,782	1,603,078	43
Subordinated bonds and loans	278,334	301,984	8
Total shareholders' equity	3,036,766	3,322,312	9
Indicators	2021	2022	%/pps
Loan/deposit ratio (FX-adjusted*)	79%	78%	(1)
Net loan/(deposit + retail bond) ratio (FX-adjusted*)	75%	74%	(1)
Stage 1 loan volume under IFRS 9	13,561,883	16,387,792	21
Stage 1 loans under IFRS9/gross customer loans	81.5%	83.4%	1.9
Own coverage of Stage 1 loans under IFRS 9	1.0%	1.0%	0.0
Stage 2 loan volume under IFRS 9	2,194,620	2,286,597	4
Stage 2 loans under IFRS9/gross customer loans	13.2%	11.6%	(1.6)
Own coverage of Stage 2 loans under IFRS 9	10.0%	10.7%	0.8
Stage 3 loan volume under IFRS 9	877,951	969,169	10
Stage 3 loans under IFRS9/gross customer loans	5.3%	4.9%	(0.3)
Own coverage of Stage 3 loans under IFRS 9	60.5%	61.0%	0.6
90+ days past due loan volume	535,445	601,268	12
90+ days past due loans/gross customer loans	3.2%	3.1%	(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.

Consolidated capital adequacy – Basel3	2021	2022	%/pps
	HUF million	HUF million	
Capital adequacy ratio (consolidated, IFRS)	19.1%	17.5%	(1.6)
Tier 1 ratio	17.5%	16.1%	(1.5)
Common Equity Tier1 (CET1) capital ratio	17.5%	16.1%	(1.5)
Regulatory capital (consolidated)	3,191,765	3,565,932	12
o/w Tier1 Capital	2,926,882	3,277,984	12
o/w Common Equity Tier1 capital	2,926,882	3,277,984	12
Tier2 Capital	264,883	287,949	9
Consolidated risk weighted assets (RWA) (Credit&Market&Operational risk)	16,691,315	20,405,328	22
o/w RWA (Credit risk)	14,992,797	18,477,102	23
RWA (Market & Operational risk)	1,698,518	1,928,226	14
Closing exchange rate	2021	2022	Change
	HUF	HUF	%
HUF/EUR	369	400	8
HUF/CHF	357	407	14
HUF/USD	326	376	15

OTP BANK'S HUNGARIAN CORE BUSINESS

OTP Core Statement of recognized income:

Main components of the Statement of recognised income	2021	2022	Change
	HUF million	HUF million	%
Profit after tax without received dividend	169,067	27,274	(84)
Dividend received from subsidiaries	44,310	107,907	144
Profit after tax	213,377	135,181	(37)
Adjustments (total, after tax)	0	(118,051)	
Adjusted profit after tax	213,377	253,232	19
Profit before tax	253,972	296,672	17
Operating profit	257,182	294,257	14
Total income	546,215	637,469	17
Net interest income	369,309	412,611	12
Net fees and commissions	150,578	176,830	17
Other net non-interest income	26,328	48,028	82
Operating expenses	(289,034)	(343,212)	19
Total risk costs	(3,210)	2,415	(175)
Provision for impairment on loan losses	(1,116)	32,850	
Other provisions	(2,094)	(30,435)	
Corporate income tax	(40,594)	(43,440)	7
Indicators	2021	2022	pps
ROE	11.6%	12.6%	1.0
ROA	1.6%	1.6%	(0.1)
Operating profit margin	2.0%	1.8%	(0.2)
Total income margin	4.22%	3.97%	(0.25)
Net interest margin	2.85%	2.57%	(0.28)
Net fee and commission margin	1.16%	1.10%	(0.06)
Net other non-interest income margin	0.20%	0.30%	0.10
Operating costs to total assets ratio	2.2%	2.1%	(0.1)
Cost/income ratio	52.9%	53.8%	0.9
Provision for impairment on loan losses/average gross loans*	0.02%	(0.55)%	
Effective tax rate	16.0%	14.6%	(1.3)

* The adjustments (total, after tax), the profit after tax and the profit after tax without received dividend lines of OTP Core were retroactively corrected for 2021.

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

Main components of balance sheet closing balances	2021 HUF million	2022 HUF million	Change %
Total Assets	14,207,399	15,758,292	11
Net customer loans	5,310,327	6,278,620	18
Net customer loans (FX-adjusted)	5,387,188	6,278,620	17
Gross customer loans	5,549,248	6,528,001	18
Gross customer loans (FX-adjusted)	5,630,432	6,528,001	16
Stage 1+2 customer loans (FX-adjusted)	5,373,189	6,205,045	15
Retail loans	3,320,881	3,482,945	5
Retail mortgage loans (incl. home equity)	1,613,420	1,656,975	3
Retail consumer loans	1,246,729	1,306,921	5
SME loans	460,732	519,050	13
Corporate loans	2,052,308	2,722,099	33
Provisions	(238,921)	(249,381)	4
Provisions (FX-adjusted)	(243,244)	(249,381)	3
Deposits from customers + retail bonds	10,124,795	11,246,795	11
Deposits from customers + retail bonds (FX-adjusted)	10,319,536	11,246,795	9
Retail deposits + retail bonds	6,360,260	6,483,357	2
Household deposits + retail bonds	4,951,603	5,065,562	2
o/w: Retail bonds	0	35,766	
SME deposits	1,408,657	1,417,795	1
Corporate deposits	3,959,276	4,763,438	20
Liabilities to credit institutions	1,117,086	1,251,653	12
Issued securities without retail bonds	531,471	471,773	(11)
Total shareholders' equity	2,011,932	2,016,019	0
Loan Quality	2021	2022	%/pps
Stage 1 loan volume under IFRS 9 (in HUF million)	4,327,232	5,457,140	26
Stage 1 loans under IFRS 9/gross customer loans	78.0%	83.6%	5.6
Own coverage of Stage 1 loans under IFRS 9	1.0%	0.8%	(0.2)
Stage 2 loan volume under IFRS 9 (in HUF million)	966,727	747,905	(23)
Stage 2 loans under IFRS 9/gross customer loans	17.4%	11.5%	(6.0)
Own coverage of Stage 2 loans under IFRS 9	8.9%	8.6%	(0.3)
Stage 3 loan volume under IFRS 9 (in HUF million)	255,288	322,956	27
Stage 3 loans under IFRS 9/gross customer loans	4.6%	4.9%	0.3
Own coverage of Stage 3 loans under IFRS 9	42.7%	43.2%	0.5
90+ days past due loan volume (in HUF million)	136,003	189,870	40
90+ days past due loans/gross customer loans	2.5%	2.9%	0.5
Market Share	2021	2022	pps
Loans	24.4%	25.5%	1.1
Deposits	28.2%	29.1%	0.9
Total Assets	26.9%	27.5%	0.6
Indicators	2021	2022	pps
Net loans to (deposits + retail bonds) (FX-adjusted)	52%	56%	4
Leverage (closing Shareholder's Equity/Total Assets)	14.2%	12.8%	(1.4)
Leverage (closing Total Assets/Shareholder's Equity)	7.1x	7.8x	0.8x
Capital adequacy ratio (OTP Bank, non-consolidated, Basel3, IFRS)	25.1%	19.2%	(5.9)
Common Equity Tier1 ratio (OTP Bank, non-consolidated, Basel3, IFRS)	21.8%	16.3%	(5.5)

In 2022 **OTP Core** reached an profit after tax of HUF 27.3 billion without dividends received from subsidiaries, against the previous year's result of HUF 169 billion.

In the period under review, most of the negative adjustment items were related either directly to the war, or to the Hungarian Government measures. Out of those items, the largest were the special banking taxes (–HUF 85.2 billion after tax), the effect of goodwill and investment impairment (–64.9), the expected impact of the interest rate cap scheme (–33.3), and the impairment on Russian

government bonds held by OTP Bank (–30.3).

The adjusted operating profit advanced by 14%, mainly driven by the dynamic expansion of business volumes; at the same time, despite the the net interest margin narrowed significantly, by 28 bps to 2.57%. The margin trajectory was determined mainly by the fixed interest rate asset surplus of the Bank, taking into account the steeply increasing rate environment. Still, due to volume expansion the net interest income grew 12% y-o-y.

The net fees and commissions surged by 17%, mainly supported by stronger revenues from

deposit-, transaction-, and card-related fees, while income from securities' sales declined. The other net non-interest income leaped by 82%.

In 2022 operating expenses grew 19% y-o-y. Within that, personnel expenses rose by 10% on account of 4% higher average headcount and the implemented wage increases, partly offset by the reduction of employers' contributions by altogether 4 pps effective from 1 January 2022. Amortization increased by 10%. Other costs grew by one-third, driven by, among others, the higher real-estate-related costs (partly because of moving into the new office building), energy costs and supervisory fees (latter largely due to the increase in deposit protection fee effective from the end of 2021).

In 2022 altogether +HUF 2.4 billion total risk costs emerged. Within that, the positive amount of provision for impairment on loan losses reached HUF 32.8 billion, whereas the other risk costs came in at -HUF 30.4 billion. The positive sign of the provision for impairment on loan losses line was determined by the revision of the highly conservative assumptions previously used in the impairment models in 1Q 2022: as the uncertainty about the pandemic and the moratorium abated, provisions were released. Also, in accordance with the relevant regulations, in 2Q 2022 provisions were released in the case of borrowers who exited the moratorium more than six months ago, and have been paying according to their contracts. It was also positive that OTP Factoring continued to realize recoveries mostly on retail claims, moreover in 4Q 2022 such claims held by OTP Factoring were upwardly revaluated, resulting in higher net Stage 3 volumes, too. The other risk costs were related mainly to impairments on government bonds. Credit quality trends remained overall benign. During 2022 the Stage 2 ratio moderated by 6.0 pps to 11.5% (in 2Q the Stage 2 volumes fell by more than HUF 200 billion as borrowers who left the moratorium in November 2021 and resumed normal payment were shifted back into Stage 1 category). The Stage 3 ratio

went up by 0.3 pp y-o-y, driven by the 0.6 pp increase in 4Q. Latter was partly owing to the revaluation of Factoring claims, which resulted in higher net Stage 3 volumes; secondly, certain retail loans that had participated in the moratorium were shifted into the Stage 3 basket.

Although the Stage 1+2 portfolio's cumulative own provision coverage dropped by 0.7 pp y-o-y, to 1.8%, this is still way above the pre-pandemic level of 1.3% at the end of 2019. Pursuant to the interest rate cap scheme on variable rate retail mortgage loans, from the beginning of 2022 until 30 June 2023 the reference rate of these loans cannot be higher than the relevant reference rate as at the end of October 2021. From November 2022 until the middle of 2023 the rate cap scheme was extended to market based fixed rate retail mortgages with up to 5 years rate reset period. Furthermore, from the middle of November 2022 until 30 June 2023 the reference rates of certain variable rate loans to micro and small enterprises were also capped at the reference rate levels prevailing end of June 2022. The general payment holiday expired at the end of 2022. The volume of loans under the payment moratorium available for agricultural companies until the end of 2023 stood at HUF 41 billion at the end of 2022, making up 0.6% of OTP Core's total gross loans. The total assets of OTP Core expanded by 11% y-o-y.

Performing (Stage 1+2) loans grew by 15% y-o-y (FX-adjusted), mainly due to the government's and the national bank's subsidized loan programmes (baby loan, CSOK housing loan, green mortgage loan, home renovation loan, Széchenyi Card scheme).

Loan growth was driven by the corporate segment (+33% y-o-y). Since July 2021 the Government introduced subsidized loan facilities for micro and small enterprises through the *KAVOSZ Széchenyi Card* programme. Under the *Széchenyi Card Go!* and *MAX* schemes, by the end of 2022 OTP Bank signed loan agreements worth HUF 593 billion in total, of which HUF 158 billion under the *MAX* structure available since August.

In 2022 the contracted amount of baby loans (prolonged till the end of 2024) was HUF 186 billion, thus the outstanding stock reached HUF 784 billion. Performing cash loan volumes rose by 4% y-o-y. The origination of new cash loans increased by 4% y-o-y, so OTP's market share reached 38% in 2022 (2021: 38.4%).

The volume of performing mortgage loans grew 3% y-o-y. In 2022 as a whole, applications for mortgages dropped 19% y-o-y, but the demand showed a spectacular shift towards subsidized products in the increasing rate environment (+29% y-o-y); on the contrary, demand for market-based mortgage loans declined by 52%. Assets held with the central bank underwent a significant reshuffling, as overnight deposits and mandatory reserves grew (latter mainly on the back of the increase in the minimum reserve requirement from October), whereas longer term deposits dropped.

The securities book held by OTP Core continued to include mostly fixed interest rate Hungarian government bonds, the average rate of which portfolio significantly lags behind the prevailing government bond benchmark yields at the end of 2022.

Customer deposits expanded 9% y-o-y (FX-adjusted). The 5% q-o-q increase in retail deposits (including retail bonds) in the first quarter was boosted by the PIT refund in February; then they eroded by 1% q-o-q in each quarter. Corporate deposits grew by 20% over the last 12 months.

As for international bond issuances, there were 2 transactions in 3Q and one in the last quarter, in the total notional of EUR 1,050 million and USD 60 million. These bonds amounted to HUF 478 billion at the end of the year and were presented on the liability side of Corporate Centre, not that of OTP Core.



OTP FUND MANAGEMENT (HUNGARY)

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

Main components of P&L account	2021 HUF million	2022 HUF million	Change %
Adjusted profit after tax	6,116	9,357	53
Income tax	(788)	(1,234)	57
Profit before income tax	6,904	10,592	53
Operating profit	6,918	10,678	54
Total income	10,044	14,585	45
Net fees and commissions	9,799	14,094	44
Other net non-interest income	245	491	101
Operating expenses	(3,125)	(3,907)	25
Other provisions	(14)	(86)	509
Main components of balance sheet closing balances	2021	2022	%
Total assets	24,988	27,718	11
Total shareholders' equity	12,792	16,993	33
Asset under management	2021 HUF billion	2022 HUF billion	%
Assets under management, total (w/o duplicates)*	1,331	1,782	34
Volume of investment funds (closing, w/o duplicates)	942	1,388	47
Volume of managed assets (closing)	389	393	1
Volume of investment funds (closing, with duplicates)**	1,479	1,869	26
bond	444	665	50
equity	342	296	(13)
absolute return fund	300	288	(4)
money market	4	287	
mixed	345	285	(17)
commodity market	37	49	33
guaranteed	5	0	(100)

In 2022 **OTP Fund Management** generated HUF 9.4 billion profit, exceeding the 2021 profit by more than 50%.

The growth of net fees and commissions stemmed from the 26% surge in assets under management, while average fund management fees were the same as in the base year, sales costs declined.

Other income has doubled y-o-y, thanks to the positive revaluation and sale result of the investment units in the Company's own books.

Operating expenses grew by 25% under the pressure of a high-inflation environment.

Personnel expenses were 19% higher than in the base year.

In Hungary's fund management market, investment fund volumes were shaped by rising inflation environment, the MNB's interest rate hikes, and the change in government bond yields in 2022. Given the growth

of the portfolio under management, the shift between categories is even more striking, particularly at OTP Fund Management's money market fund, whose volumes had marginalised when an EU regulation came into force in January 2019, but hit HUF 287 billion by the end of 2022. Among investment funds, bond funds continue to represent the largest category. Their improving popularity, owing to rising government bond yields, and capital inflows both supported a dynamic 50% y-o-y increase in volumes, which hit HUF 665 billion by the end of 2022. Overall, the volume of investment funds of OTP Fund Management expanded by 26% y-o-y, hitting a new record, and exceeding HUF 1,869 billion (with duplications). The Company further strengthened its leadership in the securities market, where its market share stood at 27.1% (+4.3 pps y-o-y) at the end of December 2022.

* 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	2021 HUF million	2022 HUF million	Change %
Adjusted profit after tax	7,998	10,971	37
Income tax	(918)	(1,645)	79
Profit before income tax	8,916	12,616	41
Operating profit	11,961	13,930	16
Total income	23,291	24,766	6
Net interest income	20,680	22,537	9
Net fees and commissions	116	921	694
Other net non-interest income	2,495	1,307	(48)
Operating expenses	(11,330)	(10,836)	(4)
Total provisions	(3,045)	(1,314)	(57)
Provision for impairment on loan losses	(3,093)	(1,068)	(65)
Other provision	48	(246)	
Main components of balance sheet closing balances	2021	2022	%
Total assets	782,222	948,735	21
Gross customer loans	444,549	532,054	20
Gross customer loans (FX-adjusted)	446,453	532,054	19
Stage 1+2 customer loans (FX-adjusted)	433,477	517,933	19
Retail loans	4,867	3,148	(35)
Corporate loans	46,897	130,859	179
Leasing	381,713	383,926	1
Allowances for possible loan losses	(14,230)	(12,436)	(13)
Allowances for possible loan losses (FX-adjusted)	(14,286)	(12,436)	(13)
Deposits from customers	8,198	6,151	(25)
Deposits from customer (FX-adjusted)	8,198	6,151	(25)
Retail deposits	5,166	3,713	(28)
Corporate deposits	3,032	2,438	(20)
Liabilities to credit institutions	688,675	852,738	24
Total shareholders' equity	59,246	57,591	(3)
Loan Quality	2021	2022	%/pps
Stage 1 loan volume under IFRS 9 (in HUF million)	334,732	453,307	35
Stage 1 loans under IFRS 9/gross customer loans	75.3%	85.2%	9.9
Own coverage of Stage 1 loans under IFRS 9	0.4%	0.4%	0.0
Stage 2 loan volume under IFRS 9 (in HUF million)	96,982	64,627	(33)
Stage 2 loans under IFRS 9/gross customer loans	21.8%	12.1%	(9.7)
Own coverage of Stage 2 loans under IFRS 9	5.3%	4.5%	(0.8)
Stage 3 loan volume under IFRS 9 (in HUF million)	12,836	14,120	10
Stage 3 loans under IFRS 9/gross customer loans	2.9%	2.7%	(0.2)
Own coverage of Stage 3 loans under IFRS 9	60.0%	53.1%	(6.9)
Provision for impairment on loan losses/average gross loans	0.71%	0.21%	(0.49)
90+ days past due loan volume (in HUF million)	5,852	3,655	(38)
90+ days past due loans/gross customer loans	1.3%	0.7%	(0.6)
Indicators	2021	2022	pps
ROA	1.0%	1.3%	0.3
ROE	14.3%	19.1%	4.8
Total income margin	3.05%	2.94%	(0.11)
Net interest margin	2.71%	2.68%	(0.03)
Operating costs/Average assets	1.5%	1.3%	(0.2)
Cost/income ratio	48.6%	43.8%	(4.9)

In 2022, **Merkantil Group** posted HUF 11 billion adjusted profit after tax (+37% y-o-y), which brought its full-year ROE to 19.1%. Net interest income increased by 9%, while the net interest margin narrowed by 3 basis points. Net fees and commissions grew and other net non-interest income dropped largely due to technical reasons (in 2022, some items were reclassified from other income to net fees and commissions).

Operating expenses contracted by 4% y-o-y. In 2022, total risk cost declined, largely because risk model parameters were revised, and agricultural loans subject to the moratorium were reclassified into a riskier category. Stage 3 loans increased by 10% y-o-y, while the Stage 2 portfolio shrank by 33% as the introduction of new forbore rules, from May 2022, led to the reclassification of the volumes subject to the moratorium from Stage 2 to Stage 3.

The ratio of Stage 3 loans declined by 0.2 pp y-o-y to 2.7%, and the share of Stage 2 loans fell by 9.7 pps, to 12.1%.

The annual loan dynamics was materially influenced by an intra-group deal, which increased Merkantil Group's loan volumes, but was eliminated at consolidated level: in relation to the M12 office building, OTP Real Estate Leasing disbursed loan to another group member, which was presented under corporate loans. Without this amount, FX-adjusted performing (Stage 1+2) loans grew by 8% y-o-y, mostly because corporate loan volumes expanded by 72% (largely owing to

an increase in non-agricultural capital goods and working capital), while leasing exposures stagnated.

Hungary introduced preferential, subsidized funding for micro and small enterprises through the KAVOSZ Széchenyi Card system in July 2021. Under the programme, Merkantil Bank signed loan agreements worth more than HUF 84 billion in 2022.

In 2022, newly disbursed loan volumes grew by 12% y-o-y, including 45% increase in the financing of capital goods.

Merkantil Bank is market leader in new loan placements.

IFRS Reports of the main foreign subsidiaries of OTP Bank

DSK GROUP (BULGARIA)

Performance of DSK Group:

Main components of P&L account	2021 HUF million	2022 HUF million	Change %
Adjusted profit after tax	76,790	119,885	56
Income tax	(8,454)	(12,680)	50
Profit before income tax	85,244	132,565	56
Operating profit	106,241	142,383	34
Total income	178,470	230,834	29
Net interest income	112,869	145,461	29
Net fees and commissions	54,508	68,755	26
Other net non-interest income	11,093	16,618	50
Operating expenses	(72,230)	-88,451	22
Total provisions	(20,997)	(9,819)	(53)
Provision for impairment on loan losses	(18,938)	(10,992)	(42)
Other provision	(2,059)	1,173	(157)
Main components of balance sheet closing balances	2021	2022	%
Total assets	4,627,132	5,946,815	29
Gross customer loans	2,922,886	3,584,751	23
Gross customer loans (FX-adjusted)	3,171,029	3,584,751	13
Stage 1+2 customer loans (FX-adjusted)	2,974,782	3,458,387	16
Retail loans	1,745,525	2,003,486	15
Corporate loans	1,006,603	1,176,069	17
Leasing	222,654	278,832	25
Allowances for possible loan losses	(193,180)	(154,361)	-20
Allowances for possible loan losses (FX-adjusted)	(209,550)	(154,361)	-26
Deposits from customers	3,785,300	4,893,078	29
Deposits from customers (FX-adjusted)	4,117,637	4,893,078	19
Retail deposits	3,633,302	4,012,224	10
Corporate deposits	484,334	880,854	82
Liabilities to credit institutions	86,606	152,193	76
Total shareholders' equity	699,375	779,095	11
Loan Quality	2021	2022	%/pps
Stage 1 loan volume under IFRS 9 (in HUF million)	2,454,806	3,177,291	29
Stage 1 loans under IFRS 9/gross customer loans	84.0%	88.6%	4.6%
Own coverage of Stage 1 loans under IFRS 9	1.0%	1.1%	0.0%
Stage 2 loan volume under IFRS 9 (in HUF million)	287,157	281,096	(2)
Stage 2 loans under IFRS 9/gross customer loans	9.8%	7.8%	(2.0)
Own coverage of Stage 2 loans under IFRS 9	15.5%	16.0%	0.5
Stage 3 loan volume under IFRS 9 (in HUF million)	180,922	126,364	(30)
Stage 3 loans under IFRS 9/gross customer loans	6.2%	3.5%	(2.7)
Own coverage of Stage 3 loans under IFRS 9	68.2%	60.2%	(8.0)
Provision for impairment on loan losses/average gross loans	0.70%	0.33%	(0.38)
90+ days past due loan volume (in HUF million)	114,362	65,240	(43)
90+ days past due loans/gross customer loans	3.9%	1.8%	(2.1)
Performance Indicators	2021	2022	pps
ROA	1.8%	2.3%	0.5
ROE	11.8%	16.7%	4.8
Total income margin	4.07%	4.41%	0.34
Net interest margin	2.58%	2.78%	0.20
Operating costs/Average assets	1.65%	1.69%	0.04
Cost/income ratio	40.5%	38.3%	(2.2)
Net loans to deposits (FX-adjusted)	72%	70%	(2)
FX rates	2021 HUF	2022 HUF	Change %
HUF/BGN (closing)	188.7	204.6	8
HUF/BGN (average)	183.3	200.1	9

In 2022, **DSK Group** posted HUF 120 billion profit after tax, 56% more than in 2021. This was primarily driven by the improved operating profit (+34% y-o-y), and the favourable development of credit risk costs (-53% y-o-y).

Within the revenues, the realized interest income on customer loans and other securities and placements by group members also increased in parallel with the rise in the interest rate environment. The 29% y-o-y surge in net interest income in HUF (18% in BGN) was supported by the dynamic loan growth, as well as by the increasing net interest margin. In 2022, net fees and commissions grew by 26% y-o-y, mainly due to the increase in fee income realized on expanding corporate loans and higher transaction fee income in the residential segment.

Other income grew by 50% y-o-y in 2022, mostly boosted by the jump in the fourth quarter, which was largely due to an increase in the revaluation result of swap transactions, as well as proceeds from the sale of real estate and leased assets.

Operating expenses increased by 22% (by 12% in local currency), mostly as a result of an inflation-induced growth in personnel and utility costs. In 2022, the average number of employees decreased further, and the improvements launched in 2021 for the comprehensive transformation of the bank's business and operating model, continued, which improved its operational effectiveness and financial efficiency. Cost efficiency indicators have improved, the cost/income ratio was 38% in 2022.

In 2022, HUF 9.8 billion total risk cost weighed on the profit, 53% less than in the base year. The Stage 3 loans declined to 3.5% by the end of December, while their own provision coverage dropped to 60.2%. The ratio of Stage 2 loans shrunk by 2 pps to 7.8% y-o-y; their own provision coverage was 16% (+0.5 pp y-o-y). Regarding the lending activity, performing (Stage 1+2) loans expanded by 16% y-o-y (FX-adjusted). The retail loan book growth was chiefly driven by the increase of mortgage lending. The performing retail loan portfolio increased by 15% y-o-y. The FX-adjusted corporate performing loan volume increased by 17% y-o-y, amid rising interest rates. The FX-adjusted deposit volume increased by 19% compared to the end of 2021, within which it increased by 6% in the fourth quarter, largely driven by the corporate segment. The Bulgarian bank's liquidity position is stable, the FX-adjusted net loan/deposit ratio stood at 70% at the end of December (-2 pps y-o-y).

As a result of the bank's digital developments, the number of Mobile Bank users is also expanding: in 2022, their number increased by 33%. Nearly a fifth of the customers actively using the bank's products and services are also users of its digital services.

DSK Bank's capital adequacy ratio (19.8%) remained stable above the regulatory minimum (17.3%) at the end of 2022. The CET1 ratio was 19.8% (regulatory minimum: 13.0%).

The bank's market share by total assets improved to 18.65% at the end of December 2022, thereby jumped to the top of the Bulgarian banking ranking.

OTP BANK CROATIA

Performance of OTP Bank Croatia:

Main components of P&L account	2021 HUF million	2022 HUF million	Change %
Adjusted profit after tax	33,448	42,801	28
Income tax	(7,618)	(9,294)	22
Profit before income tax	41,065	52,095	27
Operating profit	43,422	49,013	13
Total income	88,736	102,042	15
Net interest income	60,933	70,547	16
Net fees and commissions	18,183	24,692	36
Other net non-interest income	9,619	6,803	(29)
Operating expenses	(45,313)	(53,029)	17
Total provisions	(2,357)	3,082	(231)
Provision for impairment on loan losses	1,767	7,102	302
Other provision	(4,124)	(4,020)	(3)
Main components of balance sheet closing balances	2021	2022	%
Total assets	2,576,445	3,224,955	25
Gross customer loans	1,811,376	2,263,825	25
Gross customer loans (FX-adjusted)	1,962,890	2,263,825	15
Stage 1+2 customer loans (FX-adjusted)	1,806,394	2,152,201	19
Retail loans	948,625	1,075,342	13
Corporate loans	732,670	928,717	27
Leasing	125,100	148,142	18
Allowances for possible loan losses	(109,575)	(108,490)	(1)
Allowances for possible loan losses (FX-adjusted)	(118,703)	(108,490)	(9)
Deposits from customers	1,899,671	2,381,977	25
Deposits from customers (FX-adjusted)	2,065,327	2,381,977	15
Retail deposits	1,541,549	1,777,094	15
Corporate deposits	523,778	604,883	15
Liabilities to credit institutions	228,733	337,047	47
Total shareholders' equity	351,023	390,583	11
Loan Quality	2021	2022	%/pps
Stage 1 loan volume under IFRS 9 (in HUF million)	1,448,458	1,886,633	30
Stage 1 loans under IFRS 9/gross customer loans	80.0%	83.3%	3.4
Own coverage of Stage 1 loans under IFRS 9	0.6%	0.5%	0.0
Stage 2 loan volume under IFRS 9 (in HUF million)	218,754	265,568	21
Stage 2 loans under IFRS 9/gross customer loans	12.1%	11.7%	(0.3)
Own coverage of Stage 2 loans under IFRS 9	5.9%	7.3%	1.4
Stage 3 loan volume under IFRS 9 (in HUF million)	144,163	111,624	(23)
Stage 3 loans under IFRS 9/gross customer loans	8.0%	4.9%	(3.0)
Own coverage of Stage 3 loans under IFRS 9	61.4%	70.6%	9.2
Provision for impairment on loan losses/average gross loans	(0.11)%	(0.34)%	(0.23)
90+ days past due loan volume (in HUF million)	73,826	71,800	(3)
90+ days past due loans/gross customer loans	4.1%	3.2%	(0.9)
Performance Indicators	2021	2022	pps
ROA	1.4%	1.5%	0.1
ROE	10.0%	11.4%	1.4
Total income margin	3.73%	3.51%	(0.22)
Net interest margin	2.56%	2.43%	(0.13)
Operating costs/Average assets	1.90%	1.83%	(0.08)
Cost/income ratio	51.1%	52.0%	0.9
Net loans to deposits (FX-adjusted)	89%	90%	1
FX rates	2021	2022	Change
	HUF	HUF	%
HUF/HRK (closing)	49.1	53.1	8
HUF/HRK (average)	47.6	49.7	4

The **Croatian bank** generated HUF 42.8 billion profit after tax in 2022, thus its profit jumped by nearly 30% y-o-y, bringing the ROE to 11.4%. The result was partly determined by credit risk costs. In 2022, HUF 3.1 billion positive risk cost supported profit. Within that, the +HUF 7.1 billion credit risk cost was driven by multiple factors: first, provisions were released in the first three quarters, as retail mortgages that left the moratorium were reclassified from Stage 3 to Stage 1 category, while the macroeconomic outlook turned unfavourable in the fourth quarter, necessitating the revision of the risk model parameter in both the retail and the corporate segments. Furthermore, HUF 4 billion other risk cost weighed on the result in 2022, owing to impairment on repo receivables, provisions for legal and tax lawsuits, and redundancy payments. Operating profit improved by 13%. Within that net interest income grew by 16%, chiefly induced by the dynamic increase in performing (Stage 1+2) volumes (+19% y-o-y FX-adjusted), while net interest margin eroded by 13 basis points, to 2.43%. Net fees and commissions grew by 36% y-o-y, mainly as a result of the post-pandemic rebound in economic activity, and the recovery of tourism starting from the second quarter of 2021. The latter's effect is also palpable in the y-o-y stronger income from ATMs and currency exchange. Other income fell by 29% last year, partly because of the unfavourable evolution of gain on securities, and in part owing to lower income from currency conversion.

Operating cost level was 17% higher than in the base year, while inflation exceeded 13%, and the number of employees remained unchanged y-o-y. Moreover, additional IT costs and expert fees emerged as the euro was adopted in 2023. The bank saved money y-o-y on marketing expenses. Overall, the cost/income ratio declined by 9 pps, to 52.0%.

In 2022, the share of Stage 3 loans in the portfolio sank further, thus it stood at 4.9% at the end of December. This process was supported by the overall improvement in the loan portfolio, and by the reclassification into Stage 1 category of the mortgages that left the moratorium and are duly paid. In 2022, HUF 5.6 billion worth of non-performing loans were sold/written off (FX-adjusted). The own provision coverage of Stage 3 loans rose to 70.6% (+9.2 pps y-o-y). Performing (Stage 1+2) loans expanded by an FX-adjusted 19% y-o-y. The retail segment's growth benefited from the subsidized housing loan facility for first-home-buyers, in a scheme resumed on 21 March 2022. The disbursed volume of cash loans remained on the level of the base year 2021. Corporate loan volumes grew at the strongest rate, by 27% y-o-y. The excellent tourism season, the savings related to the euro conversion, and lower personal consumption preferences led to a 15% y-o-y increase in FX-adjusted deposit volumes. The Croatian bank's liquidity and capital position is stable; its capital adequacy ratio was 19.6% at the end of December 2022.

OTP BANK SERBIA

Performance of OTP Bank Serbia:

Main components of P&L account	2021 HUF million	2022 HUF million	Change %
Adjusted profit after tax	32,104	36,873	15
Income tax	(3,610)	(6,118)	69
Profit before income tax	35,714	42,991	20
Operating profit	40,754	58,544	44
Total income	83,494	104,524	25
Net interest income	62,497	76,635	23
Net fees and commissions	14,410	17,954	25
Other net non-interest income	6,586	9,934	51
Operating expenses	(42,740)	(45,980)	8
Total provisions	(5,040)	(15,553)	209
Provision for impairment on loan losses	(387)	(14,422)	
Other provision	(4,653)	(1,131)	(76)
Main components of balance sheet closing balances	2021	2022	%
Total assets	2,224,715	2,708,993	22
Gross customer loans	1,715,347	2,038,480	19
Gross customer loans (FX-adjusted)	1,861,471	2,038,480	10
Stage 1+2 customer loans (FX-adjusted)	1,807,788	1,986,879	10
Retail loans	854,137	907,047	6
Corporate loans	861,573	979,896	14
Leasing	92,078	99,935	9
Allowances for possible loan losses	(44,587)	(62,386)	40
Allowances for possible loan losses (FX-adjusted)	(48,412)	(62,386)	29
Deposits from customers	1,238,864	1,551,143	25
Deposits from customers (FX-adjusted)	1,347,720	1,551,143	15
Retail deposits	816,861	867,997	6
Corporate deposits	530,860	683,146	29
Liabilities to credit institutions	584,453	682,615	17
Total shareholders' equity	306,630	358,120	17
Loan Quality	2021	2022	%/pps
Stage 1 loan volume under IFRS 9 (in HUF million)	1,542,170	1,764,677	14
Stage 1 loans under IFRS 9/gross customer loans	89.9%	86.6%	(3.3)
Own coverage of Stage 1 loans under IFRS 9	0.7%	0.9%	0.2
Stage 2 loan volume under IFRS 9 (in HUF million)	123,754	222,202	80
Stage 2 loans under IFRS 9/gross customer loans	7.2%	10.9%	3.7
Own coverage of Stage 2 loans under IFRS 9	6.1%	7.0%	0.9
Stage 3 loan volume under IFRS 9 (in HUF million)	49,423	51,601	4
Stage 3 loans under IFRS 9/gross customer loans	2.9%	2.5%	(0.3)
Own coverage of Stage 3 loans under IFRS 9	53.6%	59.8%	6.2
Provision for impairment on loan losses/average gross loans	0.02%	0.74%	0.71
90+ days past due loan volume (in HUF million)	33,405	34,516	3
90+ days past due loans/gross customer loans	1.9%	1.7%	(0.3)
Indicators	2021	2022	pps
ROA	1.6%	1.5%	(0.1)
ROE	11.4%	10.9%	(0.5)
Total income margin	4.07%	4.14%	0.06
Net interest margin	3.05%	3.03%	(0.02)
Operating costs/Average assets	2.09%	1.82%	(0.27)
Cost/income ratio	51.2%	44.0%	(7.2)
Net loans to deposits (FX-adjusted)	135%	127%	(7)
FX rates	2021	2022	Change
	HUF	HUF	%
HUF/RSD (closing)	3.1	3.4	9
HUF/RSD (average)	3.0	3.2	5

In 2022, the **Serbian Banking Group** posted HUF 36.9 billion adjusted profit after tax, 15% more than in 2021. The annual profit was shaped by a 44% surge in operating profit and by the y-o-y tripled risk costs.

Over the past 20 months following the completion of the integration, the banking group has been strengthening its credit market position. Based on the latest market data, its market share was 17.3% (+0.7 pp y-o-y) at the end of September 2022, while its total assets rank it second, with 14% market share. The synergy and saving opportunities stemming from the integration were steadily realized: despite the intensifying inflation operating expenses were stable in local currency. Personnel costs rose by 3% y-o-y in local currency; the average number of employees (on FTE basis) dropped by 7% y-o-y (-209 people). Cost efficiency indicators have been firmly improving. In 2022, the cost/income ratio (44.0%) was one of the lowest ones among group members. In full year 2022, core banking revenues were favourable, supported by the intensifying business activity. Net interest income grew by 23% y-o-y (by 12% in local currency), which partly stemmed from the increase in performing loans, but the rising RSD and EUR interest rate environment also made its impact on the predominantly variable-interest-rate loans and through the growing deposit volumes. Annual net interest margin

(3.03%) narrowed by 2 bps y-o-y, but has been improving since the second quarter.

Net fees and commissions expanded by 25% y-o-y (+13% in local currency) last year, predominantly owing to the rise in account fees. The annual profit dynamics was chiefly shaped by risk costs. Credit risk costs grew by HUF 14 billion y-o-y, predominantly in the fourth quarter of 2022, owing to the revision of the IFRS 9 impairment model parameters, and as some large corporate exposures were reclassified into Stage 2 category. As a result of the provision for impairment, the own provision coverage of Stage 1, Stage 2, and Stage 3 loans all improved meaningfully y-o-y.

The ratio of Stage 3 loans sank by 0.3 pp, to 2.5% y-o-y.

The y-o-y decline in other risk costs was driven by a high base due to the high provision for litigation in 2021.

The performing (Stage 1+2) loan book grew by 10% y-o-y, driven by the housing loan programme that was supported by a marketing campaign, strong cash loan disbursements, and growth in loans to large corporations. The deposit book grew by an FX-adjusted 15% y-o-y, mainly due to retail demand deposits and large corporate deposits; the growth rate was above market average, particularly in the large corporate segment. The bank's net loan/deposit ratio declined; it stood at 127% at the end of December.

SKB BANKA (SLOVENIA)

Performance of SKB Banka (Slovenia):

Main components of P&L account	2021	2022	Change
	HUF million	HUF million	%
Adjusted profit after tax	16,822	23,860	42
Income tax	(3,838)	(5,710)	49
Profit before income tax	20,660	29,570	43
Operating profit	19,595	24,046	23
Total income	42,354	51,403	21
Net interest income	27,673	33,688	22
Net fees and commissions	13,258	15,416	16
Other net non-interest income	1,423	2,299	61
Operating expenses	(22,759)	(27,357)	20
Total provisions	1,065	5,523	419
Provision for impairment on loan losses	1,819	7,048	287
Other provision	(754)	(1,525)	102
Main components of balance sheet closing balances	2021	2022	%
Total assets	1,433,206	1,790,944	25
Gross customer loans	984,605	1,204,641	22
Gross customer loans (FX-adjusted)	1,068,248	1,204,641	13
Stage 1+2 customer loans (FX-adjusted)	1,054,104	1,190,453	13
Retail loans	516,522	552,741	7
Corporate loans	356,531	451,536	27
Leasing	181,051	186,177	3
Allowances for possible loan losses	(16,271)	(14,637)	(10)
Allowances for possible loan losses (FX-adjusted)	(17,658)	(14,637)	(17)
Deposits from customers	1,213,698	1,466,625	21
Deposits from customers (FX-adjusted)	1,318,022	1,466,625	11
Retail deposits	972,768	1,053,881	8
Corporate deposits	345,254	412,744	20
Liabilities to credit institutions	15,565	68,172	338
Total shareholders' equity	179,515	194,843	9
Loan Quality	2021	2022	%/pps
Stage 1 loan volume under IFRS 9 (in HUF million)	846,646	1,062,588	26
Stage 1 loans under IFRS 9/gross customer loans	86.0%	88.2%	2.2
Own coverage of Stage 1 loans under IFRS 9	0.3%	0.2%	(0.1)
Stage 2 loan volume under IFRS 9 (in HUF million)	124,932	127,866	2
Stage 2 loans under IFRS 9/gross customer loans	12.7%	10.6%	(2.1)
Own coverage of Stage 2 loans under IFRS 9	5.0%	2.4%	(2.6)
Stage 3 loan volume under IFRS 9 (in HUF million)	13,027	14,188	9
Stage 3 loans under IFRS 9/gross customer loans	1.3%	1.2%	(0.1)
Own coverage of Stage 3 loans under IFRS 9	56.1%	68.4%	12.2
Provision for impairment on loan losses/average gross loans	(0.20)%	(0.61)%	(0.42)
90+ days past due loan volume (in HUF million)	4,353	5,831	34
90+ days past due loans/gross customer loans	0.4%	0.5%	0.0
Performance Indicators	2021	2022	pps
ROA	1.2%	1.5%	0.3
ROE	10.0%	12.8%	2.8
Total income margin	3.13%	3.25%	0.12
Net interest margin	2.04%	2.13%	0.09
Operating costs/Average assets	1.68%	1.73%	0.05
Cost/income ratio	53.7%	53.2%	(0.5)
Net loans to deposits (FX-adjusted)	80%	81%	1
FX rates	2021	2022	Change
	HUF	HUF	%
HUF/EUR (closing)	369.0	400.3	8
HUF/EUR (average)	358.5	384.9	7

On 31 January 2023, Slovenia's competition authority approved the purchase of Nova KBM d.d., and the financial closure of the transaction was completed on 6 February 2023. The balance sheet and P/L figures of the purchased bank will be included into OTP Group's consolidated figures from the first quarter of 2023.

OTP Group's **Slovenian subsidiary** generated almost HUF 24 billion profit after tax in 2022 (+42% y-o-y). The profit improved chiefly as a result of a 23% growth in operating profit, and the fivefold jump in positive risk costs. ROE improved by 2.8 pps, to 12.8% y-o-y. What distorts the profit dynamic is that the HUF's twelve-month average exchange rate weakened by 7% y-o-y versus the EUR. The improvement in the operating profit stemmed from the 21% increase in total income; operating expenses grew slower than that (+20% y-o-y).

The rise in net interest income (+11% in EUR) was driven by the combined effect of performing loan volumes' dynamic growth and the improving net interest margin (+9 bps y-o-y). The ECB started to raise its interest rates, which benefited interests on the asset side. The 2.13% annual net interest margin is still above the average of the banking sector. The 16% y-o-y increase in net fees and commissions (7% in EUR) largely stemmed from the improvement in transaction fee income (transfers, ATMs, cards). Fee income from transactions with securities have also risen. However, charging retail and corporate customers above a certain deposit threshold, a practice launched in 2021, ended in August. The jump in other income can be mainly attributable to the refund on an insurance cooperation.

The annual volume of positive risk costs exceeded HUF 5.5 billion. First, the provisions set aside during COVID were released; second,

based on the forward-looking IFRS 9 model, the probability of defaults, calculated during the maturity, have sharply reduced, which has led to the release of roughly EUR 11 million provision in the third quarter.

The ECB began monetary tightening in July 2022, raising the benchmark interest rate to 2.5%. Operating expenses have grown by 20% y-o-y (10% in EUR); within that, personnel expenses rose slower, while administrative and amortization costs increased by more than 10%. The bank's annual cost/income ratio sank to 53.2% (-0.5 pp), one of the lowest levels in this sector.

The quality of the portfolio remained stable: the ratio of Stage 3 loans inched up (-0.1 pp), while the Stage 2 ratio dropped by 2.1% y-o-y. The own provision coverage of Stage 3 loans exceeded 68%, which is consistent with 12.2% y-o-y growth.

The FX-adjusted volume of Stage 1+2 loans expanded by 13% y-o-y. Corporate loan growth was outstanding (+27% y-o-y), while mortgages rose by 9% y-o-y in the retail segment.

Corporate loan placement growth was mostly linked to financing working capital, and to a lesser extent to investment loans. The Bank's market share has trivially dropped in cash and mortgage loans, but improved in the corporate segment, going beyond 10%.

The net loan/deposit ratio raised to 81% (+1 pp y-o-y). Similarly to loans, the FX-adjusted annual deposit growth (+11%) was also faster in the corporate segment (+20% y-o-y).

Making use of the rising interest rate level, the excess liquidity was placed on the inter-bank market and at the central bank.

In June and September, the Bank received EUR 30 million and EUR 50 million subordinated loan capital from OTP Bank, and SKB issued EUR 170 million worth of MREL-eligible bonds in December.

OTP BANK ROMANIA

Performance of OTP Bank Romania:

Main components of P&L account	2021 HUF million	2022 HUF million	Change %
Adjusted profit after tax	4,253	3,071	(28)
Income tax	(1,444)	(649)	(55)
Profit before income tax	5,697	3,720	(35)
Operating profit	8,937	17,384	95
Total income	46,699	62,596	34
Net interest income	36,270	53,560	48
Net fees and commissions	4,143	4,743	14
Other net non-interest income	6,285	4,293	(32)
Operating expenses	(37,762)	(45,212)	20
Total provisions	(3,240)	(13,663)	322
Provision for impairment on loan losses	(6,821)	(11,094)	63
Other provision	3,581	(2,569)	
Main components of balance sheet closing balances	2021	2022	%
Total assets	1,438,484	1,687,581	17
Gross customer loans	1,035,400	1,228,254	19
Gross customer loans (FX-adjusted)	1,124,925	1,228,254	9
Stage 1+2 customer loans (FX-adjusted)	1,060,750	1,163,986	10
Retail loans	544,295	565,119	4
Corporate loans	465,996	535,591	15
Leasing	50,460	63,276	25
Allowances for possible loan losses	(54,780)	(62,442)	14
Allowances for possible loan losses (FX-adjusted)	(59,721)	(62,442)	5
Deposits from customers	830,717	998,452	20
Deposits from customers (FX-adjusted)	899,056	998,452	11
Retail deposits	474,446	593,046	25
Corporate deposits	424,611	405,406	(5)
Liabilities to credit institutions	402,553	446,641	11
Total shareholders' equity	164,914	181,206	10
Loan Quality	2021	2022	%/pps
Stage 1 loan volume under IFRS 9 (in HUF million)	826,518	990,307	20
Stage 1 loans under IFRS 9/gross customer loans	79.8%	80.6%	0.8
Own coverage of Stage 1 loans under IFRS 9	1.0%	1.1%	0.1
Stage 2 loan volume under IFRS 9 (in HUF million)	150,038	173,679	16
Stage 2 loans under IFRS 9/gross customer loans	14.5%	14.1%	(0.4)
Own coverage of Stage 2 loans under IFRS 9	8.4%	9.6%	1.2
Stage 3 loan volume under IFRS 9 (in HUF million)	58,844	64,268	9
Stage 3 loans under IFRS 9/gross customer loans	5.7%	5.2%	(0.5)
Own coverage of Stage 3 loans under IFRS 9	57.5%	54.1%	(3.4)
Provision for impairment on loan losses/average gross loans	0.74%	0.93%	0.19
90+ days past due loan volume (in HUF million)	35,921	37,091	3
90+ days past due loans/gross customer loans	3.5%	3.0%	(0.4)
Performance Indicators	2021	2022	pps
ROA	0.3%	0.2%	(0.2)
ROE	3.0%	1.8%	(1.3)
Total income margin	3.75%	3.86%	0.11
Net interest margin	2.92%	3.31%	0.39
Operating costs/Average assets	3.04%	2.79%	(0.24)
Cost/income ratio	80.9%	72.2%	(8.6)
Net loans to deposits (FX-adjusted)	118%	117%	(2)
FX rates	2021 HUF	2022 HUF	Change %
HUF/RON (closing)	74.6	80.9	8
HUF/RON (average)	72.8	79.4	9

In 2022 **OTP Bank Romania** generated HUF 3.1 billion profit after tax. In a positive development, operating profit nearly doubled y-o-y, but due to the higher risk cost level, profit after tax dropped by 28% y-o-y (-40% in local currency).

Operating profit increased by 76% in local currency, as a result of 23% y-o-y surge in total income and 10% higher operating expenses. In full year 2022, risk costs nearly tripled in local currency, owing to a 50% increase in credit risk costs as well as a rise in other risk costs, partly related to a base effect: in 2021 loan loss provisions related to one-offs were written back, totalling HUF 3.6 billion, but at the beginning of 2022, one-off provisions were put aside in connection with an operational risk event.

In 2022, other income declined, while net fees and commissions increased by 5% in local currency, and net interest income jumped by 35%. The latter benefited from an increase in average performing loan volume, and from the 39 bps y-o-y improvement in net interest margin. The improvement in the interest margin stemmed from the rising trend in benchmark interest rates (primarily the three-month interbank lending rate for corporate loans and the IRCC benchmark index for retail mortgages) throughout the year, which was only partly offset by an increase in borrowing costs.

In 2022, operating expenses grew by 10% in local currency. Regarding the higher cost/income ratio, which was typical in recent years, partly linked to the initial higher costs of the growth strategy, positive signs have appeared in full year 2022: the ratio improved by 8.6 pps, to 72.2% y-o-y.

As to business activity, retail product placements fell by more than 20% in full year 2022 in the rising interest rate environment, while disbursements in the corporate loan and leasing segments increased by more than 10% y-o-y. Early repayments were on the rise, particularly for mortgage loans, while disbursements were decreasing. Accordingly, the FX-adjusted annual growth of performing retail loans (+4%) was slower than that of the MSE, corporate, and leasing segments (+11%, +15%, and 25% y-o-y, respectively).

In 2022, deposits from customers grew in FX-adjusted terms by 11%; while corporate deposits contracted by 5%, household deposits increased by 28% y-o-y. The net loan/deposit ratio sank to 117%.

As to loan quality, the ratio of Stage 3 loans within the full portfolio sank by half a percentage point, to 5.2% y-o-y, while their own provision coverage declined by 3.4 pps y-o-y (2022: 59.7%). The ratio of Stage 2 loans prints a similar pattern: it slipped by 0.4 pp, to 14.1% y-o-y. In 2022, a total of HUF 10 billion worth of non-performing loans were sold.

OTP BANK UKRAINE

Performance of OTP Bank Ukraine:

Main components of P&L account	2021 HUF million	2022 HUF million	Change %
Adjusted profit after tax	39,024	(15,922)	(141)
Income tax	(8,242)	(2,718)	(67)
Profit before income tax	47,266	(13,204)	(128)
Operating profit	54,760	79,863	46
Total income	83,567	110,805	33
Net interest income	62,051	90,007	45
Net fees and commissions	14,494	12,673	(13)
Other net non-interest income	7,022	8,125	16
Operating expenses	(28,806)	(30,943)	7
Total provisions	(7,494)	(93,067)	
Provision for impairment on loan losses	(5,827)	(90,836)	
Other provision	(1,667)	(2,231)	34
Main components of balance sheet closing balances	2021	2022	%
Total assets	983,557	1,048,713	7
Gross customer loans	662,173	529,644	(20)
Gross customer loans (FX-adjusted)	633,775	529,644	(16)
Stage 1+2 customer loans (FX-adjusted)	594,212	433,520	(27)
Retail loans	99,019	48,530	(51)
Corporate loans	328,662	264,425	(20)
Leasing	166,531	120,565	(28)
Allowances for possible loan losses	(47,830)	(115,754)	142
Allowances for possible loan losses (FX-adjusted)	(45,370)	(115,754)	155
Deposits from customers	671,002	783,009	17
Deposits from customers (FX-adjusted)	645,296	783,009	21
Retail deposits	273,594	302,960	11
Corporate deposits	371,702	480,049	29
Liabilities to credit institutions	115,714	108,678	(6)
Total shareholders' equity	159,756	122,493	(23)
Loan Quality	2021	2022	%/pps
Stage 1 loan volume under IFRS 9 (in HUF million)	576,876	219,078	-62
Stage 1 loans under IFRS 9/gross customer loans	87.1%	41.4%	(45.8)
Own coverage of Stage 1 loans under IFRS 9	1.9%	2.1%	0.2
Stage 2 loan volume under IFRS 9 (in HUF million)	43,707	214,442	391
Stage 2 loans under IFRS 9/gross customer loans	6.6%	40.5%	33.9
Own coverage of Stage 2 loans under IFRS 9	18.5%	18.1%	(0.4)
Stage 3 loan volume under IFRS 9 (in HUF million)	41,590	96,124	131
Stage 3 loans under IFRS 9/gross customer loans	6.3%	18.1%	11.9
Own coverage of Stage 3 loans under IFRS 9	69.6%	75.3%	5.7
Provision for impairment on loan losses/average gross loans	1.09%	14.01%	12.92
90+ days past due loan volume (in HUF million)	21,914	42,776	95
90+ days past due loans/gross customer loans	3.3%	8.1%	4.8
Performance Indicators	2021	2022	pps
ROA	4.7%	(1.6)%	(6.3)
ROE	28.8%	(12.4)%	(41.1)
Total income margin	10.06%	10.92%	0.86
Net interest margin	7.47%	8.87%	1.40
Operating costs/Average assets	3.5%	3.0%	(0.4)
Cost/income ratio	34.5%	27.9%	(6.5)
Net loans to deposits (FX-adjusted)	91%	53%	(38)
FX rates	2021	2022	Change
	HUF	HUF	%
HUF/UAH (closing)	11.9	10.2	(14)
HUF/UAH (average)	11.1	11.5	3

OTP Bank Ukraine's financial figures in HUF terms were affected by the UAH/HUF exchange rate's moves: In 2022, the UAH's average exchange rate appreciated by 3% y-o-y.

The hryvnia's closing exchange rate vs the HUF depreciated by 14% y-o-y. Therefore, the balance sheet and P&L dynamics in HUF terms differ from the ones calculated in local currency.

OTP Bank Ukraine realized HUF 16 billion loss in 2022, mainly owing to provisions for loan losses, but its operating profit improved, driven by an increase in interest income. Operating profit was 46% higher (+42% in UAH) than in the base period, chiefly as a result of growing net interest income (+42% in UAH). Net interest margin strengthened on annual basis by +1.4 pps, mostly as a result of the rising average interest level of financial assets and large corporate loans.

Net fees and commissions declined by 13% y-o-y in HUF, mainly as the use of cards and accounts dropped, and foreign exchange transactions declined as business activity decreased. Business activity picked up in the second half of the year, causing higher spending, card usage, and corporate foreign exchange transaction.

The y-o-y increase in other income was mostly driven by foreign exchange conversion gains. Operating expenses rose by 5% in UAH, mostly driven by an increase in personnel costs. As a result of strict cost management, the cost/income ratio remained the lowest among group members, it was 28% in 2022.

In 2022, risk costs totalled HUF 93 billion, mainly due to macro parameter revision and because of the reclassification of certain exposures to Stage 2 or Stage 3 as the portfolio deteriorated. The Stage 2 ratio grew by 33.9 pps, to 40.5% y-o-y, the own coverage of Stage 2 loans stood at 18.1% at the end of the year. The Stage 3 ratio grew by 12 pps y-o-y to 18.1%, with 75% own provision coverage (5.7 pps y-o-y).

In 2022, the ratio of provisions to gross loans increased to 21.9% (from 7.2% in 2021).

The bank stopped mortgage lending in February, while POS lending, which had fallen to a fraction since February improved in the second half of the year; disbursements started with limited volumes, and pricing reflecting the high interest rate environment. The number of users of the bank's digital application, OTP Credit, and online loan sales began to increase again in the fourth quarter after stagnating in the previous months.

The performing retail (Stage 1+2) loan volume fell by 51% y-o-y (FX-adjusted). New corporate lending is mostly limited to the refinancing of existing credit lines. Corporate loan volumes contracted by 20% y-o-y, and the leasing portfolio shrank by 28% (FX-adjusted).

The deposit book grew by 21% y-o-y FX-adjusted, chiefly boosted by the increase of large corporate deposits.

OTP Bank Ukraine's capital position is stable; its capital adequacy ratio stood at 27.7% at the end of 2022; the CET1 ratio is at 17.6% (the regulatory minimum is 7.0%).

OTP BANK RUSSIA

Performance of OTP Bank Russia:

Main components of P&L account	2021 HUF million	2022 HUF million	Change %
Adjusted profit after tax	37,624	42,548	13
Income tax	(9,690)	(3,632)	(63)
Profit before income tax	47,313	46,179	(2)
Operating profit	62,368	98,137	57
Total income	118,158	178,494	51
Net interest income	91,364	118,004	29
Net fees and commissions	25,728	35,251	37
Other net non-interest income	1,066	25,239	
Operating expenses	(55,790)	(80,357)	44
Total provisions	(15,055)	(51,958)	245
Provision for impairment on loan losses	(13,075)	(51,046)	290
Other provision	(1,979)	(911)	(54)
Main components of balance sheet closing balances	2021	2022	%
Total assets	799,965	1,029,721	29
Gross customer loans	753,373	784,958	4
Gross customer loans (FX-adjusted)	891,162	784,958	(12)
Stage 1+2 customer loans (FX-adjusted)	789,349	661,999	(16)
Retail loans	642,680	624,932	(3)
Corporate loans	146,669	37,067	(75)
Allowances for possible loan losses	(131,878)	(173,105)	31
Allowances for possible loan losses (FX-adjusted)	(155,970)	(173,105)	11
Deposits from customers	411,633	576,865	40
Deposits from customers (FX-adjusted)	484,763	576,865	19
Retail deposits	362,735	341,554	(6)
Corporate deposits	122,028	235,311	93
Liabilities to credit institutions	85,485	49,774	(42)
Total shareholders' equity	240,724	306,304	27
Loan Quality	2021	2022	%/pps
Stage 1 loan volume under IFRS 9 (in HUF million)	576,404	570,949	(1)
Stage 1 loans under IFRS 9/gross customer loans	76.5%	72.7%	(3.8)
Own coverage of Stage 1 loans under IFRS 9	3.8%	5.1%	1.3
Stage 2 loan volume under IFRS 9 (in HUF million)	90,944	91,050	0
Stage 2 loans under IFRS 9/gross customer loans	12.1%	11.6%	(0.5)
Own coverage of Stage 2 loans under IFRS 9	31.1%	31.5%	0.4
Stage 3 loan volume under IFRS 9 (in HUF million)	86,025	122,959	43
Stage 3 loans under IFRS 9/gross customer loans	11.4%	15.7%	4.2
Own coverage of Stage 3 loans under IFRS 9	95.1%	93.6%	(1.4)
Provision for impairment on loan losses/average gross loans	2.05%	5.85%	3.81
90+ days past due loan volume (in HUF million)	87,550	122,953	40
90+ days past due loans/gross customer loans	11.6%	15.7%	4.0
Performance Indicators	2021	2022	pps
ROA	5.4%	3.9%	(1.6)
ROE	18.2%	14.1%	(4.1)
Total income margin	17.02%	16.23%	(0.79)
Net interest margin	13.16%	10.73%	(2.43)
Operating costs/Average assets	8.0%	7.3%	(0.7)
Cost/income ratio	47.2%	45.0%	(2.2)
Net loans to deposits (FX-adjusted)	152%	106%	(46)
FX rates	2021 HUF	2022 HUF	Change %
HUF/RUB (closing)	4.4	5.2	18
HUF/RUB (average)	4.1	5.7	38

OTP Bank Russia's financial figures in HUF terms were strongly affected by the forint/rouble exchange rate's moves: the RUB's closing exchange rate appreciated by 18% y-o-y. The average exchange rate strengthened 38% y-o-y. Therefore, changes expressed in local currency provide a more accurate picture of balance sheet and P&L developments.

OTP Bank Russia posted HUF 42.5 billion profit in 2022, 13% more than in the base period. The result in rouble was 57% less than in the previous year. The profit was fundamentally boosted by the growth of the operating profit, which offset the increase of risk costs. In local currency, the 2022 annual operating profit grew by 11% in comparison with the previous year. In rouble, total income increased by 8% y-o-y; within that, net interest income, as well as net fees and commissions declined, while other income grew materially. Net interest income dropped by 6% in rouble last year, it was largely shaped by the shrinking interest income on the declining average volume, and the increased funding costs in a temporarily rising interest rate environment. The net interest margin was at 10.7%, dropping by 2.4 pps y-o-y, mostly as lending activity dropped back and the excess liquidity was placed at lower yields. Net fee and commission income declined by 2% y-o-y in rouble (improved by 37% in HUF), mainly owing to the fall in loan disbursements, which was partly offset by the stronger income from foreign transfers.

Operating expenses rose by 6% in rouble (by +44% in HUF), mostly owing to rising personnel costs, telecommunications expenses, and costs related to IT developments. Nevertheless, cost efficiency indicators have

improved, the cost/income ratio was 45% in 2022 (2.2 pps y-o-y). During the year, digital developments aimed at increasing the proportion of online loan disbursements played an important role in this trend. At the end of the year, 65% of the new personal loan placements took place via digital channels. Online penetration among active customers exceeded 78%. In 2022, total risk costs amounted to HUF 52 billion, mainly due to increased loan loss provisions as a result of unfavourable macroeconomic effects and negative forward-looking expectations.

The Stage 3 ratio rose by 4.2 pps y-o-y, mainly driven by the large corporate segment.

On an annual basis, the performing (Stage 1+2) loan stock decreased by 16% adjusted for exchange rates, primarily due to the effect of the large corporate loan stock shrinking by 75% as a result of the cessation of active corporate lending. Performing retail loan volumes shrank by 3% y-o-y (FX-adjusted). Deposits from customers grew by 19% y-o-y (FX-adjusted), boosted by the large corporate segment's 93% increase, while retail deposit volumes shrank (-6%). The net loan/deposit ratio fell by 46 pps y-o-y, to 106%.

In the fourth quarter, the Russian operation repaid its expiring intragroup liabilities, so the existing gross intragroup financing was reduced to zero. At the end of the year, only the intragroup subordinated debt due in 2031 remained in the amount of HUF 10 billion.

The Bank's capital adequacy ratios remained steadily above the regulatory minimum levels.

The Bank's CAR stood at 17.9% at the end of December (vs the regulatory minimum: 10.5%), its CET1 ratio was 15.3% (vs the regulatory minimum: 7.0%).

CKB GROUP (MONTENEGRO)

Performance of CKB Group:

Main components of P&L account	2021 HUF million	2022 HUF million	Change %
Adjusted profit after tax	4,140	9,791	137
Income tax	(817)	(2,184)	167
Profit before income tax	4,957	11,975	142
Operating profit	10,240	15,133	48
Total income	22,046	28,816	31
Net interest income	16,553	20,832	26
Net fees and commissions	4,880	7,106	46
Other net non-interest income	613	878	43
Operating expenses	(11,805)	(13,683)	16
Total provisions	(5,283)	(3,158)	(40)
Provision for impairment on loan losses	647	639	(1)
Other provision	(5,930)	(3,797)	(36)
Main components of balance sheet closing balances	2021	2022	%
Total assets	513,522	664,395	29
Gross customer loans	366,369	447,921	22
Gross customer loans (FX-adjusted)	397,396	447,921	13
Stage 1+2 customer loans (FX-adjusted)	369,636	425,934	15
Retail loans	175,739	193,907	10
Corporate loans	193,897	232,027	20
Allowances for possible loan losses	(23,504)	(21,893)	(7)
Allowances for possible loan losses (FX-adjusted)	(25,495)	(21,893)	(14)
Deposits from customers	386,572	524,479	36
Deposits from customers (FX-adjusted)	420,137	524,479	25
Retail deposits	255,905	289,242	13
Corporate deposits	164,232	235,237	43
Liabilities to credit institutions	19,698	12,443	(37)
Total shareholders' equity	82,029	99,131	21
Loan Quality	2021	2022	%/pps
Stage 1 loan volume under IFRS 9 (in HUF million)	280,910	389,640	39
Stage 1 loans under IFRS 9/gross customer loans	76.7%	87.0%	10.3
Own coverage of Stage 1 loans under IFRS 9	1.0%	1.2%	0.2
Stage 2 loan volume under IFRS 9 (in HUF million)	59,866	36,294	(39)
Stage 2 loans under IFRS 9/gross customer loans	16.3%	8.1%	(8.2)
Own coverage of Stage 2 loans under IFRS 9	6.5%	8.9%	2.4
Stage 3 loan volume under IFRS 9 (in HUF million)	25,593	21,987	(14)
Stage 3 loans under IFRS 9/gross customer loans	7.0%	4.9%	(2.1)
Own coverage of Stage 3 loans under IFRS 9	66.0%	64.4%	(1.7)
Provision for impairment on loan losses/average gross loans	(0.18)%	(0.15)%	0.03
90+ days past due loan volume (in HUF million)	16,472	13,330	(19)
90+ days past due loans/gross customer loans	4.5%	3.0%	(1.5)
Performance Indicators	2021	2022	pps
ROA	0.9%	1.6%	0.8
ROE	5.2%	10.9%	5.7
Total income margin	4.62%	4.84%	0.21
Net interest margin	3.47%	3.50%	0.02
Operating costs/Average assets	2.48%	2.30%	(0.18)
Cost/income ratio	53.5%	47.5%	(6.1)
Net loans to deposits (FX-adjusted)	89%	81%	(7)
FX rates	2021	2022	Change
	HUF	HUF	%
HUF/EUR (closing)	369.0	400.3	8
HUF/EUR (average)	358.5	391.3	9

In 2022, the Montenegrin **CKB Group** generated HUF 9.8 billion adjusted profit after tax, twice as much as in the base period in local currency. The improvement in the annual result stemmed from 34% higher operating profit and 38% fall in risk costs. The bank's cost efficiency is steadily improving, the cost/income ratio dropped by 6.1 pps, to 47.5% y-o-y in 2022, and now it is better than the Group's average again, for the first time since 2008.

In full-year 2022, core banking revenues were favourable, supported by the stronger business activity. Total income expanded by 19% in local currency, owing to a 15% surge in net interest income, as well as a 33% jump in net fees and commissions. The increase in business turnover had a benign effect on income, while the annual net interest margin upped by two basis points. Operating expenses rose by 6% y-o-y in EUR; more than half of this

increase came from the annual growth in fees to supervisory bodies.

In 2022, total risk cost amounted to HUF 3.2 billion (40% y-o-y). Within that, provisions for impairment on loan losses increased the profit, partly because of the revision of the impairment model parameters. Other risk cost declined by 36%.

Performing (Stage 1+2) loans rose by 15% y-o-y (FX-adjusted). In 2022, newly disbursed corporate loans doubled, while mortgage loans jumped by 61%, and cash loans surged by 55%. The ratio of Stage 3 loans fell to 4.9% (-2.1 pps y-o-y). One reason for the improvement is that HUF 4.8 billion worth of non-performing loans were sold in 2022. The own provision coverage of Stage 3 loans stood at 64.4% at the end of the year (-1.7 pps y-o-y).

The FX-adjusted deposit book expanded by 25% y-o-y. The net loan/deposit ratio stood at 81% at the end of the year (-7 pps y-o-y).

OTP BANK ALBANIA

Performance of OTP Bank Albania:

Main components of P&L account	2021 HUF million	2022 HUF million	Change %
Adjusted profit after tax	5,522	10,175	84
Income tax	(986)	(2,013)	104
Profit before income tax	6,508	12,188	87
Operating profit	7,213	9,335	29
Total income	13,398	20,232	51
Net interest income	10,619	16,927	59
Net fees and commissions	1,843	3,067	66
Other net non-interest income	936	238	(75)
Operating expenses	(6,186)	(10,896)	76
Total provisions	(705)	2,852	
Provision for impairment on loan losses	(880)	2,505	
Other provision	175	347	98
Main components of balance sheet closing balances	2021	2022	%
Total assets	350,848	635,364	81
Gross customer loans	219,890	370,875	69
Gross customer loans (FX-adjusted)	244,973	370,875	51
Stage 1+2 customer loans (FX-adjusted)	236,959	352,632	49
Retail loans	94,768	156,789	65
Corporate loans	138,049	191,676	39
Leasing	4,143	4,167	1
Allowances for possible loan losses	(10,096)	(16,208)	61
Allowances for possible loan losses (FX-adjusted)	(11,227)	(16,208)	44
Deposits from customers	251,270	516,668	106
Deposits from customers (FX-adjusted)	280,600	516,668	84
Retail deposits	234,809	448,065	91
Corporate deposits	45,790	68,603	50
Liabilities to credit institutions	53,257	30,279	(43)
Total shareholders' equity	35,134	60,827	73
Loan Quality	2021	2022	%/pps
Stage 1 loan volume under IFRS 9 (in HUF million)	191,308	318,215	66
Stage 1 loans under IFRS 9/gross customer loans	87.0%	85.8%	(1.2)
Own coverage of Stage 1 loans under IFRS 9	1.2%	1.0%	(0.3)
Stage 2 loan volume under IFRS 9 (in HUF million)	21,391	34,417	61
Stage 2 loans under IFRS 9/gross customer loans	9.7%	9.3%	(0.4)
Own coverage of Stage 2 loans under IFRS 9	11.4%	9.4%	(2.1)
Stage 3 loan volume under IFRS 9 (in HUF million)	7,190	18,243	154
Stage 3 loans under IFRS 9/gross customer loans	3.3%	4.9%	1.6
Own coverage of Stage 3 loans under IFRS 9	73.3%	54.4%	(18.8)
Provision for impairment on loan losses/average gross loans	0.46%	(0.83%)	(1.30)
90+ days past due loan volume (in HUF million)	3,624	11,050	205
90+ days past due loans/gross customer loans	1.6%	3.0%	1.3
Performance Indicators	2021	2022	pps
ROA	1.8%	2.0%	0.2
ROE	17.6%	21.1%	3.5
Total income margin	4.43%	4.07%	(0.37)
Net interest margin	3.51%	3.40%	(0.11)
Operating costs/Average assets	2.0%	2.2%	0.1
Cost/income ratio	46.2%	53.9%	7.7
Net loans to deposits (FX-adjusted)	83%	69%	(15)
FX rates	2021 HUF	2022 HUF	Change %
HUF/ALL (closing)	3.1	3.5	15
HUF/ALL (average)	2.9	3.3	13

In accordance with the purchase agreement signed by and between OTP Bank and Alpha International Holdings Single Member S.A. on 6 December 2021, the transaction's financial closure was completed on 18 July 2022.

As a result, OTP Bank became the 100% owner of Alpha Bank Albania SH.A., Alpha Bank Group's Albanian subsidiary.

The consolidated financial statements include the acquired bank's volumes from July, while the profit contribution is consolidated into the Group's P&L account starting from August only.

On 1 December 2022, Albania's Court of Registration registered the merger of Alpha Bank Albania SH.A. and Banka OTP Albania SHA.

The Albanian profit and loss 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 items were not adjusted for these effects.

In full year 2022, **OTP Bank Albania** generated HUF 10.2 billion profit after tax (84% in HUF y-o-y; +64% in local currency), which includes the result of the newly consolidated bank, starting from August. This is consistent with 21.1% ROE, the best return on equity in OTP Group.

Thanks to the acquisition, the market share of OTP's Albanian operation by net loan jumped to 14.6% by the end of December 2022,

from 10.6% at the end of December 2021.

This ranks it third, up from the fourth place in the market ranking of banks. In terms of total assets, OTP confirmed its fifth place with 9.5% market share.

On 1 December 2022, Alpha Bank Albania merged into OTP Bank Albania, and the integration began. Its first results were realized in the fourth quarter: the total network in Albania has contracted by 15 units (-21%), while the number of employees dropped by 64 people (-8%) q-o-q.

In local currency, operating profit grew by 15% y-o-y. Net interest income grew 28% y-o-y in local currency, net fees and commissions increased by 45%, and operating expenses rose by 53%. Annual net interest margin was 3.4%. Risk costs amounted to a positive figure, HUF 2.9 billion, as risk parameters were revised at both banks in the fourth quarter, which resulted in risk cost releases.

At the end of 2022, the ratio of Stage 3 loans was 4.9%, whereas the own provision coverage of Stage 3 loans was 54.4%. The reason for the y-o-y decline was that during the consolidation of the newly acquired bank, Stage 3 volumes were netted with the related provisions.

Due largely to acquisitions and to a lesser extent to organic growth, the performing (Stage 1+2) loan book increased by 49% y-o-y, while the stock of deposits grew by 84% y-o-y.

OTB BANK MOLDOVA

Performance of OTB Bank Moldova:

Main components of P&L account	2021 HUF million	2022 HUF million	Change %
Adjusted profit after tax	5,858	9,403	61
Income tax	(802)	(1,385)	73
Profit before income tax	6,660	10,788	62
Operating profit	7,835	17,551	124
Total income	15,271	27,830	82
Net interest income	9,698	19,172	98
Net fees and commissions	2,344	2,624	12
Other net non-interest income	3,230	6,034	87
Operating expenses	(7,437)	(10,279)	38
Total provisions	(1,175)	(6,763)	476
Provision for impairment on loan losses	(663)	(5,895)	789
Other provision	(512)	(868)	70
Main components of balance sheet closing balances	2021	2022	%
Total assets	310,511	365,658	18
Gross customer loans	166,573	171,412	3
Gross customer loans (FX-adjusted)	179,402	171,412	(4)
Stage 1+2 customer loans (FX-adjusted)	176,102	166,679	(5)
Retail loans	96,830	83,388	(14)
Corporate loans	75,132	78,333	4
Leasing	4,140	4,958	20
Allowances for possible loan losses	(5,020)	(11,177)	123
Allowances for possible loan losses (FX-adjusted)	(5,415)	(11,177)	106
Deposits from customers	247,610	264,031	7
Deposits from customers (FX-adjusted)	268,754	264,031	(2)
Retail deposits	173,744	177,022	2
Corporate deposits	95,010	87,009	(8)
Liabilities to credit institutions	15,886	42,083	165
Total shareholders' equity	42,701	53,430	25
Loan Quality	2021	2022	%/pps
Stage 1 loan volume under IFRS 9 (in HUF million)	153,157	139,227	-9
Stage 1 loans under IFRS 9/gross customer loans	91.9%	81.2%	(10.7)
Own coverage of Stage 1 loans under IFRS 9	1.3%	2.3%	1.1
Stage 2 loan volume under IFRS 9 (in HUF million)	10,368	27,452	165
Stage 2 loans under IFRS 9/gross customer loans	6.2%	16.0%	9.8
Own coverage of Stage 2 loans under IFRS 9	13.6%	18.3%	4.7
Stage 3 loan volume under IFRS 9 (in HUF million)	3,048	4,733	55
Stage 3 loans under IFRS 9/gross customer loans	1.8%	2.8%	0.9
Own coverage of Stage 3 loans under IFRS 9	54.3%	61.3%	7.0
Provision for impairment on loan losses/average gross loans	0.46%	3.23%	2.77
90+ days past due loan volume (in HUF million)	2,164	3,158	46
90+ days past due loans/gross customer loans	1.3%	1.8%	0.5
Performance Indicators	2021	2022	pps
ROA	2.2%	2.7%	0.5
ROE	15.2%	19.3%	4.1
Total income margin	5.86%	8.05%	2.19
Net interest margin	3.72%	5.55%	1.83
Operating costs/Average assets	2.85%	2.97%	0.12
Cost/income ratio	48.7%	36.9%	(11.8)
Net loans to deposits (FX-adjusted)	65%	61%	(4)
FX rates	2021	2022	Change
	HUF	HUF	%
HUF/MDL (closing)	18.4	19.6	7
HUF/MDL (average)	17.2	19.7	15

OTP Bank Moldova generated HUF 9.4 billion profit after tax in 2022, which presents a 61% y-o-y growth. This was mainly driven by the 124% y-o-y increase of the operating profit, that offset the higher risk costs.

In 2022, total income exceeded that of the base period by 82%, chiefly because net interest income has doubled (+70% in local currency). In the rising interest rate environment (the central bank base rate grew from 6.5% at the beginning of the year to 21.5% by August, and then decreased to 20% in December), variable interest rate assets followed the upward trend. Furthermore, the net interest income was significantly supported by the interest income achieved on the mandatory reserve deposited with the central bank. The required reserve ratio was 40% until December 5, 2022, and the interest rate was 19.5% (after December 5, the required reserve ratio was reduced to 37%, the interest rate to 18%). The annual net interest margin improved by 1.83 pps y-o-y, to 5.55%.

Net fees declined by 3% y-o-y in local currency, largely due to the decrease in commission income related to more restrained retail lending.

Other net non-interest income expanded by 87% y-o-y in 2022, mostly owing to higher income from currency exchange.

In the course of 2022, significant inflationary pressure developed in the country, the inflation rate peaking at over 34% in October-November decreased to 30.2% by December. This was reflected in the 20% y-o-y increase in annual operating expenses in local currency. This is

reflected in the 20% y-o-y increase in annual operating costs measured in local currency. Despite this, the cost efficiency indicator improved significantly, the cost/income ratio in 2022 was below 37% (-11.8 pps y-o-y).

The impact of the downturn in the economy and the high inflation affecting income conditions was primarily manifested in the deterioration of the retail loan portfolio; the trend was further exacerbated by the shrinking volumes. In 2022, total risk costs increased sixfold y-o-y, nominally amounting to nearly HUF 7 billion. A large part of this arose in connection with the revision of IFRS 9 parameters.

The Stage 2 ratio jumped by 9.8 pps y-o-y; the coverage of Stage 2 loans' own provisions also improved by 4.7 pps y-o-y to 18.3%. At the end of 2022, the ratio of Stage 3 loans was 2.8% (+0.9 pp y-o-y), their own coverage increased to 61.3%.

The FX-adjusted performing (Stage 1+2) loan portfolio decreased by 5% y-o-y, within which the drop in retail loans was 14%, while the corporate portfolio expanded by 4%. As of the summer of 2022, OTP Bank Moldova has stopped retail lending and significantly reduced its lending activities on the corporate side as well.

The FX-adjusted deposit book declined by 2% y-o-y, mostly because deposits from large corporations contracted (-8%).

At the end of December 2022, the market share of OTP's Moldovan operation by total assets reached 14.2%, thereby maintaining its 3rd place in the banking ranking.

STAFF LEVEL AND OTHER INFORMATION

	31/12/2021				31/12/2022			
	Branches	ATM	POS	Headcount (closing)	Branches	ATM	POS	Headcount (closing)
OTP Core	356	1,906	135,901	10,523	352	1,866	143,078	10,985
DSK Group (Bulgaria)	311	1,046	15,580	5,539	305	998	16,559	5,358
OBH (Croatia)	114	467	11,384	2,279	111	428	11,344	2,294
OTP Bank Serbia	187	298	15,038	2,707	155	265	18,049	2,632
SKB Banka (Slovenia)	49	82	4,940	864	49	81	4,925	875
OTP Bank Romania	95	148	7,843	1,740	97	156	8,325	1,826
OTP Bank Ukraine (w/o employed agents)	85	176	293	2,341	71	150	263	2,134
OTP Bank Russia (w/o employed agents)	134	220	607	4,992	108	191	534	4,471
CKB Group (Montenegro)	34	117	7,251	517	33	116	7,529	497
OTP Bank Albania	39	86	0	454	58	213	831	730
Mobiasbanca (Moldova)	51	151	0	899	53	156	0	896
Foreign subsidiaries, total	1,099	2,791	62,936	22,332	1,040	2,754	68,359	21,713
Other Hungarian and foreign subsidiaries				568				619
OTP Group (w/o employed agents)				33,424				33,318
OTP Bank Russia - employed agents				3,783				2,431
OTP Bank Ukraine - employed agents				657				227
OTP Group (aggregated)	1,455	4,697	198,837	37,864	1,392	4,620	211,437	35,976

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 well-separated test and development environments along with 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 is 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 prevention, detection, identification, isolation, analysis, recovery and reporting;
- remote work is regulated in a controlled and documented way, remote accesses are protected with multi-factor authentication;
- ensures IT security compliance within operated regulative framework;
- revision and update of IT security regulations with required frequencies;
- ensures vulnerability assessments and penetration tests are carried out as planned;
- define pools for categorization of installed software into preferred, allowed and prohibited. Ensure policy is followed.
- 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.

The General Meeting was held on 13 April 2022 in accordance with the general rules, traditionally, with the personal participation of the shareholders, subject to Section 3 (1) of the Government Decree 502/2020. (XI. 16.) on the re-introduction of deviation provisions pertaining to the operation of partnerships and corporations during the state of emergency, also in line with the Act I of 2021 on the prevention of the coronavirus pandemic.

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 Section 61 (10)–(11)–(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 in the first paragraph of this section, 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 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 2022			31 December 2022		
	Ownership share	Voting rights ¹	Quantity	Ownership share	Voting rights ¹	Quantity
Domestic institution/company	26.66%	26.97%	74,637,180	31.80%	31.84%	89,040,716
Foreign institution/company	66.69%	67.47%	186,733,858	50.05%	50.11%	140,129,576
Domestic individual	4.79%	4.84%	13,405,389	16.91%	16.93%	47,338,305
Foreign individual	0.11%	0.12%	319,712	0.52%	0.52%	1,464,494
Employees, senior officers ²	0.48%	0.48%	1,341,018	0.55%	0.55%	1,526,762
Treasury shares ³	1.16%	0.00%	3,251,484	0.13%	0.00%	354,144
Government held owner	0.07%	0.07%	188,326	0.05%	0.05%	139,946
International Development Institutions	0.04%	0.04%	120,871	0.00%	0.00%	3,183
Other ⁴	0.00%	0.00%	2,172	0.00%	0.00%	2,884
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 The shares indirectly owned by György Nagy, a member of the Board of Directors, were reclassified to the domestic individual category as of 31 December 2021.

³ 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 2022 ESOP owned 10,965,752 OTP shares.

⁴ Non-identified shareholders according to the shareholders' registry.

Number of treasury shares held in the year under review (2022):

	1 January	31 March	30 June	30 September	31 December
OTP Bank	3,251,484	691,233	467,880	365,842	354,144
Subsidiaries	0	0	0	0	0
Total	3,251,484	691,233	467,880	365,842	354,144

Shareholders with over/around 5% stake as at 31 December 2022:

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%	8.58%	–
Groupama Group	F/D	C	14,258,161	5.09%	5.10%	–
Groupama Gan Vie SA	F	C	14,140,000	5.05%	5.06%	–
Groupama Biztosító Ltd.	D	C	118,161	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 2022:

Type ¹	Name	Position	Commencement date of the term	Expiration/termination of the term	Number of shares
IT	dr. Sándor Csányi ²	Chairman and CEO	15/05/1992	2026	325.047
IT	Tamás György Erdei	Deputy Chairman	27/04/2012	2026	43.085
IT	Gabriella Balogh	member	16/04/2021	2026	8.193
IT	Mihály Baumstark	member	29/04/1999	2026	53.600
IT	Péter Csányi	member, Deputy CEO	16/04/2021	2026	9.648
IT	dr. István Gresa	member	27/04/2012	2026	182.858
IT	Antal György Kovács ³	member, Deputy CEO	15/04/2016	2026	114.759
IT	György Nagy ⁴	member	16/04/2021	2026	34.800
IT	dr. Márton Gellért Vági	member	16/04/2021	2026	8.500
IT	dr. József Zoltán Vörös	member	15/05/1992	2026	186.714
IT	László Wolf	member, Deputy CEO	15/04/2016	2026	535.347
FB	Tibor Tolnay	Chairman	15/05/1992	2023	54
FB	dr. József Gábor Horváth	Deputy Chairman	19/05/1995	2023	0
FB	Bella Klára	member	12/04/2019	2023	408
FB	dr. Tamás Gudra	member	16/04/2021	2023	0
FB	András Michnai	member	25/04/2008	2023	100
FB	Olivier Péqueux	member	13/04/2018	2023	0
SP	László Bencsik	Deputy CEO			12.744
SP	György Kiss-Haypál	Deputy CEO			10.905
Total No. of shares held by management					1,526,762

¹ Employee in strategic position (SP), Board Member (IT), Supervisory Board Member (FB).

² Number of OTP shares owned by Dr. Sándor Csányi, Chairman and CEO, directly or indirectly: 4,602,174.

³ Number of OTP shares owned by Antal Kovács, Member of Board of Directors, directly or indirectly: 119,059.

⁴ Number of OTP shares owned by György Nagy, Member of Board of Directors, directly or indirectly: 1,118,955.

Committees³

Members of the Board of Directors

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

Members of the Supervisory Board

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

Members of the Audit Committee

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

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

³ Personal changes can be found in the "Personal and organizational changes" chapter.

Personal and organizational changes

On 13 April 2022, concerning the audit of OTP Bank Plc.'s separate and consolidated annual financial statements in accordance with International Financial Reporting Standards for the year 2022, the Annual General Meeting elected Ernst & Young Ltd. as the Company's auditor from 1 May 2022 until 30 April 2023. From 1 January 2023 Antal György Kovács' position was taken over by András Becsei as the Retail Division Deputy CEO. Antal György Kovács will retain his employment status, thus his position as Deputy CEO until the Annual General Meeting closing the financial year 2022, during which time he will mainly be responsible for group governance.

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 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 2 meetings in 2022. In addition, resolutions were passed by the Board of Directors on 139, by the Supervisory Board on 73 and by the Audit Committee on 24 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 Board 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 7 members and has no female member.

Fight against corruption and against the practice of bribery

The Code of Ethics and the Anti-Corruption Policy of OTP Bank 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>, https://www.otpbank.hu/static/portal/sw/file/OTP_EtikaiKodex_EN.pdf, [Anti_Corruption_Policy.pdf](https://www.otpbank.hu/static/portal/sw/file/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 Bank 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 Bank 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 Bank conducts inquiries for the purpose of detecting, preventing anomalies in connection with reports made or anomalies it became aware of otherwise. Through the Bank's ethics reporting system a total of 152 reports were received in 2022. In 70 of these reports, we deemed it necessary

to conduct an ethical procedure and 10 case's investigation resulted in declaring ethics offense – though not due to corruption, bribery or discrimination.

The Bank 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 Bank's website. 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 Bank will act prudently in its dealings with contractors, in particular in the tendering and preparation process, to minimise the risk of corruption. The Bank 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.

Any requests from third parties affecting human rights are treated by the Bank 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 Management Committee and the Board of Directors; the annual report is also submitted to the Supervisory Board.

Non-financial performance indicators

- **Internal audit:** 176 closed audits, 1,142 recommendations, 1,141 accepted recommendations.

- **Compliance with Budapest Stock Exchange (BSE) Recommendations (yes/no ratio):**

72 yes, 0 no.

- **Compliance:** 6 closed consumer protection related investigations.

- **Bank security investigations, reports:**

we filed a criminal complaint in connection with a total of 655 cases (728 in 2021), and in 8 cases we filed a report with the various authorities.

- **Official reports made on suspicion of money laundering:**

in the relevant period, we filed official reports on suspicion of money laundering in 315 cases. The total amount included in the reports: HUF 13.6 billion.

Notifications: We made 3,476 notifications to National Tax and Customs Administration Anti-Money Laundering and Terrorist Financing Office in connection with money laundering. The total amount included in the notifications was HUF 1.1 billion.

The expected damage value from the discovered crimes is more than HUF 1 billion, which is more than the requested amount of the realized loss last year, which was HUF 445 million (680 million HUF in 2020, 533 million HUF in 2019). The majority of the loss occurred in the area of financial abuse. Regarding the year 2022, according to our data, a loss of close to HUF 1.3 billion was prevented by thwarting attempts to defraud the bank.

(It can be concluded that in the year 2022, the number of abuses committed on the electronic interface to the detriment of customers has increased almost ninefold, compared to last year. The perpetrators rely on the IT education deficiencies and inexperience

of the customers. As a result, there is also an exceptional increase in customer losses, which was around HUF 3 billion.)

In 2022, a total of 1,874 suspicious transactions with a total value of HUF 31.7 billion will be screened in the monitoring filter system used to filter international payment orders.

Of these, 170 transfers HUF 5 billion in total were confiscated due to suspicion of money laundering, and 1,704 transfers HUF 26.7 billion in total due to suspicion of fraud.

Compared to 2020 and 2021, an increase can be observed in connection with bank card abuse, both in terms of the number of attempted abuses and the damage. In 2022, the value of successful bank card abuses exceeded HUF 1.9 billion (HUF 820 million in 2021), of which the value of successful transactions with cards issued by OTP amounted to HUF 1.7 billion (HUF 667 million in 2021).

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 4,993.4 million. (2021 HUF 5,440.2 million, 2020 HUF 2,159.2 million). Of this, the value of abuses prevented in the case of cards issued by OTP is HUF 4,784.1 million (2021: HUF 5.2 billion).

Despite the negative tendencies, in the case of OTP the ratio of bank card misuse to turnover remained lower than the European average published by MasterCard (last year's figures: OTP Bank 0.0108%, European average 0.0421%).

- **Ethics issues:** 152 ethics reports, establishing ethics offense in 10 cases.

SUSTAINABILITY ACTIVITIES OF THE OTP GROUP IN 2022⁴

Non-financial statement

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

SUSTAINABILITY APPROACH

Connecting to the UN Sustainable Development Goals

The 17 Sustainable Development Goals (SDG) formulated by the UN set up a new, universal measure for development by 2030, taking a stand for the elimination of poverty, the fight against climate change and inequalities. The

OTP Group is committed to facilitate the SDGs. The Banking Group can, and wishes to, contribute to the following goals to the greatest extent: 4. Quality education, 7 Affordable and clean energy, 8 Decent work and economic growth, 9 Industry, Innovation and Infrastructure, 13 Climate action. The goals of the ESG strategy are also linked to these.



⁴ Symbols

@ For more information see another page of the Integrated Annual 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. Data and information on specific subsidiary banks and/or countries are marked with the respective country codes: AL BG HU HR MO MD RO RS RU UA SI

GRI 3-3 The SDG goals and indicators are affected⁵ by the OTP Group's activities as detailed below:

Stability ST4: 3-3

Impact: The members of OTP Group are key participants in several markets within the CEE region, 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.

Contribution: Stability is one of the most important values for the Banking Group, therefore it spares no effort to secure this. Its solid background is demonstrated, among others, by its traditionally high CET 1 and liquidity ratios, its prudent risk management and the low ratio of non-performing loans.



Tax payment GRI 207: 3-3, 207-1

Impact: 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.

Contribution: The OTP Group is a major taxpayer, committed to maximum compliance with the laws and regulations even when fulfilling its tax payment obligations.



Lending, investment ST1, ST5, ST6, ST10:3-3

Impact: Through responsible placement of funds the Banking Group enables purchases, consumption and the implementation of investments. 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.

Contribution: The scoring system ensures prudent lending, a crucial requirement for the protection of deposit holders' funds

and the prevention of excessive indebtedness. We are committed to promoting our customers' financial welfare and we offer them products that are aligned to their real needs and possibilities. Also very important for the Banking Group is to enable facilities with the involvement of public and international institutions, in many cases going beyond its market share. We contribute to environmentally sustainable economic transition by sustainability risk management and by offering green products.



⁵ The sub-goals and indicators are global or national, the contribution to achieving these goals is indirect at the company level. It is even more indirect in the case of financial institutions, which can contribute to achieving a number of goals by making the financial resources available.

Access to financial services ST9: 3-3

Impact: We make the use of our services subject to strict conditions – this is equally important for the Banking Group's stability and the interests of our customers. To ensure equal opportunities and promote the principles of social solidarity, however, 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 funds, as far as possible.

Contribution: The Banking Group has an extensive network of branches and ATMs and is providing access for a steadily increasing clientele through digital services. We strive to provide equal opportunity in our services to persons living with disabilities. Our retail account packages with all basic functions are available without an account management fee. Our services are available for micro and small enterprises as well.



Development of financial literacy

ST10, ST12: 3-3

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. Acquiring such knowledge is more difficult for members of vulnerable groups, although this is even more important for them in creating a stable financial background.

Contribution: We always aim to make sure that our communication is clear and straightforward. Training videos and calculators are provided for customers to help them better understand financial services and how they work; they also come in handy in managing their revenues and expenditures. The OK Educational and Innovation Centre and the OTP Fáy András Foundation provide free finance and economics courses in Hungary, Slovakia, Romania and Moldova, helping thousands of students and adults every year to expand their knowledge.



Employment GRI 401, 404, 405, ST3: 3-3

Impact: OTP Group is a major employer both in Hungary and across the region, directly as well as through its intermediary partners and supplier chain.

Contribution: The Banking Group is committed to responsible employment, equal opportunity,

the opportunity for personal growth and work-life balance; it provides equitable income that is proportionate to performance and sufficient to finance a decent living standard.

Compliance with the requirements laid down in the Code of Ethics is expected on the part of our business partners as well.



Environment ST5, ST6, ST7, ST8, GRI 305: 3-3

Impact: The capital projects and operations implemented with our financing and investments have a significant impact on the use of natural resources and may facilitate the success of efforts to mitigate, and adapt to climate change. The resource requirements of the Banking Group's operations also impact the environment.

Contribution: The OTP Group is committed to green financing, in which it wishes to take the lead. The Banking Group also plays a dominant role in the implementation of initiatives of state and international institutions. Our objective is to reduce the environmental impact of our operations.



Communities

Impact: OTP Group is an organic part of society and local communities.

Contribution: In line with our values, we play an active role in the progress of local communities and in supporting disadvantaged persons. OTP Bank is one of the most generous charitable donors in Hungary.



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.

Materiality analysis is based on the GRI Standards requirements and guidelines. Its basic principle is that material topics are the ones 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 material are the sustainability factors that have, or may, in the future, have significant impacts on the company's value/value factors, competitive position, including long-term

shareholder value generation and business performance (financial materiality)⁶.

The Union's 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,
- ESG ratings topics,
- identified on the basis of the topics comprised in the UN PRB impact analysis tools.

⁶ Financial materiality is defined in various ways, which are essentially identical in terms of contents; 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 so far, which is why its definition is regarded as adequately authentic.

GRI 207-3 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 in regard to 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.

Key sustainability topics identified during the stakeholder survey (in the order of importance):

- Green financing (and environmental impact/load)
- Ensuring the operability of the economy
- Digitalisation
- Development of financial literacy
- Gender equality
- Environmental protection in operation
- Environmental awareness raising

- Donations
- Compliance

Additional important topics:

- Consumer protection and product responsibility
- Disadvantaged persons' access to funds
- Protection of personal data
- Access to and application of financial services by persons with disabilities
- Sustainability aspects of procurements

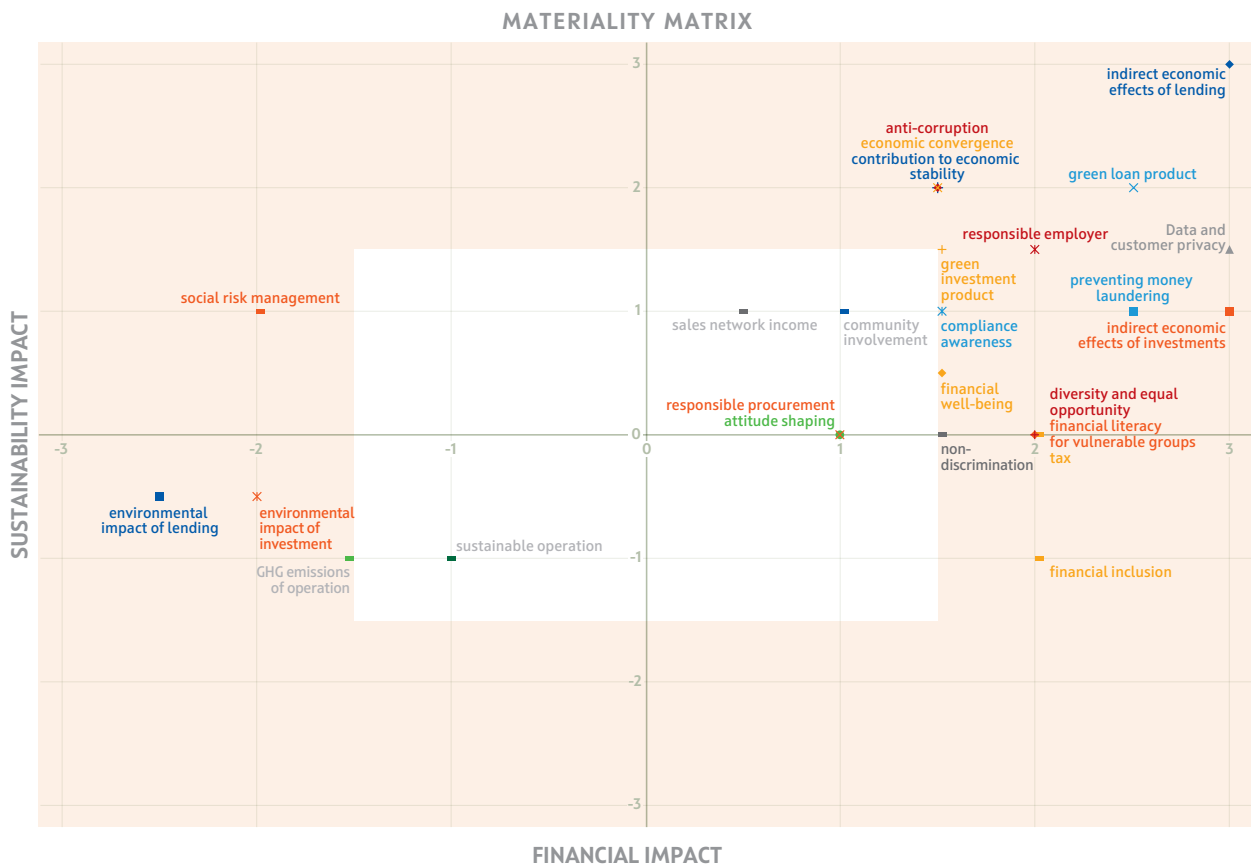
The stakeholders clearly found the environmental impacts of financing more important this time than in earlier surveys and in their earlier feedback.

The OTP Group's **list of impact areas** was put together on the basis of feedback from stakeholders and other sources and evaluated them in the first round 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 involvement of an external consultant and the Bank's ESG division. The positive or negative sign, as well as the degree (on a -3 – 3 scale of 7) of each impact was established.

The financial impacts on the Group of the impacts identified from the aspect of sustainability and the relevance of the GRI indicators affecting the various materiality areas were determined with the help of the ESG Subcommittee.

GRI 2-14 The result of the materiality analysis was approved by the ESG Committee.

GRI 3-2 The OTP Group's material sustainability topics are those appearing against orange background in the chart.



Material topics in the previous year's report of the OTP Group:

- Socio-economic compliance
- Anti-corruption
- Economic performance
- Preventing anti-competitive behaviour
- Marketing and labelling
- Protection of personal data
- Market presence
- Non-discrimination
- Public policy

- Indirect economic impacts
- Training and education
- Labour/management relations
- Occupational health and safety
- Security practices
- Product portfolio (sector-specific)
- Employment
- Local communities
- Diversity and equal opportunity
- Environmental compliance

BUSINESS MODEL

GRI 2-6 OTP Group's business model is focused on offering high-quality financial services to retail, private banking, micro and small business, medium and large corporate, as well as municipality clients through both the Group's branch network, the steadily developing digital and other remote service channels, as well as through agents and other contractual partners. At the end of 2022, OTP Group served around 15.7 million clients. The aim of the Group is to keep on developing its services in the era of continuous digital and technological advancement, in order for these services to be accessible to the widest possible scope of clients, in a simple, easy and safe manner. Beside digitalisation, the Group has been putting particular emphasis on sustainability, targeting the avoidance of negative impacts on our environment and society, and the harnessing of business opportunities at the same time. The Bank has been playing an active role in the development of households' financial literacy, cultural enrichment, conservation of environmental values and fostering equal opportunity. Regarding geographical footprint, the Group is present in 11 countries in the Central and Eastern European region. The mother company of the Group, OTP Bank Plc. (referred to herein after as Bank) is the leading financial institution in Hungary. Apart from Hungary, the Bank owns foreign subsidiaries in altogether 10 countries in Central and Eastern Europe through capital investments, typically holding 100% or close to 100% share in those affiliates. Amongst foreign operations, OTP also holds market leading position in Montenegro,

whereas in Bulgaria, Serbia and (on a pro-forma basis) Slovenia the Bank is the second largest player based on total assets.

Our Moldavian bank holds the No. 3 position, while our Croatian operation is the 4th largest on the local banking market.

The Bank and its foreign subsidiary banks provide comprehensive banking and other financial services to both retail and corporate customers: the Group's 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. Depending on the balance sheet structure of the given entity, Group members invest their liquidity reserves in money and capital market instruments, or resort to intragroup funding. Moreover, Group members provide a wide range of state-of-the-art services, including wealth management, investment services, payment services, treasury and other services. However, there are differences amongst Group member banks with respect to their business focus, the range of offered products and services and the distribution channels, too. As for the business mix, while in most countries of the Group the weight of retail, as well as corporate and leasing volumes shows a relatively balanced picture, the share of corporate and leasing exposures is close to 90% within the total stock of loans, whereas in Russia the weight of consumer loans exceeds 90%. In both countries, mortgage loans represent a negligible portion in the loan book.

ESG STRATEGIC DIRECTIONS

In the long run the OTP Group is a champion of green and just transition in the Central and Eastern European Region, wishing to be a responsible partner of every single stakeholder, with a commitment to manage the environmental and social impacts of its business operation. We integrate social and environmental risks, and economic considerations, in our business decisions, operation and business development.

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, with our pioneering developments, conscious and ethical business operation and exemplary partnerships we create value and contribute to a sustainable future.

ESG strategy

ST6, 305: 3-3, TCFD II.a,b, IV.c The Management Committee adopted the OTP Group's ESG Strategy by a unanimous decision in 2021. The strategy rests on the following three pillars: responsible service provider, responsible employer and responsible social actor. Along with business opportunities, the strategy includes the management of the relevant risks, as well as social and corporate governance goals. The time horizon of the strategy covers the period until 2025: by that time, our objective is to implement the comprehensive ESG integration at Group level.

Strategic goals	Long-term KPIs for the OTP Group	End-2022 profit/loss
Responsible service provider <ul style="list-style-type: none"> 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 	Green loans of a total of HUF 1,500 by 2025	The goal set for 2022 – a portfolio of HUF 230 billion – was accomplished
Responsible employer <ul style="list-style-type: none"> 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 a group level (in 2022: 78%)	The level of employee engagement was 70% at a group level
Responsible social actor <ul style="list-style-type: none"> strongly reducing emissions from our own operation 	Net carbon neutrality by end-2022 (goal met), total carbon neutrality by 2030 for OTP Bank	The goal was accomplished ⁷
<ul style="list-style-type: none"> 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 profit increased by 8 percent y-o-y in 2022

⁷ The 2022 emission levels have been pre-determined, so there are residual emissions (see @CO₂ emission).

The subsidiary banks worked out their respective ESG strategies in 2022, setting out their own objectives – aligned with those of the parent bank. The strategies cover segments such as risk management, the development of green products, the organisational frameworks, social matters and reducing their operations' environmental impacts. They identified KPIs with which to measure the success of implementation. They review their plans once a year in the context of their ESG reports, of which they also keep OTP Bank's BoD informed. As a consequence of the war between Russia and Ukraine these two subsidiaries and OTP Bank Moldova have not prepared their strategies so far.

UN PRB

It was in late 2021 that OTP Bank signed the United Nations Principles for Responsible Banking (UN PRB), a single framework for a sustainable banking industry. The Principles provide a framework to ensure that banks' strategies and practices conform to the future vision outlined in the UN's sustainable development goals and the Paris Agreement. The Group's Serbian and Romanian subsidiaries plan to sign in 2023.

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

GRI 2-6 Summary ESG data of the OTP Group (2022):

	OTP Bank	OTP Group
@Percentage of women on the Supervisory Board	17%	24%
@Percentage of women on the Board of Directors	9%	20% ¹
@Percentage of women in top management	0%	23% ²
@Amount donated	HUF 2.5 billion	HUF 4.0 billion
Number of customers – total	4.6 million ³	15.7 million
Number of retail customers	4.2 million ³	14.8 million
Number of corporate customers	0.4 million ³	0.9 million
@Young customers ³	18%	11%
@Micro and small enterprise assets	HUF 570 billion ^{3, 4}	HUF 874 billion
@Medium and large corporation assets	HUF 2,772 billion ^{3, 4}	HUF 7,820 billion
@Percentage of accessible branches and customer offices	99%	78%
@Customer satisfaction (TRI* ⁵) ⁶	66 points	varies by country
@Number of participants in the financial education trainings of OK Educational Centres	29,307	35,237
@Number of employees (active, as at 31.12)	10,516	38,775
@Percentage of women	69%	64%
@Female-to-male earnings ratio (in the same job category)	98.57%	90.47%
@Turnover	12.2%	26.9%
@Turnover (excluding agents employed)	12.2%	20.4%
@Average training hours	80	35
@Employee satisfaction/engagement	76%	70%
@Energy consumption (GJ)	268,934	1,091,006
@Energy consumption per employee (GJ)	26.17	29.22
@CO ₂ emission (Scope 1+2, tCO ₂ e) – market-based	7,675	73,701
@CO ₂ emission (Scope 1+2, tCO ₂ e) – offset	675	66,701
@CO ₂ emission per employee (tCO ₂ e) – market-based	0.75	1.97
@CO ₂ emission per sales revenue (tCO ₂ e/HUF million)	0.014	0.044
@Total paper consumption (tonnes)	1,053	3,554

¹ Consolidated data for the Boards of Directors 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.

1. ESG governance, responsibilities

GRI 2-9, 2-12, 2-13, TCFD I. a, b The ESG

Committee is a standing committee set up by the Bank's BoD, whose chair is appointed by the Chairman and CEO from the members

of the BoD and whose members include OTP Bank's the Deputy CEOs and elected directors.

The Committee's tasks are to

- identify ESG business opportunities and risks within the Bank and the Banking Group;

- formulate the strategy, plans and policies related to ESG;
- take responsibility for setting and evaluating ESG and performance targets and
- support the Bank's governing bodies in the performance of ESG-related tasks.

The Committee is collectively responsible for the implementation of the Bank's ESG transformation. The ESG Committee cooperates with individual domains of the Bank in the process of ESG business transformation and in the management of ESG risks, and aspires to enforce ESG criteria in product development, pricing and planning, as well as in the corporate governance activity.

The Board of Directors is provided with a comprehensive report on the implementation and furtherance of OTP Bank's ESG strategy.

GRI 2-13, 2-17 The ESG Committee established the ESG Operational Subcommittee, which meets regularly for its professional and operational support and as a pre-decision making forum. The head of the Subcommittee – who is also the leader of the ESG business transformation – is the director of the Green Program Directorate.

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. Sustainability targets are also among the performance-based incentives of the managing directors of all foreign subsidiary banks.

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.

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 managing bodies can access the documents

of all of the 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 2022; nonetheless, the governing bodies are provided with information on feedback from stakeholders, including employees, customers and shareholders:

- Reports are prepared for the Supervisory Board on the process and results of the OTP Group level engagement survey.
- The Compliance Directorate prepares quarterly reports to the Board of Directors, in accordance with the MNB Recommendation on Internal Lines of Defence.
- Semi-annual reports are prepared for the BoD and the SB 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.

GRI 2-9 OTP Bank's Supervisory Board, Board of Directors and standing committees had a total of 129 members on 31 December 2022. Some of them are members of more than one bodies. 27 of the members are independent⁸ and 10 of them 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 Nomination Committee and the Management Committee are also described separately; information on their members, their other important positions and engagements is to be found in their respective CVs. Other committees, with the exception of the Risk Assumption and Risk Management Committee, are – by virtue of their tasks – made up nearly exclusively of OTP Bank managers; their members do not have any other external important positions or engagements.

The primary criterion in the selection of the committees' members is professional expertise. For information on OTP Bank's organisational structure and governance levels see its @organisational chart.

⁸ According to the @definition of independence they do not, at the same time, fulfil any managerial position 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
Compliance: <ul style="list-style-type: none">responsible corporate governance,non-discrimination,consumer protection,anti-corruption (ABC),international sanctions requirements,	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: <ul style="list-style-type: none">approved by: Board of Directorsdeclares the requirement to observe the law, the directives and guidelines of national and international supervisory authorities and the internal regulations; its Annexes:@Consumer Protection Compliance Programme@Anti-Corruption Policy@Sanctions Policy@Financing services related to the defence sector	@reporting, monitoring, measures @risk assessment
	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).	<ul style="list-style-type: none">GRI 418: 3-3 @Data Protection Policy	@data protection training @fraud
	Ethics Committee: guidance, second-tier decision-making regarding reports of ethical offences. Heads of division and managers of regional profit centres.	GRI 2-23 @Code of Ethics <ul style="list-style-type: none">approved by: Board of Directors	@reporting ethical offences, training
Security: <ul style="list-style-type: none">overall security,cybersecurity,protection from money laundering and terrorist financing	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 IT and Bank Security Directorate.	Security policy: <ul style="list-style-type: none">approved by: Board of Directors,sets forth the principles and main guidelines concerning security at the Bank,declares the Bank's commitment to maintaining and preserving security at all times. Group Information Security Policy: <ul style="list-style-type: none">approved by: CEOit declares the directions of development and relevant requirements Group Cyber Defence Strategy.	@reporting, risk assessment @training
	Anti-Money Laundering Committee: decisions on sustaining or creating high-risk business relationships within its competence.	@Anti-money laundering	@fraud
	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. Officer in charge of risk management: Deputy CEO responsible for the Credit Approval and Risk Management Division	Risk Assumption Strategy: <ul style="list-style-type: none">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 maximum advantage of the opportunities in green financing	@ESG strategy	
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 plans for image campaigns and for advertising specific banking schemes. International Product Development, Sales and Pricing Committee: approves the annual action plans of foreign subsidiaries.	@Compliance Policy: <ul style="list-style-type: none">approved by: Board of Directors,declares that, in designing its products and services, the Bank pays special attention to the enforcement of consumer protection principles, and to reducing the information asymmetry between customers and the bank. The @Consumer Protection Compliance Programme constitutes an annex to the policy.	@objective, clear information @responsible selling @responsible products @products with social benefits
		Accessibility strategy: <ul style="list-style-type: none">the goal is to ensure equal opportunity in service.	@accessibility
Human resource management: <ul style="list-style-type: none">HR overall,diversity and equal opportunity,occupational health and safety	Manager responsible for human resource management: Executive Director heading the Human and Organisation Development Directorate.	HR strategy: <ul style="list-style-type: none">approved by: Management Committee,determines the medium-term areas of focus for human resource management. @Diversity Policy: commitment to diversity among the members of management bodies and management @Strategy to create Gender Equality	@turnover @training @income @freedom of association @organisational diversity
	Manager responsible for health and safety: Managing Director of the Property Investments and Supply Chain Directorate	Health and Safety Regulation: <ul style="list-style-type: none">approved by: Chief Executive Officer,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: <ul style="list-style-type: none">expectation of ethical conduct,sustainability, environmental criteria	The procurement activity is performed by the requesting organisation.	Procurement policy: <ul style="list-style-type: none">approved by: CEOregulates the procurement process, spheres 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: <ul style="list-style-type: none">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: Managing Director of the Property Investments and Supply Chain Directorate.	Environmental Code: <ul style="list-style-type: none">approved by: CEOensures 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; it sets out the guidelines on environmentally aware procurement.	@reporting, training @CO ₂ emission

2. Environmental and social implications of financial services



GRI 3–3, 203–2

Impact⁹: *Social impacts and indirect economic impacts of lending, Indirect economic impacts of investments:* By way of responsible placement of customers' funds enabling consumption and investment projects through lending and investment. Impact on the population's living standards, contribution to the achievement of housing objectives, to the development of businesses and the economy as a whole and, indirectly, facilitating job creation. The impacts might even be negative as the case may be, through excessive indebtedness and/or consumption.

Financing of high social risk sectors: The risk of negative social impacts is potentially higher in the case of these funded activities, which however, can be mitigated by prudent lending.

The environmental impacts and GHG emission, Investments' environmental impacts and GHG emission: Both lending and investment involve the use of environmental resources and the emission of greenhouse gases. Their extent largely depends on the attributes of, and the efforts made towards mitigation by, the organisation or individual performing the activity.

Green loan products, Green investment products: Such products provide funding for activities having positive environmental impacts, facilitating their growth/expansion. The positive impact can occur if activities generating actual environmental benefits are financed.

Objectives: Making funds accessible for businesses and residents of the region
Prudent service provision and lending

Supporting the long-term sustainable progress of society and the economy
Regional leader in green transition

Helping access to basic needs
Avoiding, alleviating potentially negative impacts

Acts:

Active lending in the region
Strict, conservative risk management by integrating ESG risks
Ethical and fair product design
Debtor protection programmes
Active role in national and international programmes
Products for vulnerable social groups (among others, the youth and pensioners)
Serving the financial needs of micro, small and medium-sized businesses at a high standard of quality
Supporting the transition to green economy and a low-carbon economy

Stakeholder involvement/compliance:

reviewing customer feedback/
exploring their needs, cooperation with international institutions in relation to product facilities, compliance with regulations, Disclosure of ESG strategic objective

For further information visit our @website.

⁹ With a focus on material topics.

2.1 Sustainable finance framework

It was in 2022 that the OTP Group adopted its group-wide Sustainable Financial Framework, in line with its broader corporate responsibility strategy – covering the social element of sustainability – after the adoption of the parent company's green lending framework (2022) and OTP Jelzálogbank's green mortgage bond framework (2021). OTP Bank was the first company in Hungary to issue green bonds in 2022.

GRI 201-2 The purpose of the creation of the @framework – on which an external expert issued its opinion¹⁰ – was to enable the Banking Group to issue financial instruments to finance and refinance projects facilitating the transition to a low-carbon and climate change resilient economy and/or have positive social impacts and alleviate social problems. The OTP Group is committed to encouraging sustainable business operations in the industries and regions in which it is present. By issuing sustainable financial instruments the Banking Group ensures increased transparency regarding supported projects and assets generating environmental and social benefits, potentially facilitating additional investments into environmentally and socially sustainable assets which contribute to the achievement of the targets set out in the SDGs enshrined in the Paris Agreement as well as those established by the UN. The Bank and any of its subsidiaries may issue green and social financial instruments, including bonds and medium term units under the framework (sustainable financial instruments). The framework was worked out on the basis of the ICMA¹¹ Green Bond Principles, 2021; the ICMA Social Bond Principles, 2021, the LMA¹² Green Loan Principles, 2021 and the LMA Social Loan Principles, 2021. Sustainable financial instruments cannot be used for financing loans relating to fossil power generation, nuclear power generation, arms and defence, mining, gambling or tobacco.

Eligible green categories¹³:

- green buildings,
- renewable energy,
- clean transportation.

Eligible social categories:

- job creation, programmes aimed at preventing and/or alleviating unemployment resulting from social and economic crises, including cases taking place through potential impacts of the financing and microfinancing of SMEs.

OTP Group reports to investors within one year of the date of the transaction relating to the sustainable financial instrument and thereafter once a year until the complete allocation of the revenues. No such allocation and impact assessment report has so far been prepared for 2022.

In the summer of 2022 OTP Bank was the first bank in Hungary and one of the first ones in the Central and Eastern European region to issue green bonds in a total amount of EUR 400 million (HUF 155.8 billion), for a 5.5 percentage return. The Bank uses the funds so raised for financing part of the green loans in its books. The green loans were issued in Hungary and the Balkan countries in which we have subsidiaries, renewable energy, sustainable real estate and mobility (primarily electro-mobility) projects (see subsection @2.2). The use of the funds is strictly regulated under the Sustainable Financing Framework; for instance, real estate projects have to meet energy efficiency requirements, while renewable energy projects must not exceed the applicable whole life cycle CO₂ emission limits. OTP Jelzálogbank releases 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. The first such report was prepared in 2022. The mortgage bonds – of a total of HUF 95 billion – enable the saving of 45 GWh (163 thousand GJ) energy and the avoidance of the emission of 10 thousand tonnes of carbon dioxide per year.

¹⁰ SPO: Second Party Opinion

¹¹ International Capital Market Association.

¹² Loan Market Association.

¹³ The precise criteria are specified in the framework.

2.2 Green products

GRI 201–2, ST6: 3–3, TCFD II. a, b, IV. a, c

One of the most important goals of OTP Bank's ESG strategy is for the OTP Group to be a regional leader in the funding of just and gradual transition to a low carbon economy and in building a sustainable future by offering a balanced financing products and services. In 2022 the Group considerably expanded its green loan portfolio.

The subsidiary banks have set their goals regarding the sizes of their green loan portfolios – as part of their respective ESG strategies – which were approved by OTP Bank's ESG Committee in 2022.

OTP Bank was the first financial institution in Hungary to prepare its green lending framework to regulate the Bank's green lending activities. Its aim is to identify projects enhancing positive environmental impacts and reducing negative ones as well as helping businesses and societies adapt to the impacts of climate change. The framework introduced a number of categories making it possible to identify the green lending activities pursued by OTP Bank. The criteria are based on the EU Taxonomy Regulation and the Taxonomy of the Climate Bond Initiative, therefore they are more complex than the guidelines of the @Sustainable Finance Framework. The Green

Lending Framework – supported by an external expert opinion as well – was approved by the National Bank of Hungary (MNB) on 16 March 2022 and is available on the Bank's @website. For the green loans the Bank will also lay down transaction-specific environmental/social/governance requirements and criteria to be met during the entire term of the each contract, in order to encourage the highest possible level of sustainability of the transactions concerned.

The OTP Group met its target: by end-2022 the amount of its green loan portfolio reached HUF 266 billion. Our goal is to continue to increase the portfolio towards the 2025 target laid down in the ESG strategy, and to extend the green lending framework to the whole of the Group in 2023.

Disclosure according to the Taxonomy Regulation

The mandatory disclosures of the OTP Group and the banks operating in EU Member States under Regulation (EU) 2020/852 (Taxonomy Regulation) are listed in the following table. Simplified disclosure is on a consolidated basis, for the Group as a whole, and the carrying values of the exposures are as of the reference date of 31 December 2022.

Disclosure as per the delegated regulation relating to Article 8 of the Taxonomy Regulation:

OTP Group consolidated		
Article 10(3)(a)	The proportion in their total assets of exposures to Taxonomy-eligible economic activities*	10.79%
Article 10(2)(a)	The proportion in their total assets of exposures to Taxonomy non-eligible economic activities*	22.74%
Article 10(2)(b)	Proportion in their total asset of derivative transactions*	1.11%
Article 10(2)(c)	Proportion in their total asset of exposures to undertakings that are not obliged to publish non-financial information pursuant*	41.22%
Article 10(2)	Proportion in their total asset of on demand inter-bank loans*	5.90%
Article 10(2)	Proportion in their total asset of the trading portfolio	0.31%
Article 10(2)(b)	Proportion of exposures to central governments, central banks and supranational issuers	24.00%
Article 10(3)(a)	DSK Bank: The proportion in their total assets of exposures to Taxonomy-eligible economic activities*	16.30%
Article 10(3)(a)	OTP Bank Croatia: The proportion in their total assets of exposures to Taxonomy-eligible economic activities*	2.54%
Article 10(3)(a)	SKB Bank: The proportion in their total assets of exposures to Taxonomy-eligible economic activities*	11.13%
Article 10(3)(a)	OTP Bank Romania: The proportion in their total assets of exposures to Taxonomy-eligible economic activities*	31.98%
Article 10(3)(d)	<p><i>Annex XI, quality information</i></p> <p><i>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:</i></p> <p>Exposures to eligible economic activities include retail exposures contained in the banking book (limited to loans covered by residential real estates or home renovation loans and to motor vehicle financing), in observance of the restrictions specified by the applicable statutory regulations. The following categories of residential real estates were taken into account:</p> <p>Modernisation of existing buildings (7.2)¹⁴</p> <p>Commissioning, maintenance, repair and modernisation of energy efficiency equipment (7.3)¹⁴</p> <p>Commissioning, maintenance and repair of charging stations for electric vehicles inside buildings (and in parking places belonging to buildings (7.4)¹⁴</p> <p>Commissioning, maintenance and repair of instruments and equipment for measuring, regulating and controlling the energy efficiency of buildings (7.5)¹⁴</p> <p>Commissioning, maintenance and repair of renewable energy technologies (7.6)¹⁴</p> <p>Purchase and ownership of buildings (7.7)¹⁴</p> <p>In the retail motor vehicle financing segment only motor vehicle loans provided from the first day of the application of the disclosure requirements, for the sub-categories specified in the technical filtering criterion.</p> <p>In relation to exposures to non-financial undertakings the disclosures referred to in Article 8 (4) of the Taxonomy Regulation must be based on actual information received from the companies concerned; if however, no such data are available, the financial undertaking may take the option under which it estimates the ratio of the eligible economic activities as part of their voluntary financial statements. In the segment of non-financial undertakings the exposures to eligible activities were examined on the basis of the applicable NACE codes. Listed companies with more than 500 employees were considered as coming under the scope of the NFRD.</p> <p>* Without the exposures to be eliminated from the KPI nominators according to the Regulation.</p> <p><i>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;</i></p> <p>This time we focused on Taxonomy-eligible activities. Our goals relating to green financing and the activities we have implemented are discussed in the textual descriptions outside the table.</p> <p><i>Description of the compliance with Regulation (EU) 2020/852 in the financial undertaking's business strategy, product design processes and engagement with clients and counterparties.</i></p> <p>Our goals relating to green financing and the activities we have implemented are discussed in the textual descriptions outside the table.</p> <p><i>For credit institutions that are not required to disclose quantitative information for trading exposures, qualitative information on the alignment of trading portfolios with Regulation (EU) 2020/852, including overall composition, trends observed, objectives and policy;</i></p> <p>This time we focused on Taxonomy-eligible activities.</p> <p><i>Additional or complementary information in support of the financial undertaking's strategies and the weight of the financing of Taxonomy-aligned economic activities in their overall activity.</i></p> <p>This time we focused on Taxonomy-eligible activities. Our goals relating to green financing and the activities we have implemented are discussed in the textual descriptions outside the table.</p>	

¹⁴ Pursuant to the EU Taxonomy Regulation.

Indicators identified by OTP Bank as part of voluntary reporting

We have reviewed the Banking Group's corporate portfolio from the aspect of the Taxonomy Regulation's climate change mitigation and climate change adaptation goals on the basis of the NACE codes that can be particularly assigned to the activities specified in the delegated acts¹⁵. The OTP Group's corporate lending activity in relation to Taxonomy-eligible activities is linked to environmentally sustainable economic activities in the EU Member States in the following ways and to the following extents¹⁶. The proportion in the total assets of the Taxonomy-eligible corporate portfolio, coming under the scope of the NFRD: 0.39%. The proportion in the total assets of the Taxonomy-eligible corporate portfolio of the Core and subsidiary banks operating in the territory of the European Union is 8.73%. The proportion in the total corporate portfolio of the Core and subsidiary banks operating in the territory of the European Union, of the Taxonomy-eligible corporate portfolio of the Core and subsidiary banks operating in the territory of the European Union is 44.10%.

Green lending activity strengthened during 2022 in both the retail and the corporate segments.

OTP Bank clarified in 2022 the requirements and conditions pertaining to the various green products and created an internal green loan registry system which enables more accurate

identification and statistics. Green products are planned to be developed in several business divisions in 2023. Quantitative green portfolio KPIs will be prescribed for the group as a whole in 2023.

Corporate lending

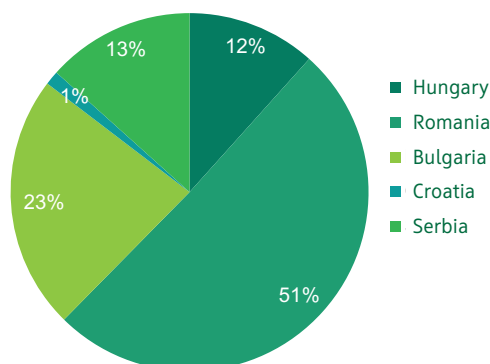
OTP Bank's 2022 Corporate Lending Policy added the financing of **green energy generation** to the preferred category. The list of the projects financed by the Group, planning to generate at least part of their income from selling electricity on the free market, increased. The renewable energy sector accounted for some 30 percent of new project financing transactions. Contracts for as many as four new renewable energy transactions were concluded in 2022 in the project financing division – at a group level – in a total amount of HUF 55.0 billion, of which OTP Bank's share amounted to HUF 34.8 billion. The projects utilise wind and solar energy and biomass. The placements took place in Hungary, Bulgaria, Croatia and Serbia. The projects concerned have a total combined renewable energy capacity of 248 MW. The total capacity of the renewable energy projects in the portfolio was 1,183 MW at end-2022. About 50% and 25% of the projects were solar and wind farms, respectively, the remaining projects financed by the Banking Group were utilising biomass or hydraulic energy. The projects concerned are financed for the most part by the OTP Group – only a handful of them are funded with the involvement of third parties.

¹⁵ According to the delegated act on environmental goals published in the EU Official Journal on 9 December 2021.

¹⁶ The exposures under review are limited to the following: OTP Bank Nyrt., DSK Banka EAD, OTP Bank Romania S.A., OTP banka Hrvatska d.d., SKB banka d.d.

Capacity of renewable energy sources (MW)

Project financing portfolio
31 December 2022



The Bank paid particular attention to dealing with the **real estate sector** in 2022. In office development financing most transactions do have green certification, which the Bank takes into account as a positive factor in credit scoring.

The Group's corporate green loan portfolio amounted to HUF 160 billion at the end of 2022.

A significant part of the green loan segment of corporate lending is made up of corporate green bonds in Hungary. Moreover, Merkantil Bank's portfolio comprises a significant proportion of green loans in the leasing product called new electric vehicles. OTP Bank aims to create programmes for energy rationalisation in every segment.

In the category of investments generating environmental benefits, energy efficiency improving and energy cost cutting projects, that could be implemented with short payback periods in the market and economic environment of 2022, were most in demand last year. In Hungary, energy efficiency and renewable energy projects were provided with particularly high rates of support through the state-subsidised Széchenyi Investment Loan MAX scheme. The product became available at OTP Bank from August and part of them, meeting its requirements, were also accounted for in the MNB's Green Preferential Capital Requirement Programme.

OTP Bank also launched a green financing pilot project in connection with the green loan purposes with the aim of gathering experience concerning the practical application of the green

lending guidelines. About half of the transactions implemented in the pilot related to energy generation and energy efficiency, about a third of them to real estate development and some to the procurement of equipment for irrigation development, forestation and precision cropping.

The OTP Group provides its customers with funding in the context of the European Union's New Common Agricultural Policy as well, where environmental and climate protection efforts must be taken in consideration on a mandatory basis. Loans provided in connection with the Rural Development Programme also promote environmental purposes, for instance by supporting precision farming projects required for the digital transition of the economy, the development of the agricultural water management sector or the transition to organic farming. Through its Green Corridor service OTP Bank offers pre-financing and co-financing, facilitating the utilisation of support under the Rural Development Programme through a simplified lending process. We give a bank guarantee for drawing down the subsidy advance, pre-finance the remaining amount of the subsidy, and extend an investment loan to cover any gaps in own funds; the loan is offered against a low own funds requirement and attractive collateral terms. A total of 16 new contracts were concluded under the Green Corridor service in a total amount of HUF 4.25 billion in 2022. In connection with the Rural Development Programme the Bank provided financing for a total of 42 transactions in an amount of HUF 23.2 billion. The transactions relating to the Rural Development

Programme cannot be separated within the portfolios of the subsidiary banks. (These loans are not included in the green loan portfolio because they are not provided exclusively for environmental purposes.)

The subsidiary banks' typical green loan products are described below:

BG More than 150 loans provided specifically for renewable energy utilisation and energy efficiency improvement are comprised in the Bulgarian subsidiary's portfolio. About 80 new transactions were concluded in 2022 for solar panel farm construction – of a total capacity of about 200 MW.

The Regional Urban Development Fund manages European Union funds within the Regional Development and Growing Regions Operational Programmes. The subsidiary provides financing through the Fund for improving the energy efficiency of public buildings (e.g. community centres, stadiums, swimming pools, historic buildings) and for purchasing transportation vehicles in the larger cities of Bulgaria and in Northern Bulgaria. The Fund is obliged to report on the expected annual greenhouse gas emission savings.

HR The Croatian subsidiary bank provides loans for condominiums' energy efficiency improvements. Even the Environmental Ministry provides subsidies for about 10 percent of the loans.

RS The Serbian subsidiary bank's green loan portfolio is focused on the electrification of the railway network. Loans are also provided for real estate energy efficiency projects and renewable energy projects. The Bank signed a loan agreement with the EBRD (European Reconstruction and Development Bank) in 2022; the credit facility stipulated in the agreement can be used for the financing of green loans in line with the EBRD's green financing principles. Moreover, the Bank is actively seeking for possibilities for involving funds of IFIs (International Financing Institutions) in green lending.

SI SKB Bank provided funds for electromobility and solar panel development in 2022.

RO OTP Bank Romania participated in financing the GreenWEEE electronic waste

recycling plant project. Moreover, its portfolio comprises the financing of green certified office. After its 2021 campaign the Romanian leasing firm launched yet another Green Leasing campaign to promote the procurement of electric and hybrid cars.

MD After the successful closure of the earlier EU4Business programme the Moldavian subsidiary launched new cooperation in the context of the SME Competitiveness Programme in the Eastern Partnership (EaP SMEC). The financing facility promoting micro, small and medium-sized enterprises' long-term projects is aimed at enabling the development of productive processes and equipment and at least 70 percent of the loans is used for green technologies.

Retail loans

The year-end green loan portfolio amounted to HUF 106 billion¹⁷.

The **Green Home Programme** (GHP) launched in late 2021 was highly popular therefore the National Bank of Hungary (MNB) increased the original HUF 200 billion limit by another HUF 100 billion, tightening at the same time the energy efficiency criteria. OTP Bank concluded contracts for a total of HUF 175.4 billion during the entire programme, securing a 60 percent market share.

The programme enabled customers to apply for a preferential (max. 2.5%) fixed-rate loan for the purchase or construction of newly built residential property with an energy efficiency rating of at least BB and a primary energy consumption threshold of 90 kWh/m² (after the limit increase: 80 kWh/m²) per year. The MNB provided refinancing at a 0 percent interest rate for credit institutions participating in the programme.

The foreign subsidiaries worked on the preparation of retail green lending in 2022.

BG DSK Bank introduced a preferential mortgage loan product – charging no approval fee – in late 2022 for residential real estates of energy efficiency category BB or better.

¹⁷ 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 it does not include the mortgage loan portfolio dedicated to energy efficient real estates financing not included in the Green Home Programme.

RO It has been since December 2022 that the Romanian subsidiary bank has been collecting energy efficiency data in connection with new housing loans to enable identification of the proportion of green loans.

HR The Croatian subsidiary bank is financing energy efficient purchases (of electric, hybrid and plug-in hybrid vehicles) together with the Environmental and Energy Efficiency Fund.

Other green services

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. We operated a total of 167 MFB Points in 2022 (in 47 percent of our branches). Schemes designed for the retail and corporate clientele were also available at MFB Points. The loans available to individuals, condominiums and housing associations are intended specifically for environmental protection purposes: we offered the EU-refinanced interest-free loans until the end of 2022 for energy efficiency and renewable energy consumption projects under the Széchenyi 2020 programme. The number of newly concluded contracts decreased significantly in 2022, to 195 and a total amount of HUF 647 million. Between 2017 and 2022 we intermediated loans under this scheme at a total value of HUF 42.6 billion.

BG DSK Bank joined Mastercard's Wild Life Impact programme in 2021 – the DSK Mastercard Wildlife Impact deposit card was brought out in 2022. 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. For awareness raising the card's expiry date is the same as the date by which the endangered species featured on the card is expected to go extinct. 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. The bank supported the issuance of the card with an extensive

biodiversity communication campaign, and it also sponsors the Sofia Zoo's conservation programme. The business objectives set for the programme have been achieved: the number of deposit card contracts increased by 15 percent y-o-y, among other things.

RS As a member of the Mastercard Priceless Planet Coalition the Serbian subsidiary bank always 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. They planted as many as 15 thousand trees in 2022 by donating HUF 12 million.

Be free!

UA The Ukrainian subsidiary bank launched a prize game for its deposit holder customers. One had to place a new deposit in order to participate in the "Be Free!" campaign. During the fuel crisis caused by the war they raffled off five electric scooters bi-weekly, while during frequent power failures customers could win portable solar generators.

OTP Hungaro-Projekt helped its customers in drafting applications and in winning grants in 2022 as well. A total of 115 applications with environmental benefits, prepared by the company, were awarded grants under the EU Rural Development Programme. 111 projects were submitted for grants to support precision farming developments for the digital transition of agriculture, three for the development of agricultural water management and one in response to the Innovfund invitation for applications. The overall total budget of the projects was HUF 30.6 billion of which the amount of grants awarded was HUF 14.8 billion. The company has, since 2022, been promoting green activities by way of its consultancy activities as well. Its environmental consultancy covers the estimation of the environmental risks of real estates, inspections and examinations required for authorisations, licences and permits as well as green strategy development, etc. Moreover, Hungaro-Projekt undertakes to work out frameworks in relation to green bond issues, along with complex consultancy in relation to sustainable/green corporate investments.

Gamechanger

RS Generator (Gamechanger) is the Serbian subsidiary bank's programme that has been helping local startups for a number of years now. The Generator Zero competition launched in the context of the programme in 2021 sought for and rewarded specifically innovative carbon footprint reducing solutions in 2022. In addition to the HUF 6 million financial reward the winner received mentoring assistance as well. Of the 72 applications, 10 projects made it to the finals; preference was given to projects that could be implemented within 6 months of winning the prize. Numerous external partners recognised the importance of the initiative (e.g. Mastercard, Schneider Electric, OTP LAB) and, joining the programme, they offered prizes for the best finalists. The winner of the programme was the B-FRESH Technologies team; their product helps keeping fruits and vegetables fresh, with the help of an emulsion that can be sprayed onto any packaging material to form a water-resistant protective layer. The Generator programme was the most vigorously communicated responsibility project in the Serbian bank sector. It won multiple prizes and awards in Serbia.

2.3 Investments

ST2, ST7, ST8: 3-3, TCFD II. a, b, III. a, b, c, IV. a Sustainability endeavours regarding investment funds and investment services are determined by strong statutory requirements. The Banking Group's fund managers offer a number of ESG funds to their customers.

FN-IB-410a.3. In 2022 – in accordance with the SFDR¹⁸ – each of the OTP Group members concerned adopted its investment sustainability risk management policy and supplemented the information provided for its customers with information on that policy. The members of the Banking Group published on their

websites the statements on the integration of sustainability risks and on the principal adverse impact of investment decisions on sustainability factors (PAI). Environmental impacts must be measured and monitored from 2023 under the SFDR.

From the end of 2022 we will provide publicly available information on the adverse impacts of the portfolios managed in the framework of our portfolio management services on sustainability factors. In the case of this service we introduced 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 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 fitness test of the MIFID2¹⁹ framework – the purpose of which is to protect investors' interests and to ensure high standard service provision for customers – is aimed at assessing 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. Since 2022 the questionnaire explores sustainability preferences and objectives more thoroughly than before.

In the context of our investment advice and portfolio management services we primarily offer products and services accordingly.

A customer is provided with feedback on its conformity to the sustainability preferences in the suitability report.

OTP Bank plans to create portfolios promoting sustainability targets.

GRI 203-2 The investments of investment funds are selected as described in the funds'

¹⁸ REGULATION (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.

¹⁹ DIRECTIVE 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU, and the relevant regulations.

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 2.79 percent of the assets managed at the end of 2022.

Responsible investments

ST8: 3-3, GRI 201-2 The OTP Group's three funds are products promoting environmental and/or social characteristics, i.e. products corresponding to Article 8 under the SFDR. The purpose of OTP Alapkezelő's @Klíma-változás Részvény Alap (Climate Change Equity Fund) is to select equities that may be potential winners or losers of the global climate adaptation process. At least 50 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. OTP Alapkezelő is planning to ensure the fund's conformity to Article 9 of the SFDR. The fund manager has been promoting OTP Klímaváltozás Részvény Alap for some years through PR appearances as well, drawing attention at the same time to responsible investments. For the sixth time in 2022, the Fund won Privátbankár.hu's Klasszis award: The Best Global Equity Fund 2022 award. Investment Director Gábor Czachesz – the manager of the fund – won the Klasszis 2022 – Portfolio Manager of the Year award. As to the fund called @Omega Alapok Alapja (Omega Fund of Funds) the aim is to make sure funds that conform to Article 8 or Article 9 of the SFDR make up at least 70 percent of the fund. Again, at least 50 percent of the final portfolio must be made up of equities of companies that have a good – "sustainable" – ESG rating. These two ESG funds do not invest in tobacco production and sales, defence and arms and the gambling industry²⁰. The limits covered by the risk management regulation are checked on a weekly basis.

At end-2022 the assets of OTP Klímaváltozás Részvény Alap and OTP Omega Alapok Alapja amounted to HUF 35.1 billion and HUF 33.4 billion, respectively. **The two ESG funds accounted for 3.03% of the total asset managed by OTP Alapkezelő.**

RO OTP Asset Management Romania – the Group's asset management company in Romania – was the first such company in Romania to launch investment fund matching Article 8 of the SFDR. The investments of @OTP Innovation Fund are aimed at 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 also measures in terms of the MSCI ratings. The fund applies an exclusion policy as well. The fund's total asset amounted to HUF 304 million and had nearly 300 investors at the end of 2022.

As well as the Banking Group's own ESG funds, other fund managers' ESG funds are also available for customers. At the end of 2022 a total of 2.52% of the retail securities account portfolio was made up of the portfolios of investment funds meeting the requirements of Articles 8 and 9 of the SFDR.

2.4 Management of ESG risks

GRI 201-2, TCFD II. a, b, III. a, b, c, IV. a

The integration in the risk management processes of environmental, social and corporate governance risks continued in 2022 – the Banking Group continued to make significant progress in this field. Lending risks

FN-CB-410a.2, FN-MF-450a.3. Every single OTP Group subsidiary worked out, and introduced, its ESG credit risk management frame-

²⁰Based on Bloomberg Industry Classification data.

work in the business division in early 2022. The purpose of ESG risk management during the lending process is to identify and mitigate the risks arising from environmental, social and governance factors. In the wake of the subsidiaries' introduction of their respective frameworks OTP is now applying the ESG risk heat map in a uniform way across the Group, together with the ESG exclusion list and the ESG risk ratings system. Work on the development and improvement of the risk management methodology is planned to be continued.

GRI 2-13, TCFD I.a Work on the development of the internal ESG credit risk exposure reporting got under way in 2022; due to data cleansing tasks the system will be finalised in 2023. Reports will be prepared on a quarterly basis. The Supervisory Board will also receive reports on the loan portfolio.

The Banking Group worked during the year on the ESG lending appetite framework as well. The 2022 Risk Appetite Statement specifies limits regarding the ESG risks which are back-tested on a quarterly basis. In addition to using an exclusion list we introduced a new indicator to help restrict the proportion of new high ESG risk transactions. The indicator has been applied first by OTP Bank, since the beginning of 2023. Our subsidiary banks operating in three EU Member States (Bulgaria, Croatia and Slovenia) are introducing similar limits in their Lending Policies.

In the case of commercial real estates serving as collateral the sustainability considerations will form a separate element of assessment in real estate appraisal. The application of the ESG assessment methodology developed by OTP Jelzálogbank was started in the Hungarian operation at the beginning of 2023. Decision on the group-wide application of the methodology will be made in view of practical experience.

The energy efficiency characteristics of collateral residential real estates – established during the value appraisal procedure – are reflected by the market value and in the credit collateral value. The collateral portfolio has been reviewed in the retail segment from the aspect of energy efficiency on the basis

of the energy efficiency ratings of the real estates comprised in the portfolio. In view of the findings a total of four ESG real estate risk categories were formed in 2022 in the Hungarian practice for further analysis of the collateral portfolio. One of the key objectives is to maximise the proportion of real estate collaterals on which the energy ratings are available, in the bank's records. The ESG criteria will be integrated in retail lending in the case of retail loans secured by real estate collaterals because these are the products in which the ESG criteria are the most significant.

HR The Croatian subsidiary bank carried out the geographical mapping of mortgage collaterals, and on the basis of that, the materiality assessment of climate and environmental risks.

ST14: 3-3 The ESG **exclusion list** of the ESG credit risk management framework of the business segment includes 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 ESG exclusion list is laid down in the Bank's internal regulations. Customers are required, as a minimum,

to comply with the relevant and applicable environmental and social laws and regulations and have the relevant permits, licences and authorisations.

During the credit approval process the customer's and the transaction's ESG risk rating is seen, and taken into account, by the decision maker, in decision making.

GRI 201-2 The first **climate change stress** testing took place for the first time in 2022, as part of the internal capital adequacy assessment process. The stress test (CChSTs) was focused on identifying climate change-induced financial losses; the exposure of the OTP Group's portfolio to physical and transition risks in the long run (up to 2050) was examined. The results show that the annual losses would only increase modestly (by about 0.15 percentage point as a proportion of the exposure) up to 2050 even under the most disadvantageous so-called Hot House scenario in comparison with the climate-neutral trajectory. 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 intensive²¹. Short-term climate stress testing is planned to be carried out in 2023 regarding transition risks, covering lending, market and operational risks as well. Moreover, a pilot project has been launched in Hungary to model the physical risks of climate change.

GRI 305-3, 305-5, TCFD II. c, IV. b The **estimate of Scope 3 (indirect) greenhouse gas emissions has been worked out** as one of the first steps towards mitigating climate risks. The calculation – in accordance with the

methodology based on the PCAF (Partnership for Carbon Accounting Financials) Greenhouse Gas Protocol – was carried out with the help of the consultancy firm Klima.Metrix, for the end-2021 Group 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 81.3% of the total loan portfolio. The PCAF specifies five categories in terms of accuracy, with Category 1 being the most accurate. Due to data accessibility problems most results are Category 4 or 5; the calculation is based primarily on average emissions at a macroeconomic level and where the data were not accurate enough or were not available at all, we resorted to substitution. The calculation is the current best available approximate estimate.

The parent bank communicated the results to the subsidiary banks. We aim to improve the calculation's accuracy, which is expected to be enabled by increases in the quantity and range, and an improvements in the quality, of publicly reported data. The Banking Group will work out its decarbonisation strategy by 2025 and plans to disclose the Scope 3 financed emissions for the first time regarding year 2024.

The adequacy of ESG risk management is assessed primarily from the perspective of conformity to the MNB's Green Recommendations²² and the requirements of the European Central Bank. The Bank monitors progress in terms of the requirements laid down in the Green Recommendation and keeps both the Management Committee and the ESG Committee regularly informed. The development and application of the new processes take, in some cases, more time and resources than planned in advance, partly because these processes are altogether new in the whole of the market and because the subsidiary banks are being faced with questions and tasks that are different from the ones the parent bank has to deal with.

²¹ At purchasing power parity, as a proportion of GDP.

²² 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.

Operational risks

The possible impacts of the climate change risk were integrated into both the business impact analysis and the business continuity plans. A Group ESG risk tolerance value was worked in early 2022, for quarterly monitoring.

ESG risks were integrated in operational risk management as early as in 2021. During the annual process-based risk and control self-assessments respondents assess the next year's losses expected from the aspect of ESG relevance as well. Mitigating actions are expected to be worked out by the divisions concerned for risks of over HUF 200 million losses expected. The list of risks was refined and the actually relevant ESG risks were identified in 2022. Loss data are also monitored from the aspect of ESG relevance.

The Banking Group uses scenario analysis for the assessment of events of low probability but high potential impact. The impacts of climate change have been examined under a separate scenario since 2021 (together with all risks of environmental relevance). The same methodology is applied in the scenario analyses for the parent bank, foreign subsidiaries and Merkantil Bank. Of the group members OTP Bank Ukraine identified the greatest loss expected in relation to climate change in 2022 (the financial impact of the materialisation of the risk), in an amount of HUF 1.9 billion, three times more than in the previous year. In addition, the Bulgarian, the Romanian and the Croatian subsidiary bank calculated significantly larger losses expected than in 2021. Out of the 17 scenarios analysed, the value of loss expected under the climate change scenario was among the smaller expected losses at all Group Members.

Reputational risks relating to ESG considerations were also assessed and evaluated in 2022 in the context of the ECB (European Central Bank) climate stress test. As many as six reputation scenarios were assessed, as required by the ECB. "Media campaigns relating to environmental issues, contributing to the deterioration of the institution's reputation" was the scenario for which the largest amount loss expected – HUF 705 million – was established.

Continued development of ESG risk management was identified as a separate programme in OTP Bank's new medium term risk strategy.

2.5 Products with social benefits

ST1: 3-3

Several members of the OTP Group have traditionally been paying particular attention to catering for the financial needs of the young and the elderly and to making available preferential facilities for housing purposes. The member companies concerned continued to increase the number and variety of such products in 2022 as well.

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.

Large numbers of refugees fled from war-torn Ukraine to most countries in which the Banking Group members are operating; we provided them with assistance in the way of financial services as well. Every subsidiary bank made it possible for **Ukrainian refugees** to exchange money, open accounts, rent safe deposit boxes and use other services. Moreover, many of our subsidiaries offered them preferential facilities.

HR SI MD ME The Croatian subsidiary bank created a specific account package – comprising all basic services free of monthly charge, including cross-border transfers free of charge – for Ukrainian refugees. The Moldavian subsidiary also provides multiple banking services free of charge for Ukrainian citizens, along with a simplified money exchange service. The Slovenian subsidiary also opens basic account packages free of charge, for use free of charge for three months, for Ukrainian refugees. Likewise, the Montenegrin subsidiary, charges no fee for account opening for Ukrainian refugees, and for their the use of such accounts, for six months.

SI The Slovenian subsidiary did not charge transfer fees to humanitarian organisations in 2022 either. Accordingly, their donors

and sponsors can transfer them amounts, free of the transfer fee.

The OTP Group offers special preferential products for young people in 9 countries²³. A total of 11 percent of the whole Group's customers (1.7 million persons) are aged below 26.

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 (e.g. CKB) provide preferential terms for accounts held for the receipt of scholarships.

HR OTP Bank Croatia integrated a preferential condition in its service provided for young people in 2022: domestic transfers free of charge through mobilbank.

RO The Romanian subsidiary also provided additional preferential terms and conditions; this time they provided more favourable conditions for debit card use.

The number of **pensioner customers** typically surpasses that of younger customers at the banks of OTP Group. Tailored to their needs, special products are available for this customer segment in six countries: Bulgaria, Serbia, Croatia, Montenegro, Albania and Ukraine. No new product/service was introduced in this segment in 2022.

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

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.

In view of the prevailing macroeconomic circumstances OTP Bank made account management free of charge for customers who lost their jobs in a broader range of account packages in 2022. The Bank waives the monthly fee in the case of customers receiving job seeking allowance, for a period of 4 months, to help them manage their difficult situation in life. DSK Bank provides customers with reduced mobility accounts with debit cards under

preferential terms and conditions, which were used by more than 42 thousand customers at the end of the year. The Moldavian subsidiary offers eligible customers meeting certain criteria with special facilities for pensioners. Customers with reduced mobility can apply at OTP Bank for support for making their homes barrier-free, which was used by some four hundred customers in 2022.

The subsidised loan offered in Hungary to families planning to have/expecting children was available until the end of 2022. Demand for the product declined substantially during the year but it still represents a dominant proportion of the total volume of consumer loans. It is an important feature of the maximum HUF 10 million interest-free loan that the outstanding debt on the loan will convert into a non-repayable state subsidy if minimum three children are borne during the term. OTP Bank had a 42% share of disbursements and the existing portfolio as well, in 2022.

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 loans²⁴. We are providing our customers with predictable loans geared to their debt servicing capabilities and promoting the use of energy efficient solutions. At the end of 2022, the number of housing loans outstanding at OTP Group was around 400 thousand, new loans stood at 51 thousand. Besides Hungary and Bulgaria, Serbia, Slovenia, Romania and Croatia contributed the most to house purchases and renovations.

The decrease in the number of new housing loans, that started in Hungary in the second half of 2021, continued in 2022. Nearly 30 contracts were concluded during the year. In Hungary²⁵, the number of housing loans outstanding stood at 221 thousand at the end of the year.

²³ Hungary, Bulgaria, Montenegro, Croatia, Slovenia, Romania, Albania, Ukraine, Moldova. The age limit is not 26 for all schemes.

²⁴ 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.

²⁵ OTP Core and OTP Ingatlanlizing.

The Housing Subsidies for Families (CSOK) programme – under which non-refundable subsidy can be applied for – has been available and popular for years now. The Home Renovation Loan was also introduced in 2021, making it possible for people raising children to borrow preferential rate, interest-subsidised loans. The Bank placed 4,600 loans in 2022, in a total amount of HUF 23.7 billion. The Green Home Programme (GHP) is also aimed at helping customers purchase residential real estates; for details, see subsection @2.2.

The proportion of subsidised loans relative to the total of disbursed real estate loans is substantial: in 2022 they accounted for about two thirds of all loans, of which the share of the GHP was 46%. OTP Bank had a 54% market share in subsidised loans.

Most housing loans (47%) are borrowed in Hungary for purchasing used homes; new home purchases however, increased by 8 percentage points y-o-y to 19% in 2022. Renovation and modernisation accounted for 19 percent, construction and extension made up 16 percent. As well as mortgage loans, OTP Bank offers Personal Loan for Renovation for housing purposes. This product was used by customers in 2022 primarily for prefinancing the home renovation subsidies. Personal loans made up 4% of the total amount disbursed during the year. The preferential home leasing facility continued to be available in 2022 at OTP Ingatlanlizing Zrt. for customers employed by the Hungarian Defence Forces. More than 200 customers used this product during the year.

HR The Croatian subsidiary bank also participated in programmes in cooperation with the state, providing preferential loan conditions – lower interest rates and fixed interest rates for longer periods of time – for customers purchasing their first homes. This product was used by 1,113 customers in 2022 in a total amount of HUF 45.1 billion, making up 24 percent of all housing loan transactions. A decision was adopted back in November 2021, on the bank's participation, joining a facility initiated by the Government, in the rebuilding of condominiums damaged by the earthquakes of 2020. Since however, the envisaged legislative background of the state aid had not been worked out, demand for the facility

remained very low (a total of 4 applications were submitted). To enable reconstruction nonetheless, the Bank is offering its own loan programmes for condominiums.

RO The Romanian subsidiary continued to provide mortgage loans with state guarantee to help young people purchase their first homes, in 2022 as well. Loans were placed under a total of 140 transactions in an amount of HUF 2.4 billion in 2022 and the facility was much in demand even while demand for loans declined in general as a consequence of rising interest rates.

MD The Moldavian bank also continued participating in the First Home Programme, under terms and conditions the same as in the preceding year. The bank disbursed 14 new loans in an amount of HUF 134 million in 2022.

ME In Montenegro a state-subsidised programme called 1000+ apartments provides preferential-rate loans for disadvantaged and endangered social groups, in the way of support for housing purposes. The subsidiary bank disbursed a total of 18 loans to customers during the year in a total amount of HUF 370 million, significantly less than in 2021.

BG The Bulgarian subsidiary bank launched a new electronic platform in cooperation with the company called OCENIME.BG: www.dskhome.bg. The website offers complex services for those looking for homes, ranging from finding real estates to the complete loan application process. As a new function, signing loan agreements was introduced on the platform by the end of 2022. OTP Bank plays an important role in serving the financial needs of condominiums. At the end of 2022 the number of condominium customers was more than 39 thousand, securing a 67% market share for the Bank. No new products or services were introduced in 2022. The Group had a total of 47 thousand condominium customers.

OTP Condominium grant scheme

OTP Bank has been traditionally inviting applications for grants to support the modernisation of condominiums, in a total of HUF 15 million. In 2022 the Bank laid particular emphasis on facilitating efforts aimed at

making retail communities more sustainable and their environment greener. A considerable number – 650 – applications were submitted under the scheme this year again. Grants were awarded by a professional panel in view, for example, the interests of the communities concerned and the improvements in the quality of their environment. Grants were awarded to a 9 condominiums in Budapest and 11 condominiums in rural Hungary. In Budapest, the awardees in the “More Sustainable Homes” category were provided with support for the modernisation of condominiums’ energy systems, and one project for making the condominium barrier-free. The amount so won can be spent in Tiszaújváros on draft booster turbines utilising wind energy, while the residents of a condominium in the town of Szeged will use this amount on the replacement the stairwell doors and windows, modernising the building’s thermal insulation. Of the “Greener Residential Environment” awardees two condominiums in Budapest and one in Tata received grants for creating and improving green spaces. In one condominium in the town of Nagykanizsa playground facilities will be installed in an already existing yard, while in Budapest the worn and dangerous rubber mats of the playground of a condominium will be replaced with new ones. The grant will be used by a condominium in the town of Hajdúböszörmény for the installation of a used oil container facility while residents of a condominium in the town of Vác put in place a selective waste collection system. The Banking Group participated in the development of a number of services that go beyond banking services per se and generate social utility as well.

RO OTP Bank Romania contributed to developments aimed at rendering the use of the local public transport services more convenient in three large towns in Romania by providing self-service electronic payment terminals. Customers can purchase tickets and passes from the contactless ticketing machines. The subsidiary bank and a number of service providers together introduced contactless payment on delivery for products purchased from them on-line. The solution’s distinguishing feature is that this was the first time a corporate

device was turned into a POS terminal.

The Mastercard certification proves that this payment method meets the highest data security standards.

OTP Startup Booster Program

Under the OTP Startup Booster Programme we seek for cooperating partners based on needs for innovation as they emerge year after year. 265 startups from 55 countries registered for the 2022 programme. Bank managers, professional mentors and external experts lend their support to participating companies in perfecting their products in a 12-week intensive programme in 40 hours of workshop activity and 100 hours of individual mentoring. In its autumn pilot period the programme enabled 11 expansion-stage startups to implement a joint test project with the help of various specific divisions (5 from the parent bank and 6 from subsidiary banks).

The programme was closed by an on-line Demo Day providing the teams with substantial international visibility. The startups with which we will conclude long-term cooperation agreements will be selected in the next period. With growing emphasis having been laid on sustainable solutions and the fight against climate change we introduced in 2022 the Beyond banking and sustainability category in which startups working on solutions that are outside the Bank’s core activities, that are related to ESG goals, agricultural solutions, or solutions relating to real estate ecosystems and other sustainability and/or green subjects could register.

Four pilots were selected from the registered ones but no long-term decision has been made yet on any one of them. Two selected startups are providing agricultural services: Agremo works out yield analyses and forecasts for agricultural areas on the basis of drone and satellite images, Yieldsapp offers data-based recommendations relating to crop production on the basis of satellite images. The Cogo carbon footprint calculator is able to calculate the carbon dioxide emissions of retail customers and encourage reductions at the same time. MClimate calculates increments of buildings’

energy efficiency and improvements in the comfort perception of people working in them, with the help of IoT sensors. (See Section @6.)

Micro, small and medium-sized business customers

ST1: 3-3 Year 2022 was a year full of challenges for many a small and medium-sized enterprise. Although varying in severity problems were caused in every single country of our region by disruptions in the supply chains in the wake of the coronavirus pandemic, the war and the accelerating inflation. The OTP Group continued to play an active role in providing small and medium-sized enterprises with access to funding even in such circumstances. The loan portfolios of micro and small enterprises increased at most of the Group's banks; we participated in numerous state and international institutional initiatives with the aim of providing preferential financing arrangements. The micro- and small corporate loan portfolio of the Hungarian OTP Group increased by 16 percentage points during the year. The segment was dominated by the products of the state interest-subsidised Széchenyi Programme.²⁶ Our goal was to be the first institution to introduce the product in the market and carve out the largest market share. We accomplished both goals: the Bank's market share was 33% with the *Széchenyi Újraindítási GO!* product which was available in the first half of the year, and 37% with the *Széchenyi Újraindítási MAX* product which was launched in the second half of the year.

GRI 203-2 The credit products were available at the MFB Points for businesses as well (see also @2.2). The MFB Points were set up earlier to help businesses facing difficulties access funding; in 2022 – as a consequence of the pandemic and the impacts of the war between Russia and Ukraine – the range of businesses concerned increased considerably. OTP Bank's role and market share also increased during the year. In view of the fact that the previous EU budget cycle had ended, it became

possible in 2022 to start selling a new loan programme through the MFB Points: loan purpose "B" of the loan programme whose purpose is "technical modernisation of micro, small and medium-sized enterprises" is to help manage economic difficulties caused by the war between Russia and Ukraine. The working capital credit facility was available for operating costs, wages and contributions as well as standing charges. In terms of credit applications OTP Bank's market share was higher than 60 percent. As many as 1257 contracts were concluded for the disbursement of a total of HUF 28.5 billion by the end of the year. In the wake of the introduction of changes to the flat-rate tax for small taxpayers (KATA) OTP Bank offered a preferential entrepreneurial account management package for private entrepreneurs obliged to have payment accounts with financial institutions under the amended law. During the 4-month campaign our customers opened more than 5,000 new accounts. The MSE loan portfolios of the Croatian and the Romanian subsidiary banks increased by about 20 percent; that of the Bulgarian subsidiary increased by an even more substantial 26 percent. The Ukrainian and the Serbian subsidiary's MSE loan portfolios increased by about 10% and 5%, respectively, while the corresponding portfolios of the Slovenian and the Albanian subsidiaries remained unchanged. The MSE portfolio shrank in Montenegro partly as a consequence of businesses' financial difficulties and the termination of the EIF products. The MSE portfolio decreased in Moldova as well. Lending in Russia was suspended in February 2022, therefore the portfolio dropped dramatically there. Our subsidiaries cooperate with numerous state and international institutions in support of the SME sector.

RO Our Romanian subsidiary joined a programme supporting SMEs and sole proprietorships as a partner bank. The programme is aimed at promoting the establishment and development of small and medium-sized enterprises with the help of state aids. The Bank opened dedicated accounts for its customers through which the aid amounts are

²⁶ These products were available for large enterprises as well.

channelled to the recipients. Applications for credit facilities enabling the pre-financing of the aids may also be submitted to the Bank. OTP Bank Romania participated in the government's IMM Investment Programme, as one of the first financial institutions to make available the products concerned, in 2022 as well. Businesses can borrow interest-free loans under the programme, with up to 90 percent government guarantee. The loan was available for agricultural businesses as well. As many as 459 loans in a total of HUF 33.8 billion were provided in 2022.

In response to the great demand experienced in the previous year the subsidiary announced its Black Friday campaign twice in 2022, offering account opening with account management for free and other preferential terms and conditions on not only one but two days.

HR The Croatian subsidiary continued to cooperate with the Croatian Bank for Reconstruction and Development (CBRD), to help exporters. In 2022 they offered Covid-19 insurance to working capital loans and provided loans of HUF 1.7 billion under two contracts during the year.

In response to the impacts of the COVID-19 pandemic the Bank entered into a cooperation arrangement with the European Investment Fund (EIF) as well, in 2022. The EIF provides guarantee under the programme therefore customers can borrow loans at lower interest rates and with reduced collateral coverage. In 2022 they provided 15 loans in a total amount of HUF 3.4 billion.

RS The Serbian subsidiary participated in the grant programme announced by the Ministry of Finance to help small businesses purchase assets. As many as 38 loans were disbursed by the end of 2022 in a total amount of HUF 912 million.

ME The EU Micro Loan for Working Capital of CKB contributed to the funding of micro enterprises in 2022 as well. The Bank provided loans in cooperation with the European Programme for Employment and Social Innovation (EaSI) of the European Investment Fund under an EU guarantee agreement, until the termination of the product in the first quarter of 2022. Loans of HUF 1.8 billion were active under

1,040 contracts in 2022. The loan was available for agricultural businesses as well.

MD The IFAD's (International Fund for Agricultural Development) Young Entrepreneurs Loan was available at our Moldavian subsidiary. Owing to the prevailing macroeconomic circumstances only 2 new customers availed themselves of the preferential facility, in a total of HUF 25 million.

OTP Bank uses the technique of factoring for pre-financing EU **agricultural** subsidies; in addition to area payments the grants for greening, agricultural environmental management and young farmers, compensation payments for Natura 2000 grasslands are delivered in this way. The scheme was available for the pre-financing of 35 grant titles in 2022. With this product, our customers can access funding within just a few days, at conditions that they can meet more easily. The closing factoring portfolio was HUF 17.0 at the end of 2022. The Hungarian State Treasury has, since October 2022, been paying advances on aids; consequently, demand for the Bank's facility has decreased; in the first three quarters of the year however, a y-o-y increase of more than 20 percent was recorded.

GRI 203-2 In Hungary, subsidies for a land area of almost 1.3 million hectares are credited to the accounts held with OTP Bank; our employees assist in their utilisation.

BG HR RO SI Prefinancing of area payments²⁷ (Double SAPS) is one of the key agricultural products of every OTP bank operating in EU Member States with the exception of Slovenia. One of the significant advantages of this service is the fact that a single application and credit approval process is now sufficient for the two-year pre-financing of EU direct subsidies, which has halved administrative costs. Even the application for three years (Triple SAPS) was introduced in Romania in October 2022. Our plans include creating the conditions for pre-financing direct grants in Slovenia as well, but owing to the ongoing bank acquisition process the product was not developed in 2022. A number of OTP Group members provide special product packages to agricultural small

²⁷ Companies may use these products without any limitation in size.

businesses and farmers in cooperation with state agencies or EU organisations.

RO OTP Bank Romania launched a new product called "Ceiling for the financing of crop producers", offering up to RON 5 million (HUF 395 million) credit limits for the financing of the production of spring and winter crops as well as maize. The advantage lying in the product is that it is available without the customers having to provide supplementary collateral. A total of HUF 195 million was disbursed in 2022. In 2022 the Bank became a partner bank the delivery of non-repayable state grants provided for agricultural and food industry companies, therefore it opened dedicated accounts and transmitted the grants to the programme's beneficiaries.

MD Our Moldavian subsidiary continued to provide the EIB Fruit Garden scheme for horticultural and viticultural undertakings under unchanged conditions in 2022 as well. The Bank financed as many as 18 projects during the year in an amount of HUF 974 million; the number of active customers participating in the scheme was 102, and total loans amounted to HUF 5.7 billion at the end of the year.

OTP Hungaro-Projekt and OTP Consulting Romania

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

In 2022 the OTP Hungaro-Projekt drafted and submitted 9 applications under EU support schemes, in the categories of support for micro and small enterprises operating in disadvantaged regions, development of companies' research, development and innovation activities as well as technology modernisation of micro-, small and medium-sized enterprises. 8 of the 9 applications were awarded grants. The total cost of the winning projects amounted to HUF 3.7 billion of which the grants covered HUF 2.4 billion.

RO The Romanian subsidiary participated in the implementation of three EU-funded projects

in 2022 which were aimed at enhancing environmental awareness and promoting the development of vulnerable and disadvantaged local communities through human capital development.

The purpose of the two-year-long AID4NEETs project was to assist young unemployed persons in the North-Eastern and central part of the region. The programme pays special attention to equal opportunity; there are minimum criteria for the Roma communities, those living in rural regions and disadvantaged people.

Two other projects were aimed at the encouragement of students to start a business in the least developed seven regions of Romania. The aim of the projects is to create as many as 130 new jobs. The programmes included concrete actions regarding the introduction of green practices as well.

PortfoLion

The venture capital fund manager invests in early stage, growth stage and expansion stage startups. The company does not invest in high ESG risk undertaking; they are automatically excluded from cooperation. The sustainability risk management policy is available here: [@website](#).

New investments whose activity contributes to social or environmental objectives were added to the company's portfolio in 2022 as well.

Mindgram provides services aimed at developing and improving mental health and professional and managerial skills in the form of complex solutions. The concept's first pillar provides solutions for prevention and personal development, the second one provides early intervention and work-private life services, while the third pillar offers targeted on-line psychotherapy.

Tiney offers solutions for daycare combined with high quality education for children up to the age of 5, based on a method not used in Great Britain before.

Owner of 18 retail parks, GRADUW Invest²⁸ enables energy efficiency improving ESG projects in its real estates.

²⁸ At the time this report is drafted it is called Shopper Park Plus Zrt.

2.6 Portfolio components 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, 31.12.2022²⁹	Hungary	Bulgaria	Croatia	Serbia	Russia	Ukraine	Slovenia	Romania	Montenegro	Albania (with Alpha Bank)	Moldova
Agriculture, forestry, fishing	6%	22%	18%	2%	1%	0%	4%	7%	4%	3%	43%
Mining, quarrying	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Manufacturing	9%	13%	8%	25%	9%	2%	20%	11%	11%	13%	10%
Electricity, gas, steam and air conditioning supply	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%
Water supply; sewerage, waste management and remediation activities	0%	0%	0%	1%	0%	0%	0%	1%	0%	0%	0%
Construction	18%	7%	7%	8%	24%	0%	16%	14%	8%	3%	4%
Wholesale and retail trade; repair of motor vehicles and motorcycles	29%	30%	12%	35%	42%	4%	22%	32%	32%	24%	25%
Transportation and storage	6%	11%	5%	7%	5%	0%	11%	10%	14%	2%	5%
Accommodation and food service activities	4%	3%	7%	3%	4%	0%	6%	4%	13%	27%	2%
Information, communication	3%	1%	1%	2%	1%	0%	2%	2%	3%	1%	0%
Financial and insurance activities	0%	0%	0%	0%	0%	0%	0%	3%	0%	0%	1%
Real estate activities	6%	2%	1%	0%	5%	0%	1%	2%	2%	0%	2%
Professional, scientific and technical activities	5%	3%	3%	5%	4%	0%	10%	7%	5%	1%	2%
Administrative and support service activities	4%	2%	34%	2%	3%	0%	3%	3%	3%	3%	0%
Public administration and defence; compulsory social security	0%	0%	0%	0%	0%	0%	1%	0%	0%	0%	0%
Education	1%	0%	1%	1%	0%	0%	0%	1%	0%	1%	0%
Human health and social work activities	1%	3%	2%	1%	0%	0%	2%	3%	1%	2%	2%
Arts, entertainment and recreation	1%	0%	1%	0%	1%	0%	1%	0%	0%	0%	0%
Other services	5%	1%	1%	1%	1%	0%	1%	1%	3%	4%	1%
Activities of households as employers; undifferentiated goods for own use	0%	0%	0%	0%	0%	60%	0%	0%	0%	0%	1%
Not classified	0%	0%	0%	7%	0%	32%	0%	1%	1%	16%	1%
Total (HUF billions)	569.9	93.9	57.8	57.6	0.8	1.5	20.5	25.0	4.7	29.7	12.9

Medium and large enterprises Assets by sector, on-balance sheet exposure to own customers without leasing and consolidation, 31.12.2022²⁹	Hungary	Bulgaria	Croatia	Serbia	Russia	Ukraine	Slovenia	Romania	Montenegro	Albania (with Alpha Bank)	Moldova
Agriculture, forestry, fishing	5%	4%	4%	7%	3%	18%	2%	18%	1%	1%	8%
Mining, quarrying	0%	0%	0%	7%	1%	0%	0%	0%	0%	2%	0%
Manufacturing	10%	26%	15%	20%	15%	28%	28%	13%	4%	9%	18%
Electricity, gas, steam and air conditioning supply	8%	10%	12%	14%	0%	0%	13%	2%	1%	14%	0%
Water supply; sewerage, waste management and remediation activities	0%	1%	2%	0%	3%	0%	1%	1%	0%	0%	0%
Construction	5%	5%	12%	7%	14%	0%	1%	12%	9%	9%	2%
Wholesale and retail trade; repair of motor vehicles and motorcycles	14%	19%	12%	18%	36%	38%	19%	17%	33%	26%	45%
Transportation and storage	4%	6%	6%	6%	0%	6%	12%	4%	2%	0%	2%
Accommodation and food service activities	3%	5%	8%	1%	0%	0%	1%	3%	21%	4%	0%
Information, communication	0%	4%	4%	7%	0%	3%	5%	0%	0%	5%	5%
Financial and insurance activities	9%	1%	1%	0%	3%	0%	4%	6%	1%	1%	6%
Real estate activities	15%	11%	2%	6%	23%	5%	3%	17%	0%	1%	4%
Professional, scientific and technical activities	5%	7%	3%	1%	2%	0%	2%	1%	1%	0%	1%
Administrative and support service activities	2%	0%	1%	1%	0%	0%	1%	1%	1%	2%	0%
Public administration and defence; compulsory social security	3%	1%	15%	4%	0%	0%	7%	2%	26%	2%	2%
Education	0%	0%	0%	0%	0%	0%	1%	0%	0%	1%	1%
Human health and social work activities	0%	1%	1%	0%	0%	0%	1%	1%	0%	2%	7%
Arts, entertainment and recreation	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Other services	7%	0%	0%	0%	0%	0%	0%	0%	0%	5%	0%
Not classified	9%	0%	0%	1%	0%	0%	0%	0%	0%	16%	0%
Total (HUF billions)	2772.0	1194.9	962.9	989.0	57.4	300.8	455.8	563.7	243.5	199.5	80.1

²⁹ The table contains the data of only those sectors whose share is above 0.5 percent. Because of that and because of rounding, not all columns add up to 100%. Industrial classification is according to UN (ISIC) classification. Company sizing complied with the relevant legal categorisation.

The environmental and social risks of economic activities are defined for Level 4 NACE codes. All activities are high-risk within the Mining and Quarrying sector group. 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 environ-

mental 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.

3. Financial welfare, responsible customer service



GRI 3-3

Impacts: *Financial welfare:* As well as with its products, the Banking Group can contribute to financial welfare and to enabling customers make the best possible financial decisions in their particular situations in life, by the way in which it provides its services. The extent to which the conditions and requisites for responsible management of funds are given or limited is affected by the group's practices, as well as by the financial and social conditions of the customers themselves.

Equal opportunity in accessing financial services: Accessibility is one of the basic prerequisites for financial welfare: A positive social/economic impact can only take place if disadvantaged groups can also manage their finances effectively – by making a reasonable effort – through digital channels, at branches or through ATMs.

The previous chapter described the products available for vulnerable groups.

Objectives: Correct and fair information and customer service
 Transparent and understandable product structure
 Making tools and knowledge enabling good financial decisions available
 Barrier-free service provision for persons with disabilities

Accessibility even for socially and economically disadvantaged people

Acts: Development of practices relating to responsible marketing communication
 Highly visible information in plain language
 Thorough exploration of customer situations and requirements
 Responsible selling and product offers
 Provision of services for Ukrainian customers in both Ukraine and abroad
 Videos presenting banking products and context
 Financial calculators
 Expanding online services
 Maintaining the option of personal customer service, strengthening the advisory function
 Developing accessibility

Stakeholder involvement/compliance: reviewing customer feedback/ exploring their needs, mystery shopping, complaint management, cooperation with civil professional organisations.

For more details on our principles and overall objectives, please visit @our website.

3.1 Responsible communication and sales

ST10: 3-3

The provision of information on, and communication regarding, banking products and services is a heavily regulated segment in most of the countries in which the OTP Group has its subsidiaries. The members of the banking group spare no effort to always comply with the changing regulations; moreover, they keep using their best effort to provide adequate information year in year out. The OTP Group aims to make sure that the products it offers and sells to its customers are aligned to their situations in life and their needs, and help them achieve their financial objectives.

Straightforward communication continues to be one of the main pillars of customer orientation. We go out of our way to ensure that our messages are understandable and help customers keep informed and select the products that best suit their needs. OTP Bank worked out in 2022, and posted on its website, its @Responsible Marketing Policy, in which it laid down the basic principles of fair commercial communication and of the provision of correct information and product offering. The policy also sets out the principles of sustainability and non-discrimination.

To facilitate the implementation of OTP Bank's @Consumer Protection Compliance Programme, launched in 2021, a checklist was put together setting out the requirements – in general and for each communication channel specifically – which must always be observed and complied with. The programme is supported by an IT system, strengthening transparency and retrievability.

The Tone of Voice manual regulating the OTP Group's style of communication serves as a model and provides guidance for foreign subsidiaries when it comes to preparing their own respective manuals.³⁰ The use of plain language is prescribed in the manual as a basic goal and requirement.

A guide, summing up the OTP Group's campaign and communication principles, has been put together, in which both customer orientation and sustainable operation appear along the most important objectives.

To support customer oriented operation and easy-to-understand wording OTP Bank set out the process and principles of its naming practice regarding both its products and services.

A number of internal **training** programmes took place at OTP Bank in 2022 as well, to ensure that as many as possible of our specialists engaged in external communication actually apply the above principles in practice.

To continue basic training on easy-to-understand wording we developed a so-called advanced module as well.

GRI 3-3 A **style survey** conducted in 2022 revealed that customers found OTP Bank's communication to be easy to understand and transparent on the whole and its tone of voice adequate, along with its appearance in terms of content and format. Customers found our promotional direct marketing e-mails to be the best.

A number of our subsidiary banks improved their practices during the year.

HR The Croatian subsidiary started to review and modify their documents to simplify their wording, clarify their structure and enhance their transparency.

Moreover, the subsidiary bank produced information materials – videos, brochures, posters – regarding the introduction of the euro to help customers understand its impacts on banking products. In line with that, they modified the instructions concerning the use of various products and sent personal letters to customers with consumer loans explaining the impacts of the changes.

The subsidiary also expanded the information provided for students, by explanations on account packages and products designed for them. An electronic product selection function was also created for them.

RO The Romanian subsidiary prepared a guide summing up the main steps of taking out a mortgage loan to help customers understand

³⁰ It has been available for, and used by, the parent company for years now.

the characteristics of this type of loan and prepare for applying for it. The leasing firm posted a questions and answers document and knowledge sharing articles on its website during the year.

RU The Russian subsidiary POSTED a FAQ list in a plain and understandable language and set up a separate e-mail channel for communication with customers and partners, answering all questions regarding products, central bank restrictions and other matters.

ME CKB deposited product information flyers in the branch offices describing each product separately, together with its advantages, in a clear, easy-to-understand and user-friendly manner.

The banks of the OTP Group helped **Ukrainian citizens** fleeing their country by providing them **with information** and access to financial services in a variety of ways. Information and guide on how to open retail bank accounts was posted in Ukrainian on the main page of the parent bank's website. The terms and conditions applying to retail bank accounts are also available in Ukrainian, along with a questions and answers document.

The subsidiary banks also feature their services and preferential terms and conditions offered specifically for Ukrainian refugees, in a dedicated form. In the branch network we made efforts to promptly serve Ukrainian customers. No substantial change was made to the Bank Group's **sales process** during 2022; it is aimed at identifying, and catering for, actual customer requirements, always in line with the relevant local regulations. In the incentive system the remuneration criteria are aligned to the local market environment, instead of being uniform across the Group.

Improving financial awareness regarding banking services

OTP Bank's mobile bank service has a Personal Finance Manager function making it simple and transparent for customers to keep an eye on their daily and monthly spending. The categorisation of expenditures was automated by software development in 2022 and now more and clearer information is shown

regarding spending items (e.g. the well-known brand name appears instead of the name of the service provider). It was in accordance with requests and requirements communicated by the customers that the Bank introduced the possibility of setting individual categories and rules. The fine tuning of automatic categorisation is an ongoing process.

Every customer who has registered for the electronic service – more than 1.7 million – sees the Personal Finance Manager when logging in, therefore it is now widely known and used on a daily basis. The function is planned to be supplemented in the medium term with services aimed at achieving the sustainability goals.

RS In 2022 the Serbian subsidiary bank also introduced the My Finance function in its InternetBank and MobileBank service to make monitoring and controlling expenditures easier. This function is also planned to be launched by all other subsidiaries of the Banking Group. Animation videos helping customers learn finance basics are also available on OTP Knowledge Bank's YouTube channel. The videos show the operation of various financial products and services in an easy-to-understand and illustrative manner with examples shown. The content is renewed and enhanced on a continuous basis; three new videos on general subjects – not specifically OTP Bank services – were produced in 2022, focusing on housing loans and what to do against data phishing. During the year, 26 short films dedicated to general financial education were available. They were supplemented by videos specifically presenting the services of OTP Bank. The short films with general content were viewed 26 thousand times in all.

The Bank renewed its publication "Save Smart" (Gazdálkodjon okosan), the purpose of which is to educate customers, emphasise the importance of saving, self-provision and financial planning as well as describe the main characteristics of various forms of saving. The publication is available at OTP Bank's branches. OTP Bank pays particular attention to raising awareness and disseminating knowledge among customers regarding the use of new InternetBank and MobileBank channels. Before the first use of the service customers are

shown an educational description they have to read on a mandatory basis.

HR RS RO UA Several members of the Banking Group post basic financial literacy elements on their websites, with detailed explanations of banking products and practical advice, pointing out financial facts and relationships. The regularly updated contents also respond to topical situations and novelties (e.g. COVID, ESG).

SI The Slovenian subsidiary uses its electronic channels on a regular basis for communicating educational messages. It has also conducted a communication campaign to enhance financial awareness on advertising surfaces as well. The Banking Group pays particular attention to developing **young people's financial awareness**. Sales objectives are sometimes intertwined with the dissemination of knowledge. The central theme of OTP Bank's junior account opening campaign in 2022 was that the Bank helps its customers make responsible financial decisions and accomplish their goals. The campaign included roundtable discussions to which the Bank invited influencers reaching both young people and their parents, and where current challenges facing young people were discussed.

The Bank is continuously developing its **OTP Junior Next** application, whose primary purpose is to enhance 16–24-year olds' financial awareness and help them in making their career choices. The financial awareness raising content elements accessible in the application are updated on a continuous basis. Statistics show that the most popular functions are related to career guidance, conscious money management and OTP's new mobile banking functions. The new functions in 2022 included a quiz for developing financial literacy in the form of a game. The number of registered users of the application was nearly as large as 70 thousand at end-2022, 60 thousand them OTP's customers. The application is even more popular now than had ever been expected and the score of 4.6 in the application store is also favourable feedback.

RS In 2022 the Serbian subsidiary started a TikTok channel with native videos demonstrating the use of the bank's products and services, primarily to young people.

3.2 Debtor protection

ST1, ST10: 3-3

A number of conditions need to be met – from a correct assessment of possibilities to the Bank's prudent risk management, to an adequate regulatory environment – for borrowing to actually be the way forward. The extraordinary events of the past few years posed severe challenges to many of the borrowers; even the government took some strong actions to protect them through imposing stricter regulations on the conditions of lending and making repayments easier.

The interest stop introduced in Hungary in 2022 further mitigated customers' interest risks and the system of certified consumer-friendly loans was also put in place for this purpose. These loans became a dominant product in the segment of real estate loans, and thereafter in personal lending as well. OTP Bank is no longer providing floating rate loans in the real estate segment. Nearly 50 percent of the personal loans disbursed in 2022 were Certified Consumer-Friendly Personal Loans. Of the loan repayment moratoriums introduced during the coronavirus pandemic the option of suspending repayments remained in effect in Hungary in 2022 for retail customers. Agricultural participants facing difficulties as a consequence of the extreme weather conditions and the price increases were also allowed to suspend repayments of their loans until the end of 2023. Customers were provided with information on a dedicated sub-page at @website on the choices relating to the moratorium and on repayments after its termination. Customers took this option in relation to about 4 percent of the total loan portfolio – about 40 thousand loans – until the end of the moratorium. Some 80 percent of this portfolio was made up of mortgage loans and personal loans. The Bank expects a significant proportion of the customers who made use of the moratorium to be facing risks of major payment difficulties, for which the Bank got prepared with its own debtor protection solutions.

RO Of the countries in which group members are operating a new moratorium was

introduced in Romania to preserve the good quality of the loan portfolio. The debtor protection programmes have been available for several years in the Group; they are used by debtors in relation to a small proportion of the total loan portfolio. A review of the programmes got under way in 2022 from the perspective of available solutions and the process itself. A video on the solutions available in the case of payment difficulties

was produced and made available during the year through the Knowledge Bank channel described in the previous section.

UA The Ukrainian subsidiary made it possible for private individuals to apply for loan restructuring on-line as well. To help customers who have lost their jobs and homes they suspended the obligation to make repayments for three months after the outbreak of the war.

Proportion of past-due loans in the retail segment* (31.12.2022):

	OTP Core		OTP Group	
Mortgage loan	HUF 118 billion	6.7%	HUF 214 billion	4.3%
Consumer loan	HUF 103 billion	7.3%	HUF 385 billion	8.7%

* More than 90 days past-due.

3.3 Customer satisfaction

GRI 2–29

The OTP Group explores the needs and requirements of its customers in a variety of ways, including asking for feedback on existing or prospective products and services, integrating the findings in product and service development.

The satisfaction of our retail customers 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.

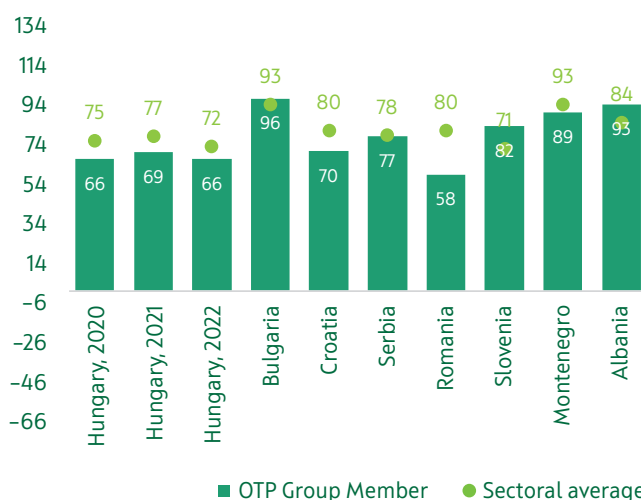
Information is also analysed by customer segment (e.g. career starters, juniors, premium customers). We perform one measurement per year per country on a representative³¹ sample of 1,000 persons. No measurement took place in 2022 because of the war and the survey was put off to early 2023 in Moldova for the same reason.

OTP Bank's customer retention score was 66³² in 2022, down 3 points y-o-y. Satisfaction also dropped – by five points from 2021 – among the competitors as well. The average TRI*M value of competitors was 72 points. Satisfaction improved among junior customers at OTP Bank, while at competitors it deteriorated, i.e. in this segment OTP Bank outperformed the average of its rivals. Due to the nature of the scale a few points' change cannot be regarded as significant.

³¹ Based on distribution by age, sex, education, municipality type, region. Online interviews were conducted in Hungary, Croatia, Romania, Serbia and Slovenia. Personal interviews were conducted in the rest of the countries.

³² The TRI*M score falls between –66 and +134 points.

TRI*M, 2022



Satisfaction with the services provided by the members of the OTP Group increased in most countries; the greatest improvements were recorded in Serbia and Romania. A slight deterioration was observed in the case of the Slovenian and the Albanian subsidiary (down 3 and 2 points, respectively). The customer retaining capability of these two banks is still significantly stronger than that of their competitors. The Bulgarian subsidiary achieved the highest level of satisfaction. Overall satisfaction with banks is still well above the regional average in Bulgaria; satisfaction with DSK Bank was at the same high level in 2022 as well. The performance of the Romanian subsidiary is significantly affected by the fact that OTP is a secondary bank for most customers and satisfaction with their primary banks is typically significantly higher. It is clear in the case of OTP Bank Romania that customers opting for OTP as their main bank have better opinions of its performance.

RU Our Russian subsidiary uses the Net Promoter Score methodology for assessing customer satisfaction. In 2022 the NPS was 19³³, 7 points up y-o-y. The bank reached its target with this score. The performance of the subsidiary is significantly influenced by the fact that, focusing on consumer credit, the Bank is typically a secondary bank for customers. The improvement in performance was enabled primarily by an increase in on-line

services and accelerated processes, among other things.

OTP Bank measures customer service (Service Quality Management, SQM) in retail and MSE (micro and small enterprise) branches by contacting customers online³⁴. The quality of service was nearly 88% in the retail segment and 93% in the segment of entrepreneur customers, each exceeding the targets set for 2022.

SI The Slovenian subsidiary also uses the same technique; in 2022 satisfaction with service provision at branches, and through the contact centre, was 95 percent and 90 percent, respectively.

RO The Romanian subsidiary introduced SQM measurement for customer interactions through the contact centre in 2022. Each customer giving a negative feedback is called by telephone to understand the reasons for dissatisfaction and make the necessary improvements.

3.4 Accessibility of financial services

ST9: 3-3

Technological development creates an increasing variety of ways for doing business with customers as regards finances and the OTP Group continuously seeks for solutions for making the use of its services even more

³³ On a scale of -100 to +100.

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.

convenient for its customers with different needs and requirements. Our customers typically welcome the introduction of new possibilities and regard them as positive developments.

UA Making the bank's services accessible posed a major challenge in Ukraine in the wake of the outbreak of the war but the efforts made by the personnel of OTP Bank Ukraine ensured that the Bank continuously operated even through its channels for in-person service provision, including both the contact centre and the branches. On its website and Facebook page alike, the Bank kept its customers informed on a daily basis of the list of branches open for business and operated a dedicated page on the website to communicate changes in banking services as a consequence of the war.

Remote access through digital channels

The expansion of digital channels is a continuous and long-term trend. To satisfy customer needs and requirements as fully as possible the Group is expanding the range of remotely accessible services and functions. The use of the digital channels is encouraged by education as well.

OTP Bank offers a new option in relation to real estate secured loans. Comprehensive expert information is available and applications can be submitted through the video bank function. But for the conclusion of the contract, all steps of the process take place on-line or by telephone. The contracts need to be concluded at branches for the time being, owing to statutory requirements. Customers using the video bank service took positive views of the process; in their feedback they highlighted flexibility, the pleasant customer experience during the transaction and the advisors' helpfulness, for example, in filling out documents. Information on real estate secured loans was provided via video bank about 50 times a month on average in 2022.

The Bank has introduced a semi-digital account opening service for MSE customers; the contract itself is concluded at a branch office

in this case as well because only a few types of business undertakings are allowed in the prevailing regulatory environment to conclude contracts on-line.

The Bank has created and tested a process minimising customer presence for corporate customers as well by setting up an account managing centre, where businesses are provided with services through directly accessible account management contact persons. The process will be made available in all regions in 2023.

Digital channels are growing more and more popular, as is indicated by the fact, for example, that the proportion of personal loan applications submitted on-line to OTP Bank increased from 30 percent at the beginning of the year to 40 percent by the end of the year.

BG HR RS ME AL DSK Bank, CKB, OTP Bank Croatia, OTP Bank Serbia and OTP Bank Albania laid particular emphasis in 2022 on boosting the use of the digital channels and on automating cash transactions (e.g. deposit ATM), through educational and promotional campaigns.

HR RS The Croatian subsidiary also introduced the video bank service and enabled on-line account opening through it – more than a thousand accounts had been opened on-line by the end of the year. Customer feedback was definitely positive in this case as well. The Serbian subsidiary also introduced its video bank service – they receive 500–1000 requests through this channel every month.

RO The Romanian subsidiary introduced on-line account opening for micro, small and medium-sized enterprises in 2022 regarding 10 different account packages.

AL The Albanian subsidiary's new on-line loan application service enables the submission of part of the documentation on-line, so customers do not have to call at a branch as many times as they had to before. The bank expanded the range of on-line payment functions as well.

The Group's objective is to broaden the range of products that are partly or fully digitally accessible, paying attention to make sure that the processes are accessible as conveniently, and for as many customers, as possible.

The Banking Group also lays emphasis on transferring the knowledge required for the use of the on-line channels. OTP Bank regularly sends educational messages, aligned to the customers' usage patterns; moreover, it also often shares such content on its own social media pages. A dedicated website shows all InternetBank and MobileBanking functions, in the form of screenshots and videos, together with useful tips for use. The bank advertised that website even through paying platforms; the demonstration of the advantages of our electronic services is also supported by external communication. We pay particular attention to providing information on methods of financial fraud. The educational messages appearing on the on-line channels facilitate secure and knowingly effected on-line financial transactions. Thanks to the Bank's efforts the number of digitally active customers has been steadily increasing.

HR The Croatian subsidiary opened its Klik web application in 2022, turning authentication into a two-factor process, thereby enhancing security. The process of asking for indicative proposals for consumer loans is also made simpler and easier in the application. The Bank plans to introduce its new mobile application in 2023.

In-branch and ATM service

The OTP Group is at the service of its customers through its extensive networks of branches and ATMs – at the end of 2022 it operated about 1400 branches (@Staff level and other information³⁵). The roles of both the branches and the ATMs are changing now but branches are still major customer service venues besides the increasingly complex digital channels. Functions available through these channels are also being continuously enhanced, the ways and modes of service provision being more and more closely adapted to customers' needs and requirements.

GRI FS13 The Banking Group has the largest branch and ATM network in Bulgaria and

Montenegro, and the availability of branches is outstanding in Hungary, Serbia and Moldova. As a result of the integration process we executed a major rationalisation process involving the closure of branches in Serbia in 2022; a substantial number of branches were also closed in Ukraine and Russia. 3 branches were closed in Ukraine on a temporary basis, because of the war.

OTP Bank is operating a dedicated innovation branch as well, where we continuously seek and test innovations to simplify and digitise processes for our customers so that, on the basis of their feedback, we can provide services that suit customer requirements even better.

The process of **renewing service provision at branches** is continuous within the Group. Renewal of service provision at OTP Bank's branches got under way in 2022, focusing on customer oriented dedicated consultancy based on appointments made in advance. Its most important element is deepening the relationship between bank officer and customer and the development of a long-term relationship of trust while dealing with the customer.

BG RS SI Consultancy functions gain dominance anyway in cashless branches, therefore in 2022 we continued to increase the number of such branches. At end-2022 there was a total of 13 cashless branches in Hungary, 4 in Serbia and 2 in each of Bulgaria, Romania and Slovenia. Transactions involving cash can be executed in such branches through smart ATMs.

Also in line with the renewal of the customer service process we introduced at OTP Bank in 2022 an arrangement whereby customers can also pay real estate loan and building society charges and fees through POS terminals, using their cards.

Digital devices also facilitate doing business at part of the branches in Hungary.

The **remote expert system** was available at 117 smaller OTP Bank branches in 2022 for customers interested in taking out real estate loans. Residents of microregions are also provided with high standard services at branches through the system with the help of our highly experienced specialists, via videophone

³⁵ In addition to the above, OTP Pénzügyi Pont and OTP Ingatlanpont have 6 and 32 customer service points, respectively, and Merkantil Bank has one branch. The figures in the referenced chapter also include the figures of the former Alpha Bank for OTP Bank Albania.

connection. A considerable percentage of our customers enquired in 2022 about state support possibilities.

Through the in-branch VideoBank service, customers can contact branch employees on-line from their homes. In 2022 we extended the system to provide general information for MSE customers.

The Banking Group is continuously increasing the number and proportion of ATMs because they are suitable for the provision of a wide variety of other financial services besides taking cash deposits. The amount deposited through ATMs increased in Hungary by more

than 25 percent y-o-y, partly as a result of a dedicated marketing campaign.

The number of smart ATMs increased in 2022 by more than 20 percent to 330; by the end of 1Q 2023 there will be such machines in place at every single branch. The increase in the number of ATMs continued at a number of our subsidiaries; more than 1,100 (~25%) deposit ATMs are available for customers across the Group.

GRI 3-3, FS13 Owing to its extensive branch network, OTP Group provides greater access to the population of disadvantaged regions in several countries for handling finances in person³⁶.

Access points in disadvantaged regions*:

	Branch	ATM
OTP Bank – Hungary**		
Number of access points (as a % of the total number of access points)	67 (19%)	187 (10%)
Number of new access points (as a % of all new ones)	0 (- ³⁷)	5 (12%)
Number of terminated access points (as a % of total terminated)	1 (25%)	5 (6%)
Change from the previous year	(1)%	0%
DSK Bank – Bulgaria		
N/A – there are no disadvantaged regions defined		
OTP Bank Croatia		
Number of access points (as a % of the total number of access points)	20 (18%)	28 (7%)
Number of new access points (as a % of all new ones)	0 (-)	0 (-)
Number of terminated access points (as a % of total terminated)	0 (-)	2 (3%)
Change from the previous year %	0%	(7)%
OTP Bank Serbia		
Number of access points (as a % of the total number of access points)	8 (5%)	42 (16%)
Number of new access points (as a % of all new ones)	0 (-)	2 (40%)
Number of terminated access points (as a % of total terminated)	1 (3%)	2 (7%)
Change from the previous year %	(11)%	0%
SKB Bank – Slovenia		
Number of access points (as a % of the total number of access points)	15 (31%)	16 (20%)
Number of new access points (as a % of all new ones)	0 (-)	0 (-)
Number of terminated access points (as a % of total terminated)	0 (-)	0 (-)
Change from the previous year %	0%	0%
OTP Bank Romania		
Number of access points (as a % of the total number of access points)	42 (43%)	48 (31%)
Number of new access points (as a % of all new ones)	0 (-)	6 (100%)
Number of terminated access points (as a % of total terminated)	0 (-)	0 (-)
Change from the previous year	0%	+14%
OTP Bank Ukraine***		
Number of access points (as a % of the total number of access points)	2 (3%)	n.a (-)
Number of new access points (as a % of all new ones)	0 (-)	n.a (-)
Number of terminated access points (as a % of total terminated)	0 (-)	n.a (-)
Change from the previous year %	0%	N/A
OTP Bank Russia		
Number of access points (as a % of the total number of access points)	8 (7%)	8 (4%)
Number of new access points (as a % of all new ones)	0 (-)	2 (12%)
Number of terminated access points (as a % of total terminated)	5 (19%)	3 (12%)
Change from the previous year %	(38)%	(11)%

* 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.

*** As a result of the war, no reliable statistics are available on the current populations of cities and towns – therefore the subsidiary could not report data.

³⁶ For competitors, the organisation only has information on all access points.

³⁷ None, not applicable.

Continued	Branch	ATM
CKB – Montenegro*		
Number of access points (as a % of the total number of access points)	0 (0%)	2 (2%)
Number of new access points (as a % of all new ones)	0 (-)	0 (-)
Number of terminated access points (as a % of total terminated)	0 (-)	0 (-)
Change from the previous year %	0%	(33)%
OTP Bank Albania		
N/A – there are no disadvantaged regions defined		
OTP Banka Moldova*		
Number of access points (as a % of the total number of access points)	5 (-)	14 (9%)
Number of new access points (as a % of all new ones)	0 (-)	2 (7%)
Number of terminated access points (as a % of total terminated)	0 (-)	0 (-)
Change from the previous year %	0%	+180%

* The classification methodology has changed. As a consequence of the change, a number of towns and villages were shifted into the disadvantaged category in Moldova.

3.5 Accessible customer service

ST9: 3-3

Even as we specified in our accessibility strategy, we are making efforts to provide equal access for persons with disabilities through service provision adapted to their special needs.

OTP Bank's branch personnel participated in mandatory on-line sensitising training in 2022, with contribution from the civil society organisation for inclusion called *Egy sima egy fordított – Egyesület az Inklúzióért*. A total of 89 percent of the approx. 4,000 employees concerned had completed the training by the end of the year. The Bank made the training material available for the headquarters employees as well and encouraged the completion of the training through an internal campaign. A three-hour in-person sensitisation training was delivered in 2022 to smaller group of administrative employees working in the Bank's busiest branches. The participants gave highly positive feedback on the training.

MKB carried out mystery shopping at branch offices during the year, to test accessibility, finding that staff members are very helpful when it comes to dealing with persons with disabilities. The identifiability of special service needs is particularly important because in cases where the customer's involvement was not obvious, the Bank's employees were less able to provide the required assistance. The characteristics of the various disabilities

and the applicable methods of communication were summed up for the employees based on the lessons drawn from the mystery shopping exercise. An aggregated tutorial was prepared regarding the means and methods of communication our employees can rely on when providing banking services for customers with various disabilities.

Specialists were engaged in designing and reviewing the accessibility of digital platforms. From the results of the research we set ourselves an aim of making sure that regardless of the type of the disability, or the age, or the schooling attainment, of the customer concerned, the platforms and functions should be equally understandable for all. Implementation is also facilitated by the availability of the widest range of concrete format proposals, supporting functions that can be integrated and communication channels.

Our customers were provided with services with the help of the following already proven means and instruments:

We assist our customers with reduced mobility as follows:

- Physical accessibility is provided in all branches in Hungary, with one exception³⁸. All branch offices are barrier-free in Slovenia. With the exception of the Serbian and Albanian subsidiaries, more than 50% of the branches at our subsidiaries are accessible for people with reduced mobility. 78 percent of the branches of the Banking Group are accessible for customers with reduced mobility.

³⁸ Accessibility 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, connected by stairs).

- We also strive to make ATMs wheelchair accessible.
- 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 the parent bank with ticket dispenser, to enable our visually impaired customers to signal their arrival. A tactile strip helps locate the push button and navigation is assisted with Braille signs. The same solution is available in almost all branches of our Russian subsidiary.
- Tactile guide strips are available in 138 OTP Bank's branches, while all of our Russian branches have a tactile sign at the entrance.
- Nearly all of our ATMs feature Braille script at Group level. The number of ATMs equipped with text-to-speech software increased at OTP Bank: 1,059 terminals (57%) switch to speech mode automatically when earphones are plugged into the device. Some ATMs of our Moldavian subsidiary also provide audio assistance.

We assist our hearing impaired customers as follows:

- In Hungary, KONAKT 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. Experience shows that the rate of its utilisation is rather low therefore we aim to raise awareness, and increase the use, of this particular service in 2023. This option is available to customers in 24 branches of our Serbian subsidiary.
- We equipped 109 designated branches of the parent bank with mobile amplifiers for customers using hearing aids.
- Two branch employees from each of OTP Bank's larger branches in Budapest and at county seats have now attended sign language training to learn basic sign language as well as specific banking phrases.

- 29 branches of the Serbian subsidiary have employees with sign language skills.

Digital accessibility has been implemented most extensively at OTP Bank and Merkantil Bank³⁹. The Web Content Accessibility Guidelines – WCAG 2.1 "A", and in some cases "AA" level recommendations – were taken into account in the design and development of the website and in content editing, to facilitate navigation with alternative devices as well as the use of text-to-speech software. "AA" level conformity is our target for the InternetBank function. An even higher level accessibility is planned to be accomplished in the case of the mobile application. Wherever feasible, our target is the "AAA" level. Verification of the conformity of earlier implemented InternetBank and MobileBank functions has got under way. OTP Lakástakarék, OTP Otthonmegoldások and OTP Alapkezelő are planning to factor in accessibility considerations right from the design stage in the next due renewal of their websites. These are the Hungarian subsidiaries of the Group where accessibility is the most relevant for service provision.

The foreign subsidiaries have implemented, for the most part, partial digital accessibility.

HR The Omoguru widget (mini app) is operating 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 comprise functions facilitating access for visually impaired users.

RS, BG, SI The digital platforms of our Serbian subsidiary include functions for visually impaired users to help them understand the processes and they plan to subtitle their videos in the future. DSK Bank's website is accessible for visually impaired users. The website and the InternetBank function of the Slovenian subsidiary does not support automatic display change. The Romanian subsidiary's platforms are also partially accessible.

RU The Russian subsidiary offers a variety of options for intellectually disabled customers.

³⁹ The company only has a website.

4. Ethical business practice



GRI 3-3

Impacts: *Compliance awareness; tax payment; prevention of money laundering, anti-corruption activities and non-discrimination:* through our practices we affect the reliability of the financial sector, our employees' standards of ethics, their morale, and the prevalence of (financial) crime in general.

Data security: secure processing of data affects our customers' material welfare as well and we also influence the general levels of financial crime.

The greater our weight in the market, the greater impact we may have; by introducing good practices however, even a smaller market participant can have a pull effect on the sector.

Objectives: Maximum legal compliance, ethical operation
Prevention of corruption and money laundering, investigation and management of detected cases
Comprehensive, quick and fair customer complaint management
The best possible protection of the data and IT systems of our customers
Proper payment of our tax liabilities

Acts:

Operation of compliance officer network
Further development of the system in place for internal communication of information on changes in the relevant legislation
Establishment of minimum compliance standards to be met by all members of the Group
Development of the sanctions pre-screening function
Operation of Code of Ethics and whistleblowing system
Fair complaints handling
Internal cyber security audits

Security awareness raising among customers/residents and employees

Continuous development of security systems and work processes, training of our employees

Stakeholder engagement/compliance:

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.

For our core principles and comprehensive objectives relating to compliance⁴⁰ and security, see @our website).

4.1 Compliance and adherence to laws and regulations

GRI 3-3

We consider it a fundamental principle to adhere to the law, international standards and norms and ethical requirements.

GRI 2-13 Under our group level Compliance policy, we must place emphasis on the prevention of breaches of compliance at all times. 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 to the Bank's Board of Directors, and annually to its Supervisory Board. An abstract of the policy is accessible on the Bank's @website. A competition law policy was prepared in 2022, which is also accessible here @website.

⁴⁰ Compliance with legislative requirements and international norms and standards on ethical business conduct.

We are continuously monitoring the EU regulations and changes taking place in the regulatory environment (including the requirements of the European Banking Authority (EBA), the European Securities Market Authority (ESMA), the European Central Bank (ECB)) and process pieces of legislation applying to the Banking Group and/or its operation.

In line with the recommendation made by the MNB on the basis of its comprehensive audit OTP Bank has modified **its system for the internal communication of information on changes in legislation**. Every internal regulation officer of the Bank has, since 2022, been immediately notified of the release of the summary of changes in legislation. In this way they are able to more quickly respond to changes in legislation.

After the introduction of the single compliance policy we **identified the identical minimum standards to be met by all members of the Group** and the areas where the same practices are to be applied across the Group. Such minimum standards are continuously communicated to the subsidiaries in a prioritised order. The first package was introduced in 2022 regarding customer protection on the one hand (including complaint monitoring, consumer protection audits and the management of requests from the supervision) and the areas ensuring capital market compliance on the other hand. In capital market compliance the integration of two internal software functions enable more effective insider trading and market monitoring activity and personal transaction controlling.

The first line of defence was reinforced by introducing the World-Check On-line service supporting **sanctions pre-screening** and the checklist supporting the evaluation of the screening results, across the Group. OTP Bank's relevant employees are provided with intensive training in relation to sanctions pre-screening. During the **compliance risk assessment** performed annually in two separate cycles, we did not identify any high risks in 2022 that would require group level action. 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. Of the risks assessed at OTP Bank in 2022 the highest risks were identified in the case of consumer protection, conflicts of interest and transactions under sanctions/sensitive transactions, while in the second half of the year the highest risks were identified in incentive management regulated by MiFID2 and the Chinese Wall. None of them exceeded, however, the level above which an action plan would have had to be prepared.

Enhancing compliance awareness

ST13: 3-3, 2-15 Training the employees

– based on identical principles across the 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
- Consumer protection training – Content: main rules and their application, damage to reputation, customer loss, avoidance of consumer protection fines – Timing: annual refresher
- Data protection training – Content: the importance of data protection, data pro-

tection organisation at the Bank, processing of personal data, data impairment – Timing: annual refresher

- Risky transactions – Content: transactions under sanctions and sensitive transactions – Timing: annual refresher

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 took place at OTP Bank through the following channels:

- A series of articles on the internal communication portal (Intranet): in 2022 on the Framework for reporting unethical conduct, the Code of Ethics, reporting of ethics infringements, Gift Policy and Social Media Policy.
- Newsletters for the Compliance Officer Network
- Compliance Officer Forum: SharePoint based IT platform with important information, training materials and newsletters.
- Compliance Officers' Professional Conference: annual professional training with a focus on key compliance topics, current matters, changes in regulations, best practices, discussion of case studies. 95 percent of the participants said that the information shared during the conference contributed to the growth of their compliance awareness.
- An e-learning course was delivered on insider matters.

In addition to the generally applied practices:

BG The Bulgarian subsidiary delivered targeted compliance training courses in 2022 on subjects including sanctions, conflicts of interest and data protection.

HR The Croatian subsidiary joined the code of ethics – issued by the Ministry of Economy – on the transition from the kuna to the euro.

AL The Albanian subsidiary delivered an intensive compliance training course after the merger for the former Alpha Bank employees. An awareness raising campaign was conducted among employees concerning the importance of reporting of ethical offences.

Code of Ethics and reporting of ethical offences

GRI 2-23, 2-24, 406: 3-3 The basics and principles of ethical business conduct is summed up in the Code of Ethics. The Code was supplemented by matters of relevance to ESG inter alia, in 2022. All employees were notified of the changes.

GRI 205-2, 2-15 All new employees, executive officers and sales agents must sign our Code of Ethics; moreover, its acceptance is a mandatory element of the supplier contracts at OTP Bank and a number of subsidiaries. Some of the Banking Group members 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 from starting to work. Both the Code of Ethics and conflict of interest are compulsory parts of the 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 is provided in the publicly available Codes of Ethics on the Banks' websites, and additional detailed information is provided on the parent bank's website in a separate document entitled @OTP Bank Plc.'s whistleblowing system. Such reports can be filed in each country in its official language. 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. OTP Bank tested this process in 2022 and the complaint management department was provided with specific targeted training to prevent shortcomings. This resulted in an increase in the number of report on ethics offences. A total of 198 notifications were made in the Group in 2022 through the ethics hotlines, more than two and a half times the number of notifications recorded in the preceding year as a consequence of an increase in the number of cases at OTP Bank. Together with cases carried over from previous years, a total of 203 reports were closed, of which only

79 cases were qualified as ethical issues. Ethical offences were identified in 12 cases, nine of which had occurred at OTP Bank, one at DSK Bank, one at SKB Bank and one at OTP Faktoring – i.e. no large number of cases occurred at any particular Group member. One case of harassment was reported at DSK Bank. It was found to have been well-founded. Disciplinary action was taken against the employee who had perpetrated the harassment.

Discrimination is prohibited by the Code of Ethics. 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 at OTP Bank, three at the Romanian subsidiary. Each of the seven cases were investigated by the companies concerned – none of them was well-founded.

GRI 410-1 78 percent of the security guard personnel employed through subcontractors are provided with training on the Code of Ethics – including requirements pertaining to human rights – across the Group. Such training is fully provided at OTP Bank and the Albanian, Moldavian, Russian, Montenegrin, Croatian, Serbian and Ukrainian subsidiaries. No such training is delivered at the Bulgarian and the Romanian subsidiary. In Slovenia the employer of external security guard personnel accepts the Code of Ethics as binding on itself and provides for its observance. As many as 88 percent of the security guard personnel – including security service staff employed by the bank – are provided with training on the Code of Ethics.

Anti-corruption activities

GRI 205: 3-3 The OTP Group is committed to combating corruption, and declared zero tolerance towards all forms of bribery and the gaining of unfair advantages as part of the Compliance Policy, attached to which is the

@Anti-corruption policy. 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.

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 covers the fight of corruption as well, via the Code of Ethics. About 98 percent of the contractual partner 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 subsidiaries⁴¹.

GRI 205-1 As part of compliance risk assessment the Banking Group also carried out a corruption risk assessment in 2022. The risks of corruption were assessed at 540 (84%) of the 640 organisational units⁴² of the Group. The risk of corruption is low; a modest risk was identified in some special segments (e.g. in the management of large corporate customers).

GRI 205-3 There was no confirmed incident of corruption or any public legal case involving corruption in the Banking Group in 2022. Thanks to targeted awareness raising and the warnings awareness regarding the accepting

⁴¹ Exceptions are a few small subsidiaries which do not have websites.

⁴² The number of the organisational units of only the companies that participated in the assessment. 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.

of gifts improved considerably at the relevant divisions of OTP Bank in 2022. Employees reported a total of 653 gifts in 2022 (2021: 382). OTP Bank plans to send a so-called transparency letter from 2023 to its partners in relation to its organised events to inform them of the value of the invitation and of the fact that the event concerned is aimed at strengthening business relationships.

Lobbying

It is predominantly through 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 2022 we expressed our opinion for example on matters of relevance to the regulation of electronic documents, topics relating to the preparation of the new legislation on the land register, ESG compliance and bank digitalisation, along with legal regulations on the extra profit tax, the interest stop and moratoriums, through the Hungarian Banking Association. We also participated in the cooperation aimed at facilitating the Banking Association's lobbying activity, in the form of expressing our opinion on draft EU regulations and proposals on matters involving the Bank/Banking Group. Foreign subsidiaries are also members of local banking associations, while our Croatian subsidiary participated in public consultations organised by advocacy organisations.

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. The 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. The extensive pre-qualification system was introduced in 2022 at SKB Bank, in Albania and at DSK Bank. Minimum pre-qualification standards were introduced at the other subsidiaries. At OTP Bank the handover of the data protection requirements and the data protection templates was brought forward to the beginning of the procurement process so that partners and suppliers can review them in an early phase of procurement.

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 cooperated with as many as 4,564 suppliers in 2022. The OTP Group had approx. 20,000 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 major⁴³ cases dealt with by authorities/legal cases involving the Banking Group in 2022, two of which were closed and one remained pending:

- The decision closing the comprehensive audit started by the MNB in 2021 was handed over to OTP Bank and its domestic subsidiaries in September 2022. In the wake of the comprehensive audit OTP Bank was fined

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.

HUF 55 million and the subsidiaries (Merkantil Group, OTP Lakástakarék, OTP Faktoring, OTP Jelzálogbank, OTP Ingatlanlizing) were fined another HUF 34 million, for shortcomings relating to IT security, credit risk, capital adequacy, corporate governance, supervisory data supply and deposit insurance, inter alia.

- OTP Bank Serbia was fined HUF 7.5 million by the National Bank of Serbia because its organisational structure did not adequately guarantee the prevention of conflict of interests, and transparent and documented decision making, in relation to the members of the managing bodies, and employees in managerial positions.
- Interchange case – procedure pending in 2022. The Hungarian Competition Authority (HCA) fined OTP Bank HUF 281 million in the so-called interchange fee case (together with Mastercard, Visa and some other banks) in 2009. OTP Bank challenged the decision before the court: by its final and binding judgement the court of the second instance annulled in March 2017 the HCA's decision, whereby it fined the Bank and ordered the

HCA to conduct a new proceeding. That decision was upheld by the Curia and thus the year 2009 decision levying the fine was annulled for good. The amount of the fine paid by the Bank had already been repaid by the HCA. The competition authority instituted a new (repeated) competition supervisory proceeding against the entities concerned in June 2021, which was still in progress in 2022.

The thematic audit of the moratorium was closed by the MNB without charging fines in the case of OTP Bank, OTP Jelzálogbank and OTP Lakástakarék alike. The MNB found infringements to have been committed by the Bank and OTP Lakástakarék but levied no fine because of they were minor infringements and were adequately and proactively taken care of.

GRI 206-1 In 2022 the Romanian competition authority launched onsite inspections at 10 Romanian banks including OTP Bank Romania on account of their presumed conduct relating to the 3-month ROBOR (Romanian Interbank Offer Rate). The investigation has not been closed yet.

GRI 2-27, 206-1, 417-2, 417-3

Closed proceedings by authorities, and other legal procedures, fines paid, 2022:

	All closed cases			OTP Bank			All closed cases			OTP Group		
	All cases closed with fines	Fine paid	Fine charged for practice applied in 2022	Fine charged for practice applied in 2022	Fine charged for practice applied in earlier periods		All cases closed with fines	Fine paid	Fine charged for practice applied in 2022	Fine charged for practice applied in earlier periods		
	No. of items	HUF millions					No. of items	HUF millions				
Violation of competition rules*	0	0	0	0	0	3	3	0**	0	0		
Violation of consumer protection rules	29	13	3.9	3.9	0	229	35	11.8	7.4	4.3		
Violation of rules on equal opportunity (not under the labour law)	0	0	0	0	0	0	0	0	0	0		
Supervisory procedures	6	2	57.2	57.2	0	24	13***	119.8	99.8	20.0		
Violation of IT security/Cyber security rules	0	0	0	0	0	0	0	0	0	0		
Violation of taxation rules	1	0	0	0	0	6	4	0.2	0.1	0.1		
Violation of environmental rules	0	0	0	0	0	0	0	0	0	0		
Violation of marketing communication rules	0	0	0	0	0	0	0	0	0	0		
Violation of information provision rules	0	0	0	0	0	0	0	0	0	0		
Violation of data protection rules	5	2	32.0	32.0	0	17	5	34.2	33.0	1.2		
Other proceedings	0	0	0	0	0	79	70	20.3	11.8	8.6		
Total 2022	41	17	93.1	93.1	0	358	117	186.3	152.1	34.2		
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			2,521	71	265.4				
Total 2018	42	12	1,439.7			579	118	1,502.2				

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.

* Also includes breaches of antitrust and anti-monopoly rules.

** The case was converted into a court case; that is why no fine was paid.

*** Six of these are the above mentioned MNB fines, shown in this table at the group members concerned.

4.2 Complaint management

GRI 2-25

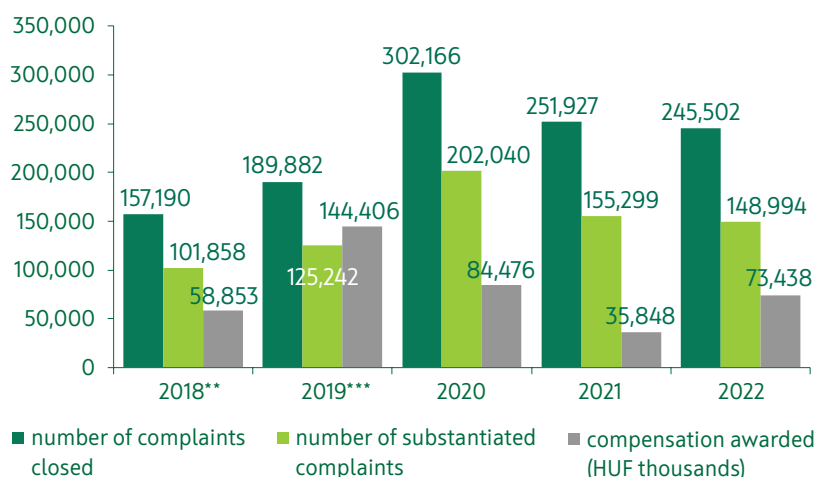
We strive to achieve error-free customer service; we investigate and address the reported complaints. We aim to prevent complaints by continuously improving our practices. We are continuously improving our complaint management system.

GRI 2-13 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. In Hungary, we strive to investigate complaints faster than prescribed by legislation, and we aim to reduce response times. The range of the types of complaints that can be promptly resolved (in the case of which solutions, that are accepted by the customers

as well, are immediately provided for the customers' claims) continued to be expanded at OTP Bank. A function for responding by e-mail was created for our customers who can be identified by e-mail address, thereby accelerating the procedure. E-mail messages on the status of their complaints are sent to customers. 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 and the progress of rectification is monitored.

RO BG Measurements of customers' satisfaction with complaint management are conducted at OTP Bank and the Romanian subsidiary. The Bulgarian subsidiary plans to introduce measurement of satisfaction with complaint management in 2023. The results of the satisfaction measurements are monitored. According to our customers' feedback the way and effectiveness of complaint management is in the adequate range.

Customer complaints, OTP Bank*



* OTP Bank, OTP Jelzálogbank, OTP Lakástakarékpénztár

** In 2018, compensation does not include reimbursed transaction amounts while they were shown in previous years.

*** In 2019 we modified our procedure due to the legislation on prompt crediting. This causes the substantial difference between 2018 and 2019 data.

No complaint received regarding accessibility. No data for now on complaints regarding the transparency of the product structure.

The subsidiaries also enhance their practices continuously in order to improve complaint management; the enhancement of employees' competencies is supported by trainings and consultations. The requirements and best practices relating to complaint management, and the operational recommendation for foreign subsidiaries were updated in 2022.

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.

Customer complaints (OTP Group):

	2018**	2019	2020	2021	2022
Number of complaints closed	N/A	N/A	589 thousand	513 thousand	537 thousand
Number of substantiated complaints	N/A	N/A	358 thousand	274 thousand	294 thousand
Compensation paid (HUF million)*	170	367	188	131	8,240***
Amount of compensation per warranted complaint (HUF)*	1,100	2,300	500	480	28,030****
Total number of complaints relating to accessibility	N/A	N/A	N/A	N/A	2
Number of complaints related to product structure transparency	N/A	N/A	N/A	N/A	12,751****

* OTP Bank Croatia and OTP Bank Russia were unable to provide compensation figures.

** In the case of OTP Bank, reimbursed transaction amounts are excluded from the compensation total in 2018.

*** HUF 7,947 million of the damages was paid by the Montenegrin subsidiary. For details, see subsection @4.4.

**** 12,650 of which were registered by the Russian subsidiary; this included all complaints received in relation to the operation of the product.

They do not keep records of complaints relating to accessibility, therefore the Russian, the Romanian and the Montenegrin subsidiary, and the Financial Point, 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 Financial Point.

Typical complaints, questions

Other than complaints related to banking transactions (charges, fees, loan disbursements), unapproved payments were the most frequent subjects of complaints at OTP Bank in 2022.

BG At the Bulgarian subsidiary most questions and complaints were about changed credit card limits, disputed on-line card transactions and banking charges.

RS At our Serbian subsidiary most questions and complaints were related to monthly charge calculations, the new mobile application and the repayment and restructuring of loans.

SI At the Slovenian subsidiary most questions were about on-line card transactions, digital fraud, deceptions and transactions that failed because of the war in Ukraine.

RO At our Romanian subsidiary most questions and problems had to do with card and current account transactions, OTPdirekt log-in attempts and the introduction of Google Pay and Apple Pay.

RU At our Russian subsidiary most questions and requests were about loans past-due and contract terms and conditions.

UA At our Ukrainian subsidiary most questions related to the war: suspension of loan repay-

ments, restructuring, cash withdrawal and transfers abroad.

ME Most of the questions received by the Montenegrin subsidiary were about detected frauds (see subsection @4.4).

MD Most of the questions received by the Moldavian subsidiary concerned cash withdrawal and the balances appearing in the mobile application.

4.3 Financial supports

GRI 201-4 In 2022, the Banking Group received grants in four countries. Six subsidiaries of OTP Bank received grants in Hungary. The Merkantil Group was awarded EDIOP Labour market adaptation grant in relation to 240 employees, while Monicomp was granted R&D grant. Nagisz Zrt., HAGE Zrt., Nemesszalóki Mezőgazdasági Zrt. and Nádudvari Élelmiszer Kft. were provided a total of HUF 1.8 billion in investment, agricultural and animal welfare subsidies. The Bulgarian and the Slovenian subsidiary received state aid for financing their electricity costs. The Croatian subsidiary and the Slovenian subsidiary received support for a trainee program, and for the procurement of COVID rapid tests, respectively.

GRI 201-4 Financial assistance (HUF millions)*:

	2018	2019	2020	2021	2022
Hungary	0	167	50	1,248	2,364
Bulgaria	0	0	0	74	721
Croatia	0	3	5	7	5
Romania	0	3	14	8	0
Slovenia	0	0	0	0	74
Total	0	173	80	1,337	3,164

* The tax allowance granted on the basis of the Hungarian Banking Group's sponsorship of spectator team sports and performing arts are not included here as it cannot be interpreted as financial assistance received by the Bank.

4.4 Secure 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 The IT and Bank Security Directorate reports annually on the security situation to the Board of Directors and Supervisory Board. 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 commitment to the continuous enhancement of the information security management system. IT security also includes cybersecurity. 2022 saw the elaboration of the Group Information Security Policy which will enter into force at the beginning of 2023 and which will be introduced by the foreign subsidiaries in 2023. In 2022 we executed the Banking Group's first Cyber Defence Programme, aimed at mitigating risks from the cyber space

primarily by the provision of group-wide services.

The details of information security risk management are laid down in the regulation on the regime of IT logical risk analysis. The methodology of risk analysis was profoundly renewed in 2022, therefore the mandatory biannual risk analysis will be carried out in 2023 on the basis of the new method. 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. 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 effectively maintain information security we cooperate with the National Cyber Security Centre of the Special Service for National Security.

The scale of the cyber security incidents is indicated by the fact that we investigated some 35 thousand alerts and 2100 data leaks, and managed 185 data phishing campaigns.

Protection of customers' personal data

GRI 418: 3-3 Protection of the customers' data is one of the most important dimensions of secure operation. 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.

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 also discussed. The Banking Group applies the most modern solutions continuously for data processing and data security and in order to prevent data leaks. 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 owners participate, for instance, in annual professional training courses and in 2022 we

organised a conference for data protection officers at OTP Bank which was also attended by the domestic members of the Group. The directive on the protection of personal data was renewed in 2022 on the basis of a process approach and the new directive was introduced by the domestic group members as well. We naturally provide our customers with complaint handling channels for the event of fraud suffered as a result of the data sharing practices of OTP Group, while suspected ethical offenses (including human rights offenses) can also be reported via our whistleblowing system.

Of the justified data protection complaints received from external parties at OTP Group, 118 complaints involved OTP Bank Croatia, where personal data were disclosed to unauthorised persons due to the negligence of branch employees.

GRI 418-1 Abuse of personal data:

	OTP Bank					OTP Group				
	2018	2019	2020	2021	2022	2018	2019*	2020	2021	2022
Number of substantiated complaints by external parties	0	0	3	0	0	11,035**	33	20	277	128
Number of complaints by regulatory authorities	0	0	6	0	0	15	23	35	22	23
Number of breaches of customer privacy	6	0	0	0	0	44	1,045	29	61	31
No. cases in which data were stolen	0	0	0	0	0	0	1	2	17	0
Number of times data were lost by the organisation	0	0	0	0	0	1	1	2	0	1

* The Ukrainian subsidiary was unable to supply data.

** 99% are complaints associated with OTP Bank Russia.

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 the next heading). In 2022 we started a comprehensive revision of the process in place for the management of cases of abuse involving payment services, by carrying out the necessary organisational changes with effect from 2023.

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.**

OTP Bank is continuously working on developing customer education techniques.

2022 saw the launch of research on frauds aimed at stealing money from bank accounts. The main objective of this is to form a picture of the security awareness of an average Hungarian citizen regarding banking fraud to make it possible to identify points and methods for maximising the effectiveness of education.

Moreover, we increase our communication activity when a new form of criminal behaviour is encountered – we immediately issue press releases, make interviews drawing attention to threats and send electronic direct marketing (eDM) mails to our retail customers. Both on our website and in the InternetBank

we use chatbots to inform customers of phishing/abusive activities, safe and secure banking, debit card security and conscious borrowing. Tutorial videos will be produced in 2023.

The subsidiaries whose customers fall victim of crime in typically higher proportions – primarily the Russian and the Bulgarian subsidiary – lay particular emphasis on raising their customers' security awareness.

Awareness raising campaigns are conducted in Russia also in cooperation with the investigation authorities as well as other public bodies. Thanks to these efforts security awareness among the subsidiary's has increased and as a result of this and the bank's security measures the customers' losses stemming from criminal acts committed against them have decreased substantially.

BG The Bulgarian subsidiary draws its customers' attention to, and educates them regarding, information security, in tutorial videos, on its website and in the social media. The Bank also participates in a campaign – in cooperation with the Bulgarian Banking Association – focusing on the subject of IT fraud.

HR SI In cooperation with the Croatian Banking Association and the Slovenian Banking Association the subsidiary banks also participate in the awareness-raising activities of the European Month of Cyber Security.

AL The Albanian subsidiary has implemented a social media campaign concerning secure on-line payment. The aim was to draw customers' attention to unsecure websites. Customers are also provided with information materials together with their new bank cards with advice regarding conscious on-line purchases and subscriptions.

Security incidents and their management

A considerable number of criminal acts or attempts are committed **against customers** by way of deception year after year. These cases have included, in particular, data phishing, abuse involving payment services by means of social engineering (psychological manipulation), fraud with the help of the information system, cases of fraud where customers are prompted to transfer money or otherwise. The amount of the damage caused to the bank's customers by such crimes increased significantly in comparison to the preceding year.

The most frequent methods of fraud in Hungary were various forms of phishing, including the navigation of customers to fake websites (e.g. counterfeit OTP InternetBank page, fake websites of other businesses), by phone calls made on behalf of the Bank or by fraudulent advertisements. The Bank notified the competent authorities about the fraud and its attempt and conducted consultation and coordination with them to facilitate effective detection of cases.

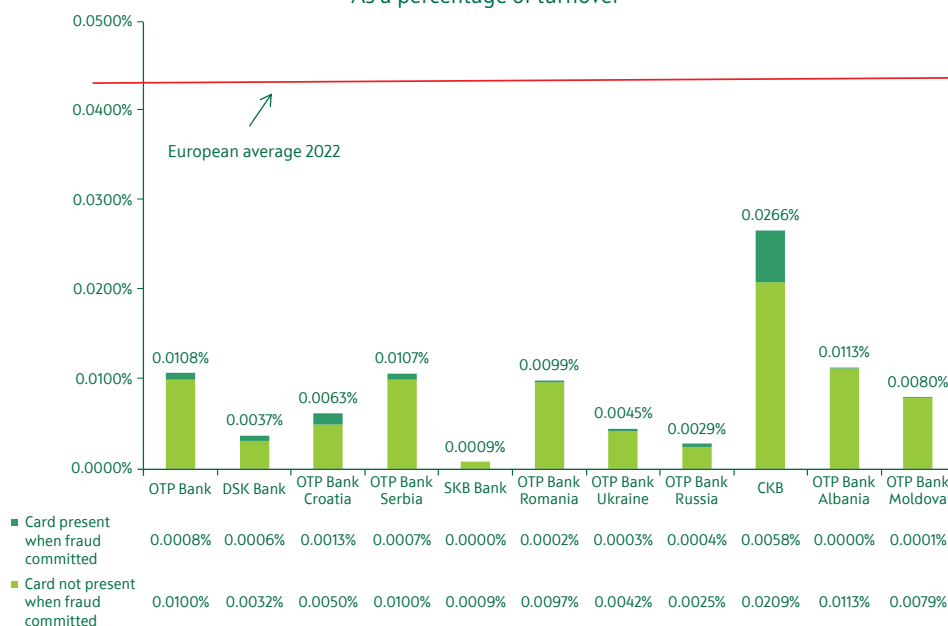
In the course of card-related attacks the sharing of important information was extremely helpful in the prevention of fraudulent transactions. OTP Bank prevented bank card frauds worth approx. HUF 5.0 billion. The ratio of bank card fraud to turnover is significantly lower than the European average published by Mastercard (for OTP Bank it is 0.0108% and the consolidated ratio of the subsidiaries is 0.0087%, while the European average stands at 0.0427%⁴⁴). The total amount of the violations was HUF 1.9 billion at OTP Bank and HUF 2.4 billion across the Group⁴⁵.

⁴⁴ Issuer and the merchant side; the Mastercard data is for 3Q 2022.

⁴⁵ Without SKB Bank's data because they were not available yet.

Cases of bank card fraud, 2022

As a percentage of turnover



The highest risk cases committed **against the Banking Group** included primarily credit frauds

in the case of OTP Bank, while in the case of the foreign subsidiaries acts of abuse by employees, lending frauds and acts of violent crime (attacks against ATMs, bank robberies). Particularly severe cases of abuse by employees occurred at the Montenegrin, the Russian, the Ukrainian and the Bulgarian banks, whereby the employees concerned caused a total damage of HUF 2.66 billion to the Banking Group. The greatest losses were caused by lending frauds to the Slovenian, the Russian, the Croatian and the Serbian banks, while less severe losses were also suffered by the Ukrainian, the Romanian and the Bulgarian subsidiaries. By thwarting detected fraud attempts the subsidiary banks prevented losses of a total of HUF 807 million. Violent crimes caused damage primarily to the Croatian and Ukrainian subsidiaries.

The most severe case of abuse by employees at the Banking Group occurred in Montenegro, when accounts of more than 200 customers were misused. As many as 17 employees were held responsible and more than 20 criminal charges were pressed in relation to the cases concerned. The Bank suffered losses of a total of HUF 2.57 billion as a consequence of internal frauds. The Bank made a thorough investigation of the background of the

violations and prepared an action plan of 34 actions to prevent the occurrence of similar cases, of which the most important include:

- preparation of a more effective managerial control regulation,
- development of a set of procedures for the prevention of and responding to, internal fraud,
- setting up a branch network control group,
- working out and monitoring the scope and frequency of fraud alerts.

To substantially mitigate the risk of fraud the Bank carried out a number of technical improvements. For instance, it automatically sends text messages to all of its retail customers on every disbursement of at least EUR 1,000.

A number of steps were taken in 2022 as well **to reduce violations:**

- An anti-fraud policy was prepared together with a Chairman & CEO Directive on the fraud prevention process.
- An Anti-Fraud Competence Centre was set up at OTP Bank and on-line fraud prevention consultations with the subsidiary banks were strengthened.
- Preparation of the introduction of the NIST Cybersecurity Framework at a group level: this helps understand, manage and mitigate cyber risks and strengthens the protection of the networks and the data.

- The introduction of a central incident management – cyber threat intelligence sharing platform (MISP) was started at OTP Bank with the participation of the MNB and the NKI to gather, analyse and share information regarding cyber security incidents and malware. The system is planned to be introduced and used at every one of our subsidiaries in 2023.
- Cyber threat information is continuously gathered through Cyber Threat Intelligence. Cyber Threat Hunting can proactively identify in the cyber space and the internal network.
- Starting brand and supplier chain protection service across the Group (e.g. to identify fake OTP websites or facebook pages).
- A working group was formed at OTP Bank – organised by the Security Operations Centre (SOC) – to seek for solutions against data phishing methods committed via IT devices and make proposals for business divisions for mitigating risks.
- OTP Bank joined the Central Government Service Bus through which police data supply takes place mechanically.

To evaluate the effectiveness of security activities in 2022 we started on-site audits of the foreign subsidiary banks. On-site audits were carried out at two subsidiary banks during the year. The results were summed up in executive summaries and in reports for the foreign top managers. Thematic audits were conducted three times, on virus protection, cloud services, authentication and access management, across the whole Group. The development of customer education was set as a medium term goal because this might bring about a material progress in fight against fraud. In this context we wish to cooperate with the authorities as well, so that basic IT skills relating to protection against data phishing should perhaps be integrated into schools' training materials on financial awareness.

Awareness raising

Since the awareness of our employees may result in the prevention of a lot fraud attempts,

we laid particular emphasis on raising security awareness 2022 as well. A lot of the relevant activities were executed in October, in connection with the European Month of Cyber Security.

That was when we introduced a mandatory annual IT security awareness training for all of our employees, which is closed by a registered examination. The training material is renewed every year, in line with any change in the regulatory environment in the meantime. The training material is planned to be renewed in 2023 in terms of concept and methodology. In addition to the general training role-specific trainings have also been organised – these are also closed with exams. 2022 was the first year in which we organised our International Rotation Programme, which we plan organise once every year from now. This is a three-day professional programme for the IT security managers and staff members of the foreign subsidiary banks where we presented the parent bank's expectations and plans as well. Attention to data phishing risks was drawn again in an article published on the intranet. The article was read by far more than the average readership: it was clicked on more than 1300 times. The attention of the branch employees is drawn to the modes of perpetration and the tasks to be carried out after receipt of notification from customers, on the Electronic Bank Security Portal as well. This was the third year in a row when we organised a **data phishing campaign** for all employees of the Bank, assessing employees' responses to data phishing emails and the connection of third party devices (USB sticks) found in the office. The results of the campaign are integrated in our security awareness activity and training materials and management information documentation is also produced on the basis of the results. A data phishing campaign of multiple events is planned to be worked out in 2023. A group level data phishing campaign is also planned to be conducted.

The subsidiary banks also make efforts to raise security awareness among their employees. Each foreign subsidiary bank provides regular in-house IT security awareness training, which must be completed by new hires as well on a

mandatory basis within a given time frame, in addition to the regular annual training courses. The training materials are reviewed at least once a year at most of the subsidiary banks.

HR The Croatian subsidiary regularly organises awareness raising cyber security trainings for its employees using the systems.

SI The Slovenian subsidiary delivers e-learning courses on system security twice a year for every single employee. New hires are also provided with training on this subject. The bank organises two phishing awareness raising trainings per year. The management of the bank was provided with a separate training course on IT security in 2022. Employees are regularly informed about special IT security occurrences and incidents and are provided with targeted trainings as well.

ME The Montenegrin subsidiary delivered home office cyber security training and organised social engineering simulation for its employees in 2022. The latter was concluded with an outstanding result: in more than 98 percent of the cases no data leak occurred.

4.5 Prevention of money laundering

ST11: 3-3

As a responsible financial service provider we spare no effort to make sure that the Banking Group is not used for money laundering. The legal regulations and the supervisory requirements regarding the fight against money laundering changed substantially in 2022 as well; compliance with the rules is a priority for the OTP Group.

Money laundering is when attempts are made to conceal or cover up the origins of money originating from crime. Perpetrators or other persons may 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. To identify, assess and manage risks relating to money laundering in 2022 we reviewed the AML risk assessment practices at the level of both the Bank and

the Group. Risk management actions were prescribed and executed regarding the risks so identified. The Group AML policy was reviewed, inter alia.

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. The rules of customer due diligence were modified at the level of the Bank and the Group in 2022, identifying the risk factors that are to be taken into account on a mandatory basis. Moreover, in order to improve the effectiveness of the monitoring of customers' transactions and activities we reviewed/revised the instructions and procedural rules governing our monitoring activity. To make the performance of its tasks more effective the AML division reorganised its functions.

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.

GRI 2-13 The AML division reports to management every quarter on the risks it has identified and the associated risk mitigating actions and developments, summing up the results accomplished and the actions taken during the period concerned.

In 2022 we repeatedly reviewed and revised the AML training material aligned to the respective jobs and positions of our employees. The AML division regularly delivers training for the new hires of the branches and provides in-person training for branches frequented by risky customers. Employee 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 their employees at least once a year. 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. OTP Bank and the OTP Group filed 8 and 2763 criminal reports regarding money laundering, respectively, in 2022. Most criminal reports were filed by the Romanian, the Bulgarian and the Ukrainian subsidiaries (940, 768 and 547, respectively). Obligations regarding the filing of criminal reports vary significantly between the different countries, which largely explains the significant differences between the numbers of criminal report filed.

4.6 Tax payment

GRI 207: 3-3, 207-1, 207-2 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. In Hungary we even contribute to the stability of public finances by bearing extra burdens (e.g. moratorium, banking tax, extra profit tax). The @Tax policy adopted by the OTP Group in 2022 applies to the entire OTP Group, every member of the group members' managing bodies and every employee of the Group, along with all natural and legal persons performing outsourced activities, expert or

consultancy assignments or agency activities for the Group.

GRI 207-3 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 purpose of the introduction of the Tax Policy was to harmonise and standardise the tax payment practices.

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.

The head of the Accounting and Finances Directorate (chief accountant) is a top manager who is in charge of, and can be held accountable for, the taxation policy. The taxation division is independent of the business divisions.

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.

We always aim to ensure full legal compliance, to file tax returns in time, to fulfil our data supply obligations and avoid being fined. These objectives appear in the individual targets set for the heads of the tax department as well. Taxation rules in Hungary changed particularly rapidly in 2022, posing challenges in the clarification of matters of interpretation by the time the new rules entered into force.

GRI 207-3 In our cooperation with the tax authorities we aim at ensuring transparency, closing tax inspections as quickly as possible and providing information of adequate quality. 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.

5. Responsible employer



GRI 3-3

Impacts: *International employment:* Responsible employment promotes labour market adaptability and competitiveness, the sustainability efforts and the implementation of even socially responsible employer's behaviour. Employees are one of the Banking Group's most important stakeholder groups.

As an employer, the Banking Group profoundly affects the livelihoods, living standards and the harmony between private life and work, for nearly 39,000 individuals and families.

Decent employment can facilitate the welfare and development of the employees. Continuous training and development, a caring and family-friendly corporate culture promoting equal opportunities, and healthy work environment, equally play important roles in this.

Impact on livelihoods and income levels:

The provision of incomes – that are proportional to performance and sufficient for a decent living – has a fundamental impact on the quality of life of our employees and their families.

Equality of opportunities for employees:

A diverse corporate culture may contribute to the Banking Group's economic performance; it promotes its innovation capabilities and facilitates better understanding of the requirements and expectations of its environment. It encourages women to take up jobs.

Objectives Decent employment

- Enhancement of employee satisfaction and engagement
- Retaining talented employees in the long run, career opportunities
- Fair income
- Ensuring work-life balance
- Motivating, and community, atmosphere at work

Acts

Mental health improvement and well-being

Accomplishment of equal opportunity and diversity

Decent pay and a performance-based benefits system

Flexible employment

Strengthening of a non-discriminatory, inclusive attitude by sensitisation programmes and training

Ensuring equal opportunities for the sexes, providing equal opportunities in training and development

Feedback development through open two-way communication methodology and development of its toolkit

Engagement measurement, and development of, and follow-up on, pulse check action plans

Introduction of new management role model, skill development

Health insurance services, screening programmes, sports and recreational possibilities

Stakeholder engagement/compliance:

employee feedback, engagement, performance evaluation, interest organisations, cooperation with higher education institutions and service provider partners, compliance with requirements of supervisory bodies and authorities, disclosure the objectives of the ESG Strategy.

Further basic principles and comprehensive goals relating to employees are to be found on our @website.

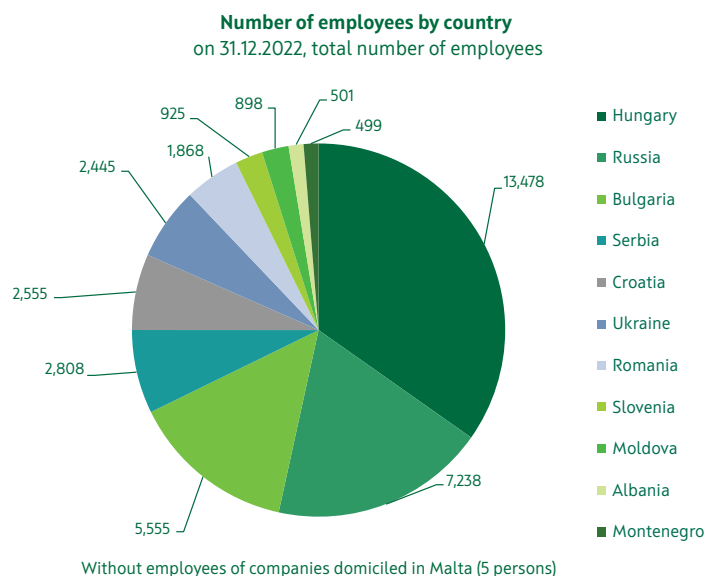
5.1 Employment

The Banking Group faced a number of new challenges in 2022; this is partly because responsible employment continued to play a particularly important role in the life of the organisation. Comprehensive programmes and effective change management were key in achieving equilibrium, with a focus on employees.

GRI 2-7 At end-2022 a total of 38,775 employees worked for the OTP Group⁴⁶. The change in the Banking Group's headcount was a result primarily of the decrease in the headcount of the Russian and the Ukrainian subsidiary (-18.9% and -19.6%, respectively) which was partly balanced by the increase in the number of employees in Hungary (+6%); on the whole,

the number of employees decreased by 4 per cent at the end of 2022, y-o-y. The reason for the decrease in the headcount of OTP Bank Russia is a significant decrease in the role of the physical POS and the branch, as a channel, as a consequence of digitalisation. The number of employees of OTP Bank Ukraine decreased as a consequence of the war that broke out in February 2022. Branches were closed or their operation suspended for reasons of safety and security, and some employees asked to be relieved from duty for safety or family related considerations. As a consequence of the discontinuation of the use of retail products and a decrease in turnover some employees were made redundant. Of the Hungarian group the headcount of OTP Bank increased by nearly 4 percent in 2022 and the process of insourcing of outsourced activities continued.

GRI 2-7, 207-4, 401-1



⁴⁶ Active employee, person. Some of the employees - 2834 persons at end-2022 - work as agents in Russia and Ukraine. No employees are working in the Group in regimes without guaranteed working hours.

GRI 2-7 Employee headcount (as at 31 December):

	OTP Bank						OTP Group					
	2018		2019*		2020		2021**		2022***			
	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women
Full time employees	7,848	2,541	5,307	8,396	2,887	5,509	8,872	3,328	5,544	9,228	3,487	5,741
Part-time employees	877	76	801	922	834	88	954	74	880	850	60	790
Employees, total	8,725	2,617	6,108	9,318	2,975	6,343	9,826	3,402	6,424	10,078	3,547	6,531
Women/men ratio		30%	70%		32%	68%		35%	65%		35%	65%
Proportion of those employed under fixed term contracts	8%	6%	8%	6%	4%	7%	4%	2%	5%	5%	3%	6%
Number of those employed under fixed term contracts	656	156	500	562	119	443	419	83	336	491	115	376
Number of those employed under indefinite-term contracts	8,069	2,461	5,608	8,756	2,856	5,900	9,407	3,319	6,088	9,587	3,432	6,155

	OTP Bank						OTP Group					
	2018		2019*		2020		2021**		2022***			
	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women
Full time employees	33,912	8,650	25,262	36,027	9,620	26,407	36,364	10,078	26,286	38,504	11,524	26,980
Part-time employees	1,340	201	1,139	1,481	235	1,246	1,451	194	1,257	1,811	339	1,472
Employees, total	35,252	8,851	26,401	37,508	9,855	27,653	37,815	10,272	27,543	40,315	11,863	28,452
Ratio of women/men @Annex	100%	25%	75%	100%	26%	74%	100%	27%	73%	100%	29%	71%
Proportion of those employed under fixed term contracts @Annex	6%	5%	6%	7%	5%	8%	6%	4%	7%	6%	4%	7%
Number of those employed under fixed term contracts	2,132	459	1,673	2,633	456	2,177	2,283	392	1,891	2,338	426	1,912
Number of those employed under indefinite-term contracts	33,120	8,392	24,728	34,875	9,399	25,476	35,532	9,880	25,652	37,977	11,437	26,540

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 Workers not employed, person, 31.12.2022:

	OTP Bank	OTP Group
Temporary agency workers	88	157
Other external workforce	1,090*	3,589*

Independent workforce in legal terms include for the most part IT experts (developers, operators), trainers and other specialists performing other services.

* The figure is based partly on estimates.

GRI 205-2 A considerable number of sales agents (19,020 persons) are cooperating with the OTP Group in Hungary and in the region alike. Their number decreased on the whole

in 2022 at the Bulgarian, Russian and Serbian members and the parent bank owing to termination of the engagement as a consequence of inactivity or expiry of contracts.

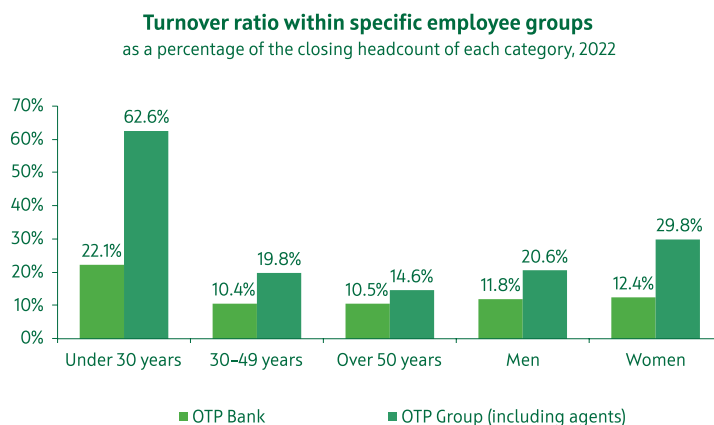
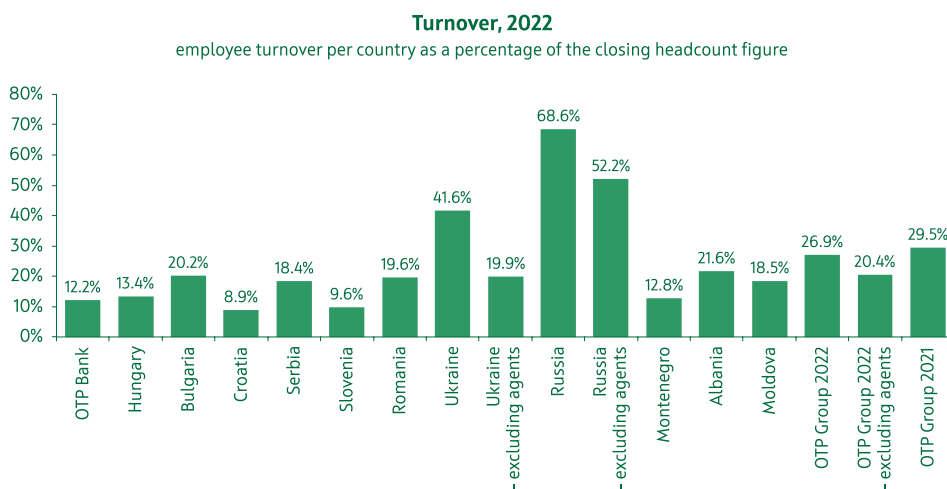
Number of new recruits and fluctuation

GRI 2-7, 401-1 In spite of the unfavourable macroeconomic processes, the challenging

international environment and the companies' internal transformations fluctuation⁴⁷ diminished somewhat across the Group. The greatest increases in fluctuation were recorded in Russia, Croatia, Moldova and Montenegro.

Employee statistics

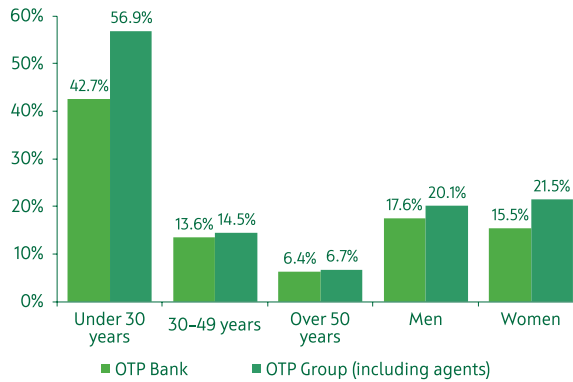
GRI 401: 3-3, 401-1, @Annex⁴⁸



⁴⁷ 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.

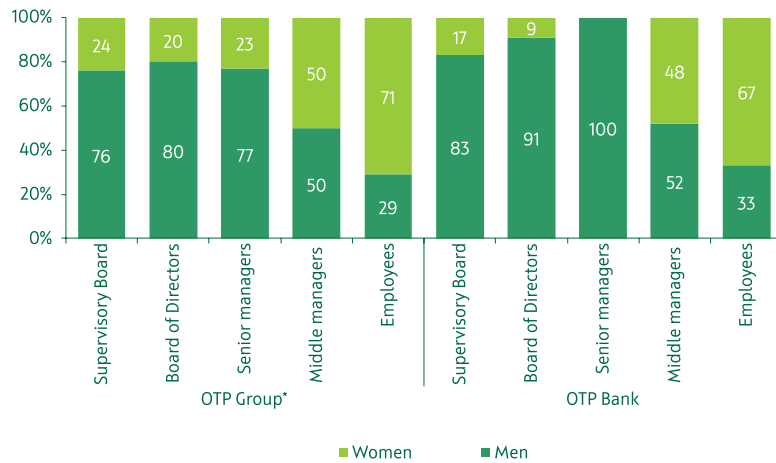
⁴⁸ The companies having their registered offices in Malta are not indicated separately among the country data. No employee of the Banking Group work in other countries.

Percentage of new hires within specific employee groups
as a percentage of the closing headcount of each category, 2022

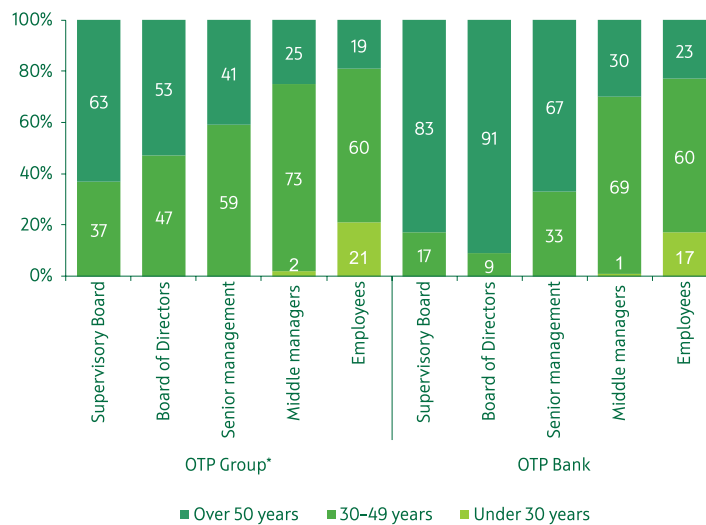


GRI 405: 3-3, 405-1, 205-2

Distribution of management body members and employees by gender per level of position,
31.12.2022



Distribution of management body members and employees by age per level of position,
31.12.2022



* 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 diversity at the workplace

GRI 2-10, 405: 3-3 OTP Bank's strategy for gender equality was adopted in 2021, in which the Bank established its strategic goals including ensuring equal opportunities for all employee groups, creating an open, inclusive and non-discriminatory workplace and supporting a diverse, cooperative and professionally high standard work culture. Many of the OTP Group's subsidiaries have guidelines and/or policies prohibiting discrimination at the workplace and promoting equality of opportunities.

HR The Croatian subsidiary adopted a Diversity and Inclusion Policy in 2022. The implementation of the action plan gets under way in 2023 and will be publicly accessible on the company's website.

ME The CKB Group has also prepared its diversity policy.

RO OTP Bank Romania conducted comprehensive (internal and external) survey in 2022 with the aim of creating a strong organisational culture to attract and retain talented individuals. Nearly 11,000 persons participated in the survey, including the subsidiary bank's employees. A total of four values were identified on the basis of the results: people (OTPeople), autonomy, rapid business growth and diversity at the workplace. These fundamental cultural values are reflected by the #otpmindset concept worked out as a result of the survey – this is the complete employer brand philosophy.

GRI 406: 3-3 To improve the sex ratio in the management positions OTP Bank undertook to increase the **proportion of women** providing that at least one woman will be appointed to both the Board of Directors and the Supervisory Board. Candidates are selected by the Nomination Committee in accordance with the requirements laid down in the Credit Institutions Act on the basis of fitness/suitability for the given position and the individual's broad managerial skills and expertise. Moreover, in its group level management succession practice the company prescribed an at least 25 percent ratio of women candidates. The strategic objectives are accomplished through additional concrete programmes such as gender-neutral remuneration policy and the strengthening of a non-discriminatory and inclusive attitude by management trainings and internal awareness raising campaigns. In 2022 the Bank coordinated such efforts at a group level.

Further actions and practices:

- The Bank launched a three-year programme to achieve conformity to the EU directive regarding the quota for women on boards. The directive prescribed that women should hold at least 40% of non-executive director positions and at least 33% of all director positions on boards of companies.
- To enhance non-discrimination those involved in recruitment took part in labour law and sensitisation training.

GRI 202-2 Proportion of women and members from the local community in senior management, 31.12.2022:

	Board of Directors		Management*	
	Proportion of locals** (%)	Proportion of women (%)	Proportion of locals (%)	Proportion of women (%)
OTP Bank	100	9	100	0
DSK Bank	75	25	90	24
OTP Bank Croatia	83	0	83	0
OTP Bank Serbia	38	0	83	17
SKB Bank	43	57	78	44
OTP Bank Romania	80	40	80	40
OTP Bank Ukraine	100	40	100	40
OTP Bank Russia	100	20	0	0
CKB	0	0	86	29
OTP Bank Albania	40	0	67	17
OTP Bank Moldova	83	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 division heads.

** Citizen of the relevant country.

A total of 336 **persons with disabilities** were **employed** at the end of 2022. Of the OTP Group the DSK Group employs the largest number (150), and at the same time, the highest proportion, of people with disabilities. The greatest increase in the number of such employees occurred in 2022 at OTP Bank Croatia and OTP Bank Russia (by about 30 at each). 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.

The OTP Group is committed to **supporting career starters** and, in connection with this, to cooperation with higher education institutions and students. Several Group members regularly host trainees and students completing their practical training, and employ students temporarily. The OTP Group employed 910 students in 2022, 37 percent more than in 2021. Of the group members the largest number of trainees were employed by the Romanian, the Albanian and the Ukrainian subsidiaries relative to their respective headcounts. OTP Bank has a dedicated Trainee Programme under which 593 young people acquired valuable experience in 2022. The aim is to increase the proportion of newly hired career starters recruited from among such trainees. In the context of cooperation with higher education institutions the Bank has traditionally sponsored presentations, research programmes and student competitions, and to facilitate long-term cooperation it plans to launch a specific scholarship programme.

Advocacy

GRI 2-30, 402: 3-3, 402-1 All members of OTP Group respect the rights of freedom of association and collective bargaining. We provide advocacy opportunities by complying with the relevant local legal regulations. Employee interest advocacy is ensured by the trade union and the Works Council, with which we have a collaborative relationship. At OTP Bank year 2022 saw highly intensive

cooperation in relation to the introduction of a new job system and the collective agreement in place. Most employees (62%) of the Banking Group are covered by collective bargaining agreements; the corresponding rate is 98% in the case of OTP Bank employees. There are collective agreements in force at OTP Bank, DSK Bank, OTP Bank Serbia, OTP Bank Croatia, OTP Bank Romania, OTP Bank Ukraine, the CKB Group and, as regards, Hungarian subsidiaries, at 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). The employees' rights, policies and the rules and practices of employment are transparent to the employees; they are accessible through the internal communication channels and the relevant intranet pages.

Labour complaints

GRI 401: 3-3 During the year a total of 71 labour procedures were commenced against companies of the OTP Group, of which 59 procedures were closed by the end of the year. Most (50) of the cases closed were labour lawsuits. Four proceedings were instituted against OTP Bank concerning unlawful termination of employment, of which the Bank won two cases by final and binding judgements, an agreement was reached in one case and one proceeding is pending. Most labour proceedings involved primarily the Serbian, Russian and Ukrainian subsidiaries. The Serbian subsidiary paid earnings lost as a consequence of unlawful termination of employment contracts in 17 cases in a total amount of HUF 167 million. The amount was significantly increased by lengthy compensation disputes. The Bulgarian Labour Inspectorate instituted 5 proceedings against DSK Bank, 4 of which were closed with acquittal and one with a minor fine. Three accident compensation proceedings were started ex

officio in relation to accidents at work: in two cases the employer's responsibility could not be established while in one case the Bank issued a declaration admitting its responsibility. 35 of all labour proceedings closed in 2022 were closed with acquittal or non-financial sanctions, while in 22 cases monetary fines were paid in a total amount of HUF 172 million.

5.2 Employee engagement, satisfaction measurement

GRI 2-29, 401: 3-3

Continuous dialogue with the employees is a key element of OTP Bank's human strategy – it communicates with internal stakeholders 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 Bank conducted an employee engagement assessment in 10 countries applying the same methodology across the group, for the second time⁴⁹. A total of 25,665 employees – 91 per cent – provided feedback. The outstanding result was achieved primarily as a result of effective cooperation and an intensive communication campaign. The level of employee engagement (commitment) remained as high as 70% across the group in spite of the unfavourable economic environment; in other words, more than two thirds of the employees are highly committed to their workplace where pride, the "it is good to belong here" and "being part of the bank's success story" feeling continued to be the dominant values (with over 80% scores). 77 percent of the respondents think that they can make the most of their potentials and perform value-creating work here. The level of engagement was only 2 percentage points below the global financial sector average⁵⁰.

The OTP Group aims to increase engagement to global 75 percentile at a group level, which was at 78% in 2022.

The levels measured in Hungary were among the best – engagement was, like in 2021, 76% again. A sense of pride (88%) continues to be one of the key strengths of the Bank. The ratio of those recommending the Bank improved over 2021 (to 74%). Employees took positive views of the managers supportive role and their career, development and studying opportunities. These values were outstanding even by international standards. Based on the results of the survey the OTP Group identified the international extension of the job system and the creation of transparent career paths as group level development priorities. At the parent bank on the other hand, even greater emphasis will be laid on open communication, cooperation among different divisions and enhancement of the reward culture. Every single employee was provided with standard information on the overall result of the survey, while more detailed division and team level results were presented to and discussed with the employees by their direct superiors. Action plans were worked out on the basis of the feedback in cooperation with the teams.

BG DSK Bank launched its eNPS initiative: the internal processes and working relationships were analysed during the survey. Based on the results they prepared action plans for each evaluated area. Webinars were organised in 2022 with the participation of those engaged in evaluation to enable them to share and discuss their opinions with the aim of improving cooperation.

Recognitions/rewards

The companies of the Banking Group received a variety of recognitions and rewards. In a survey conducted by the Zyntern.com job portal OTP Bank was found to be the second most attractive workplace overall, while on the industry chart in the economy category it retained its first position. With its Ideaportal in-house ideas competition OTP Bank Croatia won the PRCA Platinum Award for Employee

⁴⁹ It was conducted under a delayed schedule and different platform only in Russia, therefore its evaluation could not be completed by the end of 2022.

⁵⁰ The Financials Avg benchmark contains six million responses from 116 companies of the world classified on the basis of the GICS method.

Engagement for employee engagement. OTP Bank Moldova participated – with the involvement of its employees – in an employer brand survey as a result of which it won the Best Employer Brand 2021. OTP Bank Russia received “Silver” in the rating of the best employers in Russia according to Forbes.

5.3 Career opportunities

2022 saw the completion and introduction of the single job system at OTP Bank as a consequence of which the Bank concluded a new employment contract with every one of its employees. The new job system sets out the career paths offered by the Bank for 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. The new system is transparent, the categorisation criteria of the job and career levels are publicly accessible, job maps are available in the new IT system supporting the job system where anyone can see the skills and competences required for holding a given job. The framework is extended to the whole of the Group in waves; it was introduced by the end of 2022 in the Hungarian group. The international group members will start applying it by the end of 2024.

GRI 404: 3-3, 404-3 OTP Bank provides a career path overview twice a year to all employees as part of the performance review, defining the directions for personal growth and discussing development solutions. Of the subsidiary banks it will be fully implemented at the Serbian and the Moldavian subsidiary, while the other member companies will introduce it to various limited extents; accordingly some 44 percent of the Group's employees – men and women in more or less equal proportions, while in terms of position categories 57 percent of the middle

managers and 43 percent of subordinate employees – are provided with career path overviews⁵¹.

Talent programme

We have developed a talent development framework and manager succession planning scheme based on a standardised group-wide approach. The international talent programme will be introduced in 2023. As part of the programme professional academies are being organised at various levels of knowledge. The Risk Academy was launched first, at managerial and subordinated employee levels.

HR SI Local talent programmes were operated in 2022 as well, the Croatian subsidiary is closing two talent fostering programmes while the Slovenian subsidiary introduced a dedicated scholarship system.

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 objectives and based on objective criteria, is fully implemented at OTP Bank and at several foreign subsidiary banks. Targets are set and evaluated with the help of the HR information system. Among the foreign subsidiary banks more than 95 percent of the employees of the Serbian, the Romanian, the Ukrainian, the Russian, the Albanian and the Moldavian subsidiaries are provided with performance evaluations⁵². There are no material differences between the sexes: 79 percent of the female and 76 percent of the male employees were provided with performance evaluations. In the OTP Group in terms of position categories 83 percent of the top managers, 93 percent of the middle managers and 75 percent of the subordinated employees are provided with performance evaluations.

⁵¹ 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.

⁵² No data are available at DSK Bank regarding subordinated employees who are provided with performance evaluations.

5.4 Remuneration, rewarding of the employees

Benefits

GRI 405, ST3: 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.

In line with legislative requirements, the OTP Group consistently employs the principle of 'equal pay for equal work', including ensuring gender equality. Our group members typically provide the same benefits to full-time, part-time and fixed-contract employees⁵³.

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 2022, by more than 5% in most cases.

Nearly all members of the Banking Group offer fringe benefits to their employees. OTP Bank's remuneration practice differs from those generally applied by other market participants: in addition to the annual pay rising process enabling basic wages to be regularly adjusted, the average bonuses are

also significantly higher than those generally paid in the market.

OTP Bank's remuneration and incentive practice is closely related to the newly introduced job system. 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. Consultations and coordination with the trade union also take place in relation to remunerations. OTP Bank has had an employee stock ownership plan for years; it is used as a long-term incentive tool. 20 percent more people than in 2021 – a total of 945 persons – participated in the programme in 2022.

OTP Bank provided its employees with a one-off allowance in the third year in a row. The Bank paid a standing charge support for its employees – including those on sick leave and young mothers on maternity leave – in the way of an extra support in 2022. The foreign group members in whose countries the inflationary environment and energy price hikes made it necessary, also provided their employees with a one-off support.

UA To respond to the crisis caused by the war conflict in Ukraine the OTP Group implemented an complex extraordinary support programme in which in addition to a supplementary financial support, and reimbursing home rental costs for the employees affected by the war (forced to move, mobilised) it helped employees move to safer locations and provided them with financial and material assistance, critical medicines etc. For more information on these actions and measures see the Bank's @website.

⁵³ The practice of OTP Bank Russia is an exception: part-time and fixed-contract employees are provided life insurance, health benefits, extra days off and other benefits only to the extent required by law. OTP Bank Albania does not provide the latter to part-time employees either, while OTP Bank Serbia does not provide health benefits.

GRI 405-2 Ratio of the basic salary of women to men, 31.12.2022:

	Men	Senior managers	Middle managers	Women Employees	Average
OTP Bank	100%	not applicable	96.1%	98.8%	98.6%
DSK Bank	100%	85.9%	84.4%	78.6%	78.7%
OTP Bank Croatia	100%	not applicable*	93.2%	96.8%	96.5%
OTP Bank Serbia	100%	86.0%	84.0%	82.0%	85.0%
SKB Bank	100%	97.4%	98.0%	98.5%	98.4%
OTP Bank Romania	100%	94.6%	88.9%	90.3%	90.3%
OTP Bank Ukraine	100%	103.1%	88.7%	95.8%	95.5%
OTP Bank Russia	100%	not applicable	75.3%	85.7%	85.0%
CKB	100%	86.5%	94.9%	97.2%	96.7%
OTP Bank Albania	100%	77.8%	100.0%	111.7%	108.6%
OTP Bank Moldova	100%	153.3%	90.3%	92.7%	92.6%
OTP Group*	100%	96.5%	89.1%	90.4%	90.5%

* Average of the parent bank and the subsidiaries.

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

The Banking Group laid particular emphasis on management skill development in 2022 and continued to offer its employees a wide range of training programmes.

In 2022 the OTP Group spent a total of HUF 3.2 billion on employee training. The average per capita cost nearly doubled, as a result of the price increases and the intensive trainings for middle and top managers. The average training time was 35 hours/employee. Every single employee of the OTP Group is provided with training. Most trainings were provided in 2022 by the parent bank where 80 percent of the employees participated in courses (not including the mandatory trainings).

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. A general leadership development concept was introduced at the parent company's headquarters including regular forums, learning through experience, new tools, devices 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.

RS Our Serbian subsidiary continued its SEED programme for senior managers, the mentoring and reverse mentoring programme, the Innovation Academy and the Brick Breakers simulation, contributing to the improvement of change management.

Professional training programmes and competence development

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 involvement of staff, taking into account the results of performance reviews. Development of the employees' professional expertise is one of the most important tasks at all group members. Strengthening communication skills, cooperation skills and personal productivity and supporting stress and change management, play a special role in trainings aimed at skills development.

RO The Romanian subsidiary continued its training programme – supporting its agile organisational transformation – for the shared and support functions (including compliance, legal, financial, retail risk management). It organised a series of trainings for the business and IT divisions regarding the new agile working methods (change management, Lean Six Sigma Yellow Belt etc.) and provided its managers with a coaching programme.

GRI 404: 3–3, 404–1 **Annual training per employee, number of hours (2022):**

	OTP Bank	OTP Group
Senior manager	51	54
Middle manager	103	59
Employees	76	33
Men	73	36
Women	84	35
2022 average	80	35
2021 average	76	47
2020 average	74	50
2019 average	80	50
2018 average	80	47

5.6 Safe and healthy working environment

Work-life balance

GRI 405: 3–3

The objective of the HR strategy focusing on employee experience is to create 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.

Atypical forms of employment continued to evolve and grow at the members of the OTP Group in 2022, which also had a positive impact on employee satisfaction. The Banking Group enabled part-time employment, remote working and working from home office.

An average of 25 percent of the employees working in OTP Bank's central areas worked from home office – to extents varying by division. The number of persons employed in remote working arrangements also increased,

while hybrid forms of employment (partly in-office, partly home office) were commonly adopted across the Group as a whole. Such arrangements were most typically available – like before – primarily for those working in central positions. The ratio of work from home accounted for an average of 30% at a group level, varying by group member.

BG In addition to remote work and hybrid work arrangements DSK Bank also applies the practice of shared work, typically in financial and telephone customer service jobs.

HR When it introduced the "3+2 hybrid work model" (3 days in-office, 2 days home) OTP Bank Croatia prepared a guide for its employees on the management of the new circumstances, on how to achieve a balance between work and life at home as well as on effective and efficient work organisation.

UA After the outbreak of the war in 2022 the Ukrainian subsidiary provided nearly all of its employees who were capable of working from home with laptops and then launched the pilot of its "Hot Desking" project. In that

scheme the employees were enabled to plan their working weeks in the Deskbird application, booking workstations or opting for working from home. The test was a success therefore the subsidiary will extend this practice to all of its employees in 2023.

Family-friendly programmes Family-friendly workplace

OTP Bank was recognised in 2022 as a "Family-friendly workplace". This is to certify that the Bank considers the family as a value and in its operations it takes the family's needs and considerations into account, promoting the employees' interests with expedient measures and facilitates the achievement of a harmony between work and private life. According to the findings of an external audit the Bank applies outstanding practices in well-nigh all segments.

Applicants and new hires find written information on family-friendly measures through multiple channels; they also appear in the company's internal regulations.

OTP Bank provides its employees with a wide variety of benefits and allowances (health and

pension fund contributions, health insurance) as well as organisational services (product and partner discounts), some of which may even be extended to family members. It also provides an extensive range of family support solutions (e.g. in connection with child births, burials of close relatives) and organises multiple company events (Family day, Santa Claus) to which family members are also invited. Moreover, the Bank pays particular attention to its employees' physical and mental health.

In 2022 OTP Bank implemented a number of new projects and actions regarding the work-private life balance, such as the extension of the scheme of bonus vacations or the introduction of four-day long weekend vouchers.

Supporting and developing its employees' welfare is important for the OTP Group therefore in 2022 the parent bank gathered within the international group the best practices promoting employee welfare with a focus on health preservation and community development.

Across the group, thousands of employees are on long-term parental leave⁵⁴. Parental leave is available to fathers as well, but few of them take this opportunity for the time being.

GRI 401-3 Employees taking parental leave and employees returning, 31.12.2022:

	OTP Bank		OTP Group	
	Men	Women	Men	Women
Number of persons taking parental leave	3	937	87	4,117
Number of persons returning to the company from parental leave after its expiry	0	245	50	810
Employees returning to the company from parental leave after its expiry (%) [*]	0	80	85	52

^{*} Of those who returned in 2021.

Many of OTP Bank's employee have small children or are preparing to have children. A guide for expectant young mothers called "OTP Gyermekváró Kisokos" has been prepared to sum up the main tasks and some advice for women preparing to give birth. OTP Bank has for years been offering camping programmes for employees' children ad discount prices

and applications for camping support can be submitted to the OTP Social Foundation. Moreover, employees my also submit applications for camping cost contributions to help cover the cost of external summer camping programmes. As many as 96 primary school children participated in the financial educational summer camps organised by the

⁵⁴ Parental leave is a long-term leave for child care, which is, depending on local regulations, available for both women and men. We have been using the Hungarian translation of the GRI term "Parental leave" in reporting for years. The definition does not cover the short-term parental leave introduced in Hungary in 2023.

Fáy Foundation in 2022. Programming camps were also available for employees' children. Other members of the OTP Group also provide opportunities for their employees to submit applications for school start support. Similar allowances include contribution to nursery/preschool fee as an option in the Cafeteria scheme.

HR To enrich its offering of training programmes OTP Bank Croatia introduced two new e-learning modules for all of its employees: "How to communicate with our children" and "Understanding emotions and emotional resistance". These modules have been developed in response to the growing uncertainty and concerns relating to the pandemic and the war.

Stress management and individual support

Employees exposed to permanent stress may develop, besides mental issues, some serious physical problems as well, such as cardiovascular diseases or musculoskeletal pain. 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). To mitigate psychosocial risks most member companies offer stress management training for their employees. OTP Bank conducted numerous surveys during the year, including the mapping of the employees' mental health. Psychosocial risks will be assessed in 2023. To help employees overcome mental difficulties OTP Bank provided services for individuals as well as for family members, in 2022 as well. The Smart Watch webinar series was continued at OTP Bank. 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. The Bank's employees had access to free consultations with qualified specialists at the @meghallgatunk.hu portal, in 2022 as well. The assistance provided by coaches,

psychologists and mental hygiene specialists were used some 1700 times by employees in search for help in dealing with family or workplace related problems or health issues. According to feedback the service is useful; our employees are provided with relevant expert assistance.

BG HR The Bulgarian subsidiary provides two extra days of paid holiday to for employee recreation and regeneration. OTP Bank Croatia has introduced a scheme of granting days off in exchange for extraordinary performance. Overwork is one of the main sources of stress therefore the Banking Group makes efforts to reduce this. No material change took place in the amount of extraordinary work in comparison to the preceding year. The per capita overtime at OTP Bank was approx. 25 hours as an average in 2022, the same as in 2021.

Physical activity

Welfare actions at the workplace or outside working hours also contributed considerably to stress release or reduction. The OTP Group encourage its employees to do physical exercise. 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. With support under the scheme more than 105 events were organised, mobilising about 3,500 employees in 2022.

BG DSK Bank's Wellness Academy focused on healthy life, physical exercise and medical consultations in 2022 as well.

SI SKB Bank received the WAC (Active Workplace Certification) for its results achieved in 2022. Recreational sports and even competitive sports activities are available in various sports associations and clubs at the Bank.

RO The Body Awareness Programme 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.

A wide variety sports facilities and arrangements were available among the member companies in 2022 as well: regional and national sports days were organised within the bank and we also participated in traditional sports competitions among banks. The sports associations activated the employees and their families, they organised in-house competitions and helped participants in their individual preparations.

Recreation

OTP Bank and OTP Bank Romania own several hotels, where rooms are available for employees at reduced rates, or for those who have delivered outstanding performance, free of charge. Besides the employees of OTP Bank and OTP Bank Romania, some of the domestic subsidiaries and the Moldavian subsidiary have access to holiday resorts; in 2022 some 2,500 employees took this opportunity.

Healthcare services

The quality of life is heavily affected by health issues – whether of physical or mental origin – and neglecting them might lead to even more serious consequences. 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, and given the high proportion of female employees, laying particular emphasis on screening tests that are especially important for women.

GRI 2-29 OTP Bank conducted a survey on health services in 2022 among its employees who had used such services during the preceding six month period. The questionnaire was filled out by 900 employees and the results reflected an extremely high – 98 percent – rate of satisfaction. The highly rated areas included for instance the occupational health services and health insurance provision; the organisa-

tion of service provision was noted in particular as an area in need of improvement. Under the health insurance contract the in 2022 the Bank financed nearly 19 thousand screening tests and the use of 14 thousand health care services stemming from post-covid and other health issues.

Occupational health and safety

GRI 3-3 The OTP Group does its utmost to maintain a safe working environment; the low number and low severity of accidents reflect the success of its efforts. The Banking Group's employees work for the most part in low risk jobs in terms of health and safety; they are provided with training on occupational health and safety as well, in accordance with the relevant local regulations. The employees of OTP Bank participate in training every year – even beyond the requirements – which in 2022 they already completed on the basis of the renewed occupational and fire safety e-learning material. The most important tasks in terms of occupational health and safety comprised in 2022 the completion of the comprehensive fire and security tasks relating to building M12, the creation of the requisites and conditions for the safe and reliable operation of the printing facility put in place in the new premises and the provision of in-person first aid training.

Accidents

GRI 403: 3-3, 403-9 At OTP Bank, the rate of work-related injuries dropped to⁵⁵ 0.7, which is a good result compared to the national statistical average (4.4 to 5 accidents at work per 1,000 employees). For OTP Group as a whole, the indicator increased slightly, to 2.0. 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 2022⁵⁶. Accidents were investigated in accordance

⁵⁵ Number of work-related injuries per 1,000 employees.

⁵⁶ Of the foreign subsidiaries, DSK Bank, OTP Bank Romania, OTP Bank Ukraine and OTP Bank Russia were unable to supply data.

with the relevant legislation. 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. At Group level, work-related injuries typically occurred while walking to the workplace (falling, slipping) or – as in the case of OTP Bank Croatia and OTP Bank Serbia – in road accidents.

UA Within the OTP Group this was the first time a fatal accident occurred since the first sustainability report was filed, in spite of the precautionary actions one bank employee lost his life in rocket attack⁵⁷. In connection with the war conflict OTP Bank Ukraine identified the critical tasks in preparation for air raids and air raid alerts, including immediately stopping work and moving employees to shelters during air raids.

GRI 403-9 Work-related injuries:

	2020	OTP Bank 2021	2022	2020*	OTP Group 2021	2022
Number of accidents**	22	18	9	42	77	85
Rate of work-related injuries** (per 1 million hours worked)	1.35	1.05	0.50	0.63	1.11	1.27
Number of high-consequence injuries	0	0	0	1	1	6
Rate of high-consequence injuries (per 1 million hours worked)	–	–	–	0.02	0.01	0.09

* OTP Bank Ukraine was unable to provide data and is therefore excluded from the basis figures as well.

** Reportable accidents.

The data supply covers all employees. The total number of hours worked was 67,124,133 at the OTP Group and 17,964,752 at OTP Bank in 2022.

6. Citizenship



GRI 3-3

Impacts: *Strengthening of financial awareness in vulnerable groups:* Sharing financial knowledge and raising financial awareness improves responsible decision making, financial planning and the understanding of financial products among retail customers on the one hand, and reduces their exposure on the other hand. This is important for everybody but it is particularly crucial for young people and disadvantaged people.

Citizenship: The Group uses part of its profits for sponsoring projects and civil society organisations – facilitating the achievement of overall social objectives, encouraging community building and the fight against social inequalities, and promoting equal opportunities

in general. Even greater impact might be achieved by spreading donation activities and micro-donations, as widely as possible.

Objectives: Raising awareness of the future among people
Developing financial literacy, attitude-shaping
Sponsoring culture and arts
– creating and preserving values;
Promoting the accomplishment of community goals, standing for values
Strengthening community involvement through voluntary programmes, community building
Development of the culture of donation in society

⁵⁷ Deaths per 1 million working hours for the OTP Group: 0.01.

Acts:

- Operation of excellent, widely accessible financial educational programmes
- Collaboration with civil society organisations and professional organisations in important social causes
- Consistent support/sponsorship policy, measurable results
- Encouraging micro-donation by research, product development, media presence and supplementary funding
- Boosting the power of small communities by promoting volunteering
- Sponsoring sports as a community building activity

Stakeholder engagement/compliance:

- extensive cooperation with civil society organisations, professional organisations and local communities, surveys, involvement of employees and customers, asking for feedback on results and experience, media, ESG strategic objective disclosure

For further information visit our @website.

6.1 Activities aimed at improving financial literacy

ST12: 3-3

The OTP Group has, for years, been a dedicated supporter of the development of financial literacy in the whole of the region. The member companies participate in this activity in various ways and to various extents to make sure that today's young people make adequate financial decisions tomorrow as conscious adults.

OTP Bank has been conducting surveys for ten years 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. The main average of the OTP Self-provision rose from 34 to 37 points in 2022,

the greatest positive change within a year in the history of the surveys. Another important result was an increase in the proportion of people having savings. The survey found that the majority of people consider it important to have savings. 95 percent of the respondents also reported of increases in their expenditures and 76% characterised this increase as "significant". The survey found that most people respond to the economic uncertainty consciously, by cutting their consumption and by increasing their savings to the extent possible, and by working out financial plans. Respondents who prepare financial plans for at least the next month formed the majority again for the first time since 2020.

OTP Fáy András Foundation

The OTP Fáy András Foundation celebrated the 30th anniversary of its establishment in 2022 – it is primarily through the foundation that OTP Bank performs its activities promoting financial literacy in Hungary.

The foundation's mission is to raise awareness of the future among people. To this end, in addition to strengthening financial awareness and knowledge of economic matters it also provides trainings on subjects such as career planning and vocational orientation, conscious media use as well as sustainability. Besides free of charge, practice oriented, experience-based in-person and digital training programmes for primary and secondary school students and young adults, communication aimed at disseminating knowledge and raising awareness among the general public will continue to be a major element of the foundation's activities.

The number of people participating in in-person and digital training increased considerably in 2022 in comparison to the preceding year. On the one hand, in-person training had only to be suspended for a short period owing to the Covid-19 epidemic, and on the other hand the foundation developed and transformed training organisation and the digital portfolio. Some 66 percent of the participants took digital courses in 2022.

FN-CB-240a.4 The number of participants of training programmes in 2022:

	Training programmes for young people	No. of persons
In-person training	Participants of 25 different courses of which disadvantaged participants	10,001 224
Digital	those taking 36 different stream materials of which disadvantaged participants	8,315 (500)
	those taking 39 different 45-minute e-learning materials	9,703
Total		28,019
	Adult training programmes	No. of persons
Digital	those taking 2 types of multiple-hour e-learning materials	1,288
Total trainings		29,307

The training portfolio and the training materials are continuously updated, enhanced and optimised by the foundation's specialists in terms of content and methodology, as well as innovative technological solutions. Two thirds of the training portfolio – currently of more than 100 training materials – has already been digitised. The number of live interactive stream trainings and that of youth and adult e-learning materials each increased considerably in 2022.

Besides conveying knowledge, the playful exercises comprised in the trainings contribute to the development of social competences as well, which are also required for success in life. To improve soft competences and critical thinking the foundation developed – as part of the adult training portfolio – a new training material entitled “Financial awareness, career planning – decisions and consequences”; its testing is currently under way. Also in the pilot phase is a complex training programme entitled “Modern entrepreneurial existence”, also produced for young people, on the subject of founding and operating businesses.

The Basic Financial Literacy Programme is also aimed at young adults. This is the first training programme prepared for them by the foundation. The testing of the programme was successfully closed in February 2022 – several universities have already integrated it in their syllabuses and testing of individual enrolment has also been started.

In addition to the number of participants of training courses the number of educational institutions partnering with the foundation also increased in 2022. The model and partner school network was created on the basis

of a new concept with the aim of having institutions open to cooperation even beyond trainings.

Expansion of the university and vocational training partner network is also an objective in adult training – whose primary target group is young adults – together with making the Basic Financial Literacy Programme accessible for as many students as possible. The list of partner higher education institutions also increased: the foundation is cooperating with Eötvös Loránd University, the Hungarian University of Agriculture and Life Sciences, the Budapest Business School, the Budapest Corvinus University, the Pannon University and the University of Nyíregyháza. The teacher further training programme organised in cooperation with Eötvös Loránd University of Sciences continued in 2022, as – besides students and young adults – teachers continue to be an important training target group for the foundation.

The training of trainers working with a methodology worked out with the involvement of the foundation was closed in 2022 at our Moldavian twin foundation.

The Fáy Forum was launched in 2022. In on-line lectures transmitted live twice during the year experts discussed topical matters of relevance to education expected to be of interest to a wide audience. Nearly a thousand teachers and parents registered for the two events. Besides the education and training programmes the foundations communication programme aimed at disseminating knowledge and raising awareness is designed for the general public. This involves an on-line campaign and an influencer campaign

promoting financial awareness on subjects including starting businesses, data security, home renovation and donation.

The OK Roadshow was staged in 2022 with grant funding in four counties in Central Hungary. 16 financial terms were processed in the context of the programme with the help of playful quizzes and exercises, in 7 towns at 16 primary school and 6 family events. The series of events was supplemented by a financial essay writing competition and an on-line financial contest. Thanks to the series of 17 30-minute short films covering the events and the competition, broadcast through regional television channels and the radio and television communication campaign covering the roadshow the financial awareness raising programme reached an even wider audience.

In the framework of the INTERREG Digital and Interactive Financial Literacy Tales project, implemented with EU funding the OTP Fáy András Foundation and the Constantine the Philosopher University Nitra produced a programme developing financial literacy with the help of fairy-tale- and drama pedagogy instruments. The 3 Slovakian and 3 Hungarian tale adaptations supplemented with financial and economic educational content – of the foundation's and the university's own development – were presented at 21 Hungarian and Slovakian towns and villages to a total of 2,380 students by the professionals of the foundation and the university in the form of in-person trainings and on-line stream presentations and at camps and other events. The events, with on-line and print media appearances and radio interviews, reached a wide audience. News of the project and the foundation's message emphasising the importance of financial awareness reached more than 300,000 followers through the posts of the influencer who participated in the opening event.

As part of a series of events organised to mark the 30th anniversary of its opening the foundation organised a future awareness and vocational orientation weekend. The purpose of the day-and-a-half programme was, besides awareness raising on sustainability, futurology and future planning, to help secondary school students just before making career choices and starting studies in higher education,

and graduates about to enter the job market, in career planning.

In their professional work the OK Educational Centres in Romania and Moldova relied on methodologies that have proven to be effective in Hungary.

RO The Romanian subsidiary's key corporate social responsibility project is called OTP Bank Romania Foundation. As well as financial education of young people and adults the foundation delivered programmes on subjects such as digital education, emotional intelligence and vocational orientation for generation Z. The Financial Fitness training was attended by adults, while 180 secondary school students were provided with training under a new educational programme launched together with the municipality of Csíkszereda (Miercurea Ciuc). The foundation tested a long-term – 3.5 month – consultation programme with the participation of 17 students. 750 persons attended the training programmes of the OK Centre. In some cases the foundation participated in the development of training materials in cooperation with other organisations.

MD During the two and a half years of its operation the Moldavian OK Foundation developed into a local reference centre in financial education. The foundation's programmes and initiatives reached more than 5 thousand people in 2022. Such programmes included, for instance, participation in the Money Week initiative, five summer camps for children and the StartUpOK training programme for entrepreneurs of the future. They provided a financial management training programme for teachers with support from UN Women, in cooperation with the National Centre for Continuous Training and Leadership, and for businesswomen, with EBRD support.

Collaboration in financial education

We actively supported the Money Week initiative of the Hungarian Banking Association and the Money Compass Foundation in 2022 as well: 57 volunteers from OTP Bank were received by the schools participating in the programme, who helped draw attention

to the importance of financial awareness. The initiative is part of the Global Money Week and the European Money Week, which have been joined by several foreign subsidiaries of OTP Bank.

HR RS AL The Croatian subsidiary organised a workshop in cooperation with a primary school in Zadar, while the Serbian subsidiary organised an on-line workshop in collaboration with multiple student organisations. Employees of the Albanian subsidiary delivered training free of charge in cooperation with the Albanian Banking Association.

UA The Ukrainian subsidiary, in cooperation with the Ukrainian National Bank, worked on developing the population's financial literacy

in a joint awareness raising programme "financial protection".

BG A representative of the subsidiary DSK-Rodina participated in the training programme "Non-bank financial sector in Bulgaria" organised by the Financial Supervision in cooperation with other state bodies and civil society organisations to provide vocational school students with an insight in the operation of the financial sector.

AL The Albanian subsidiary organised a study tour to Budapest for economic journalists to enhance their knowledge so that as accurate, objective and transparent information as possible is conveyed to the participants of the Albanian economy and the Albanian public.

FN-CB-240a.4 Information on the development of financial literacy, OTP Group, 2022:

	OTP Group
Number of participants in the company's own and the OK educational programmes	34,184 persons
Number of participants in trainings implemented in cooperation with other organisations	2,616 persons
Donations used for the development of financial literacy	HUF 958 million
Sponsorship used for the development of financial literacy	HUF 152 million

Financial education of socially disadvantaged groups

One of the most important objectives of the OTP Fáy András Foundation was to promote the financial inclusion of socially disadvantaged people. The foundation reaches this target group with its existing trainings but it plans to develop a special targeted individual training programme. Research to explore the methodology, the study material and effective forms of training was launched in late 2022.

In addition to the above, the foundation cooperated with a number of partner organisations and delivered trainings of special, personalised content elements for disadvantaged students and young people with the aim of raising financial awareness and transferring knowledge:

- The foundation also participated, with its training entitled "Financial awareness for independent life" in a programme of one

of Hungary's largest specialised child care service provider network called Szent Ágota Child Protection Service (caring for more than 7,000 young people removed from their families), and the ÁGOTA Foundation, relating to aftercare and home making. The practice oriented training, based on experiential education methods, was developed for young people about to start their own lives and for young adults receiving aftercare services. Its objective was financial awareness raising and provision of assistance in making conscious decisions concerning the utilisation of financial resources to which young people gain access once they become of age.

- The foundation organised several financial education camps and programmes for mentorees of the Csányi Foundation. In the playful financial training programme implemented at two venues in the framework of Parents Academy, in addition to the students of the Csányi Foundation their parents also participated in the awareness

raising training encouraging conscious management of one's finances.

OTP Bank participated in the Programme Office for the Dissemination of Network Knowledge (HTTP) Foundation's "It could be Easier" programme for helping the unemployed in 2022 as well. The purpose of the Foundation is the broadest possible dissemination of marketable IT skills. Together with its partners it provides on-line training free of charge on the lehetkonnyebb.hu website primarily for people less experienced in the digital world. The subjects dealt with during the training (upon the completion of which recipients receive diplomas) include on-line job-seeking, transition to on-line work and conscious management of one's finances, etc. The study material can be acquired in a specific time frame by studying alone or in groups, with expert assistance may at request. As many as 744 persons registered on the platform in 2022, of whom 207 participants received certificates in proof of their successful completion of the training.

RO OTP Bank Romania is operating a mentor and scholarship programme "GirlPower" for career starter women. The two finalists selected from 47 applicants received university scholarships worth more than a total of HUF 2.3 million. Moreover, OTP Bank managers participated in their mentoring.

MD The Moldavian OK Foundation provided financial education for refugees as well, with the involvement of INTERSOS and UN Women.

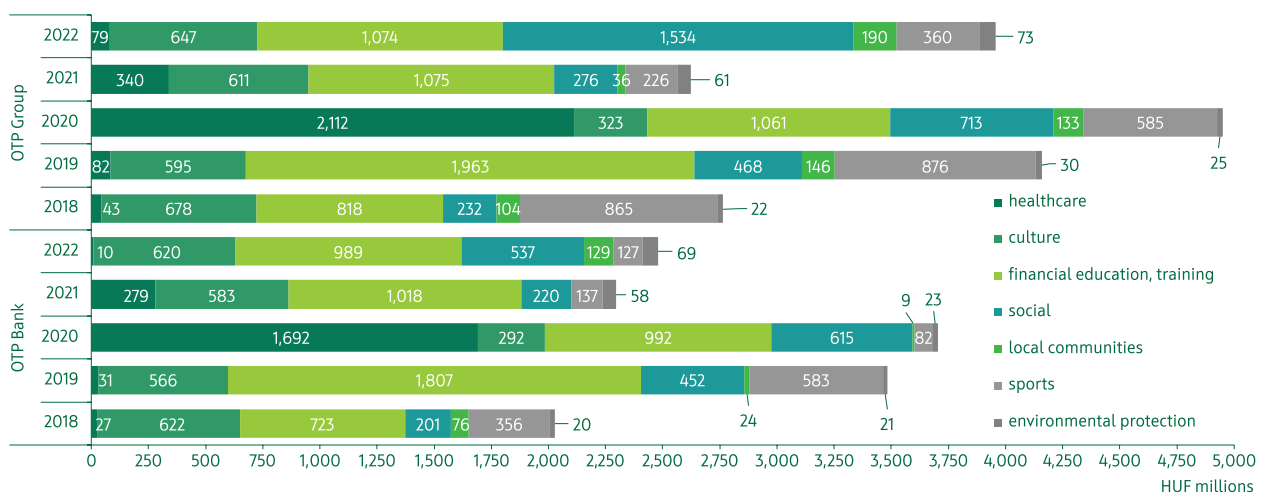
6.2 Citizenship

The OTP Group is an active participant 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 and regional challenges.

The supports provided by OTP Bank have for years been steadily focused – besides the development of financial literacy – on helping disadvantaged people and people in need and sponsoring culture and arts – creation and preservation of value, as well as sports.

The OTP Bank subsidiaries make, for the most part, their own decisions on which local causes and initiatives they support or sponsor and how they engage their stakeholders. Measurability is, however an important principle in the case of the projects. Another one is that the Banking Group cooperates essentially with organisations and not individuals in this way. In 2022 OTP Bank started a process of pre-qualification of the sponsored and supported organisations, according to the same criteria it applies in the pre-qualification of suppliers. OTP Bank typically supports long-established social and regional cultural projects and participates in long-term cooperation arrangements, overarching decades in cases (as in the case of for instance the International Child Rescue Service or the Hungarian Charity Service of the Order of Malta) which facilitate impacts and predictability.

Donations by OTP Bank and OTP Group



OTP Bank's corporate social responsibility activities focused in 2022 on two specific fields that are outstanding besides activities pursued so far and which overarch country borders: provision of humanitarian assistance necessitated by the war in Ukraine and enhancing the micro-donation culture. These are described below in more detail. The link between the two areas is created by the donation platform launched by OTP Bank in 2021 – through which people offered donations worth a total of HUF 250 for people in need, in 2022.

Assistance in relation to the war in Ukraine

OTP Bank's micro-donation programme promptly responded to the critical situation and shortly after the outbreak of the war it made it possible to support the Hungarian Charity Service of the Order of Malta's efforts aimed at helping Ukrainian refugees. The Bank launched a campaign to promote the initiative among its customers and the Ukrainian subsidiary's HR staff worked as coordinators in that extraordinary situation. The organisation provided assistance in Ukraine for those remaining in their homes and refugees arriving there, it received families arriving in Hungary in need of assistance and provided them with accommodation and at the same time it paid particular attention to the most vulnerable groups, families with three or more children, refugees arriving with sick, elderly or disabled persons, and families left without family heads. A total amount of HUF 125 million was collected for the organisation during the campaign. Moreover, OTP Bank donated HUF 100 million to support the cross-border activities of one of Hungary's largest charity organisations, the Ecumenical Aid Organisation. As an international banking group it found it only natural that it provides assistance for colleagues in difficulties as a consequence of the war, and their families. The Bank provided them with free accommodation and full board in its own hotels. Psychologists helped

refugees deal with traumas to help them maintain their mental health. Volunteer colleagues organised student activities, and handicrafts activities in makeshift play areas. OTP Élet-járadék offered nearly 40 apartments for accommodation on a longer term, renovated and furnished by volunteers of the Hungarian members of the Banking Group and OTP Fáy András Foundation. The home renovation campaign "Adopt a Ukrainian family" was promoted by the Bank on its internal communication portals and surfaces. The necessary number of participants – and many more – registered in a matter of hours. Instead of the originally expected 30 teams as many as 50 teams – 700 employees – undertook to carry out tasks in the voluntary project. In the collection of donations – advertised among employees – a total amount of HUF 15 million was received from 650 donors, which was used by the Humanity Social Foundation⁵⁸ for purchasing medicines, food and clothes.

BG Donations worth HUF 10 million were collected by DSK Bank's employees to help colleagues in trouble as a consequence of the war. In its internal communication the Bank continuously provided information on the current statuses of the initiatives aimed at helping Ukrainian colleagues, including the progress achieved in the collection of donations, thereby encouraging the provision of assistance.

AL The Albanian subsidiary provided direct contribution to the costs of accommodation of Ukrainian refugees at a hotel.

UA The Ukrainian subsidiary was gold level sponsor of the conference on 21 October in Lviv for owners and managers of health institutions. The main subject of the conference was how to adapt health services to the state of war. The Bank was represented by a number of its managers at the event. All charity activities of the OTP Group in Ukraine are aimed at bolstering the country's social sphere during the war. The activities performed to provide Ukrainian refugees with access to financial services are described in subsection @2.5.

⁵⁸ OTP Bank exercises founder's rights over the Foundation.

Development of the donation culture and promotion of microdonation

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.

OTP Bank mapped donation habits in 2022 in a sociological survey on a population of more than 1,000. The findings show that some 81 percent of the Hungarian adult population make donations in various ways. 48 percent of the population opine that donation has increased in importance as a consequence of the coronavirus pandemic and the war between Russia and Ukraine. The most frequent form of donation is offering one percent of the personal income tax to civil society organisations (48%), followed by in-kind donation (36%). A quarter of respondents offer the other one percent of their income personal income tax to churches and 23% of them transfer money directly to accounts of organisations. 19 percent of adults said they never make donations in any form whatsoever.

The research was aimed at gaining better understanding of the motives underlying micro-donations. 43 percent of the adult population donate small amounts on a regular basis; 7 percent donate less frequently but larger amounts, for causes they consider to be important. Adults who make donations to organisations on a regular basis give typically not more than HUF 5,000 a month (67%).

The survey also found that animal protection is the most frequent target of micro-donations, marked by 26 percent of the respondents as their recipient. This was followed by donations to child protection (23 percent), disadvantaged people (14 percent), people with diseases (12 percent) and persons with disabilities (7 percent).

To promote the culture of donation the Bank makes it possible for people to offer micro-donations through its digital banking channels and its ATMs in Hungary. Thousands of donations of HUF 100–200–500 each may make a world of difference in the life of an organisation, a foundation. The survey found

that the very involvement of the Bank may strengthen confidence: customers will be more confident that every last penny of their micro-donations will land on the account of the recipient organisation.

Donation was promoted in 2022 by the Bank's communication channels as well.

In the year-end donation collection campaign targeted to employees, 413 employees donated a total of more than HUF 3.2 million to which the Bank added another HUF 3.5 million for the benefit of the Humanity Social Foundation. The money was used for supporting families in need, special education institutions and disadvantaged children.

HR OTP Bank Croatia continued its joint programme with Mastercard called "Round up!". The essence of the programme is to enable customers to transfer the difference between the actual total amount of online transactions or card purchases and the amount rounded to the nearest kuna amount optionally to a designated donation account. Since the inception of the programme the Bank has donated HUF 155 million and about 18 thousand customers have donated HUF 51.7 million to hospital equipment. The latest campaign is focused on children's wards and the counter on the Bank's website shows the target as well as the current amount of donations.

BG In 2022 DSK Bank launched its platform @DSK Helps on which they show the projects supported by the Bank; the platform also enables micro-donations (e.g. for residents of the SOS Children's Villages where three families continue to be supported by the Bank in an amount of more than 7 million).

Volunteering

Volunteering is a tradition for most members of the OTP Group. Group members encourage volunteer initiatives and are happy to contribute to the efforts of employees.

OTP Bank's programme called OTP Helyi Érték Önkéntes Pályázati Program (OTP Local Value Volunteer Application Programme) was a success in 2022 as well; teams of volunteers provided assistance for numerous institutions

and local communities. The invitation for applications announced twice a year is aimed to enable the Bank to support its employees' voluntary activities in their own communities. The programme provided support for the implementation of ideas of 21 teams in 2022; moreover, the Bank organised two volunteer actions beyond the application framework, as a result of which a total of 451 employees provided assistance to nearly 3,500 people in need.

A number of voluntary programmes focused on helping Ukrainian refugees both through collecting and delivering in-kind donations and by organising programmes for children accommodated in OTP resorts, or in the Budapest BOK Hall in connection with the central assistance provided by the Maltese Charity Service.

The beneficiary of the grandiose voluntary campaign organised by OTP Bank's retail lending division was the Kozmutza Flóra Primary School, Vocational School and Unified Special Education Methodology Institute. The institution has a several decades long history of successful work in the special

education of pre-school and primary school age children and students of medium, severe and multiple disabilities. The participating employees and their external helpers – a total of 224 persons – worked in teams on the maintenance and tidying up of the building and the yard, or tended to the children, or treated them to food, drinks, cakes etc.

A number of subsidiary companies and banks are engaged in one-off, or organised voluntary corporate campaigns and some of the banks have great traditions of blood donation.

Employees of OTP Ingatlanpont Kft. and OTP Pénzügyi Pont Kft. participated together in workshops, organised by Nevetnikék Foundation manufacturing toys; the wooden toys so produced were used by the foundation as activity aids for children in hospitals.

HR The Croatian subsidiary created a dedicated website for organising employees' voluntary activities where they can not only register for participation as volunteers in projects initiated by the Bank but also for supporting the work of civil society organisations. Moreover, as many as 55 of the Bank's employees joined the 'Croatia Volunteers' programme.

Voluntary activity performance indicators, 2022:

	OTP Bank	OTP Group
Number of participants (persons)	766	2,916
Percentage of participants, relative to total headcount (%)	5.6	7.4
Time spent doing voluntary activity (hours)	6,128	25,028
Number of blood donors (persons)	2,596	3,194

Sponsoring of sports

OTP Bank a dedicated sponsor of Hungarian football, particularly youth sports. Due to the lockdowns during the pandemic the 2021/2022 season was shorter than usual, the 2022/2023 season was the first one after two years in a row when the **OTP Bozsik Institution Programme** could be started as usual. Accordingly, it was a major achievement that it was in the first season after the pandemic that the largest ever number of school football players – 123 thousand persons – was registered, nearly 9 thousand more than before. 74 percent of the players participating in the programme

came from pre-school groups and first four grader primary school classes. Pre-school and primary school teachers thus play a key role – the aim is that they integrate, with adequate qualifications and methodologies, football as a physical activity in day-to-day education and playing activities.

RS SI In the other countries the local OTP subsidiaries are main sponsors of the national Olympic teams.

MD 500 children can engage in sports at the Zibru Football Academy thanks to the Moldavian subsidiary's sponsorship. The subsidiary also sponsored the charity Hospice Cycling Tour and the Special Olympics.

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 activities 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.



GRI 305: 3-3

Impacts: *Greenhouse gas emissions of operation:*

The operational functioning of the OTP Group requires the use of natural resources and energy. The resulting environmental impact is significantly smaller than the indirect impacts associated with the provision of financial services. Of the impacts of operation only the emission of greenhouse gases (GHG) is considered to be material. Emissions exacerbate climate change and damage the environment and natural assets. The extent of the negative impact depends on the level of emissions, the amount and the way energy is consumed. Reducing emissions helps to combat climate change and protect the environment. However, 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.

Objectives: Efficient use of resources

Carbon-neutral operation whilst observing economic efficiency considerations

Encouraging environmentally conscious behaviour in society through our employees and customers

Transparency regarding the environmental impacts stemming from our operation, with an

emphasis energy consumption and GHG emission

Acts:

Reporting on the environmental impacts of the Group's operation
Energy-efficient projects, purchase of green electricity; use of renewable energy sources
Reducing paper use through digitalisation; using recycled paper
Rationalising business travel
Improving waste management

Stakeholder engagement/compliance:

cooperation with service providers and civil society organisations in implementing environmentally conscious practices, awareness raising among customers and employees, ESG strategic objective on operational emissions (Scope 1-2).

For our basic principles concerning environmental protection and the fundamentals of our practice, please visit [@our website](#).

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.

GRI 2-13 We prepare annual reports on the environmental impact of our 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 Electricity makes up about half of the Banking Group's total energy consumption therefore carbon dioxide emission was significantly reduced in 2022 through the **purchase of green electricity**. OTP Bank, OTP Bank Croatia and OTP Bank Serbia covered 100 percent, the Slovenian SKB Bank covered 50 percent of its power consumption from green electricity. To make further progress the Slovenian bank plans to increase the proportion of green electricity to 100 percent and has also set itself a goal of net carbon-neutrality by 2023. The Bulgarian subsidiary is reviewing the possibility of increasing its green electricity purchases, the Romanian subsidiary has set itself a target of achieving carbon-neutrality in terms of Scope 1-2 emissions by 2025, through purchasing green electricity and other measures. The Serbian subsidiary wishes to go carbon-neutral by 2027.

HR ZelEn

The Croatian subsidiary purchased electricity generated exclusively from renewable energy sources from HEP Opskrba. The 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. The changes in energy consumption during the year were massively influenced by the fact that after the lifting of the restrictions introduced in response to the COVID-19 pandemic significantly larger numbers of employees returned to work in the offices, in-person meetings, and so business trips, became more frequent again. Temperatures in buildings were reduced during the heating season in a number of countries in response to the dramatic increase

in energy prices – besides environmental considerations. OTP Bank's new LEED Gold certified central building – M12 office building – was delivered. In spite of the outstanding energy efficiency of the new building the total energy consumption increased in 2022, because of the partially parallel use of the buildings.

M12

The goal of the design of the new office building in Madarász utca was to create a near-natural, human-oriented and light workplace.

The building is a workplace for 3,300 people, therefore public spaces also play an important role in it. The office building of a 86 thousand m² floor area is the result of five years of development, nearly 40 percent of which is under the ground level, accommodating a car park, bicycle parking facility and building engineering installations. The offices, conference rooms and ancillary rooms and premises are to be found on the seven floors above ground. It took 50,000 m³ of concrete, 6,500 tonnes of reinforcement steel, 48,000 m² of plasterboard wall, 40,400 m² false floor and 23,500 m² hard flooring to build up the new office block.

One of the main features of the headquarters building is rich vegetation. The vegetation in the inner courtyards is made up of 212 large trees and 42,500 shrubs – most of them from domestic sources. The plants in the inner courtyard and on the façades, the interior acoustics, the air quality and the lots of natural light all serve to create a near-natural environment in a busy and noisy urban setting.

The building earned the LEED Gold certification with solutions such as its up-to-date mechanical engineering and electrical systems, ceiling heating and cooling, the utilisation of the waste heat of the heat pump for producing domestic hot water, the reuse of rainwater and smart lighting control. A large number of electric car chargers were installed in the multi-storey car park.

OTP Group uses the best technologies currently available for the purposes of new constructions and ongoing renovations both at its branch

network and in its head office buildings. Modernisation of the heating systems, the widest possible use of LED lighting and the installation of additional motion sensors included the most typical types of development projects implemented in order to improve energy efficiency in 2022 as well. A number of our subsidiaries carried out energy efficiency audits and on the basis of their results they will make improvements in 2023. During the replacement of air conditioning units we take care to ensure that the new units are highly energy efficient and use environment-friendly coolants.

BG In DSK Bank's office building in Sofia the MClimate IoT solution selected in a startup competition organised by @OTP LAB was tested during the heating period. The system uses sensors to enhance the building's energy efficiency and the comfort perception of the people working in it. The Bank commissioned a building management system.

RO OTP Bank Romania has been switching off the electrical displays in the branches during night hours since the end of last year. A HVAC

system was installed in the central building and thermostats were installed in several places.

By way of the 2022 projects aimed at improving energy efficiency and at using renewable energy OTP Bank saved a total of 1851 GJ energy. The entire OTP Group saved 8080 GJ.

The Banking Group is enhancing its own renewable energy generation facilities in view of economic efficiency considerations. The parent bank always examines the possibility of installing solar panels and heat pumps as part of each branch office renovation⁵⁹. Solar panels and heat pumps were installed in 2022 at two more branches. At Group level, our systems generated a total of 2,034 GJ solar energy.

The solar panel systems planned to be installed on 3 buildings of DSK Bank will be placed in service in early 2023. In 2022 OTP Bank used 3022 GJ energy generated by heat pumps. In the wake of the moving of the archive to another location the site's energy requirement decreased. OTP Group's energy consumption⁶¹ was 1,091 thousand GJ in 2022, practically the same as in the preceding year.

GRI 305: 3-3, 302-1 Energy consumption within the organisation (GJ) – OTP Bank:

	2018	2019	2020 ¹	2021	2022
Natural gas	64,550 ²	65,594	63,827	71,219	62,539
Mineral vehicle fuels	30,527	31,829	29,444	31,741	34,651
Other non-renewable fuel	285	156	152	585	3,501
Total non-renewable fuel sources	95,362	97,579	93,423	103,545	100,691
Biogenic vehicle fuels	-	-	1,360	2,247	2,615
Total renewable fuel sources	0	0	1,360	2,247	2,615
Electricity	129,593	129,442	127,537	126,112	139,205
District heating	23,953	21,584	24,244	25,970	22,371
Total indirect energy purchased	153,546	151,026	151,781	152,082	161,575
Self-generated renewable energy	1,996	2,005	5,166	5,141	4,053
Total energy consumption³	250,904	250,610	251,730	263,014	268,934
Total energy consumption per employee⁴	29.77	28.14	26.75	26.73	26.17

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

² GRI 2-4 Data corrected because of previously wrong information.

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 Until 2019 based on statistical headcount, from 2020 based on average full-time staff number.

The energy consumption data originate from metering; some of the solar energy and the heat pump energy is estimated based on information from the manufacturer, for lack of dedicated meters. Wherever necessary, the amounts consumed were converted into energy regarding year 2022 on the basis of calorific values taken from the National Inventory Report (NIR). Earlier we used values from EU regulations and DEFRA.

⁵⁹ We are constrained by the fact that many of our branches are located on rented premises or in condominium buildings, where the installation of solar panels is not feasible.

⁶⁰ Direct and indirect energy use combined.

GRI 305: 3–3, 302–1 **Energy consumption within the organisation (GJ) – OTP Group:**

	2018	2019	2020*	2021**	2022**
Natural gas	107,697	143,139	134,738	308,237	272,624
Mineral vehicle fuels	96,128	99,801	79,248	113,153***	132,183
Other non-renewable fuel	475	2,194	1,054	31,327	53,281
Total non-renewable fuel sources	204,300	245,134	215,040	452,717	458,088
Biogenic vehicle fuels	–	–	1,949	5,583***	7,576
Renewable fuel	118	134	134	0	0
Total renewable fuel sources	118	134	2,083	5,583	7,576
Electricity	408,100	404,040	438,810	507,376	525,411
District heating	62,637	87,574****	86,514	112,036***	94,875
Total indirect energy purchased	470,737	491,614	525,034	619,411	620,286
Self-generated renewable energy	6,443	6,563	6,855	5,923	5,056
Total energy consumption	681,598	743,445	749,302	1,083,635	1,091,006
Total energy consumption per employee	19.62	20.37	20.27	27.49	29.22

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 regarding 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 DEFR.

* The former Expressbank and OTP banka Srbija a.d. The consumption of Beograd is reflected in the data from that year.

** Full consolidated corporate circle.

*** GRI 2-4 In 2022 corrected data owing to calculation error, the Banking Group's total energy consumption is 0.7% higher than the figure published earlier.

**** The district heating figure of OTP Bank Russia is an actual measured figure, significantly above the estimated consumption of prior years.

GRI 305: 3–3, 305–1, 305–2, TCFD IV. b **OTP Group's Scope 1 and Scope 2 CO₂e emission (t):**

	OTP Bank					OTP Group				
	2018	2019	2020 ¹	2021	2022	2018	2019	2020	2021	2022
Direct (Scope 1)	6,714	6,779	6,078	6,548	6,670	14,564	18,594	15,282	29,583	29,680
By vehicles	2,183	2,272	2,123	2,280	2,521	6,938	7,204	5,738	8,253 ³	9,752
From natural gas consumption	3,628	3,686	3,587	4,003	3,515	6,053	8,044	7,572	17,323	15,269
From air-conditioning equipment	885	811	358	228	420	1,536 ²	3,140 ²	1,892 ²	1,838 ²	1,708 ²
Other non-renewable energy	18	10	10	37	214	37	206	80	2,170	2,951
Indirect (Scope 2)										
Indirect location-based	10,54	10,786	9,883	9,904	11,496	45,130	47,947	52,711	56,935	56,035
from electricity	9,374	9,912	8,902	8,802	10,491	42,082	44,012	48,807	51,778	51,601
from district heating	1,166	874	981	1,102	1,004	3,048	3,935	3,904	5,158 ³	4,434
Indirect market-based	12,973	8,640	8,350	8,369	1,005	N/A	47,334	53,196	58,562	44,021
from electricity	11,807	7,766	7,369	7,286	166	N/A	43,399	49,292	53,103	39,442
from district heating	1,166	874	981	1,083	839	N/A	3,935	3,904	5,459 ³	4,578
Total (Scope 1 + 2) location-based	17,254	17,565	15,961	16,452	18,165	59,694	66,541	67,993	86,519	85,715
Total (Scope 1 + 2) market-based	19,678	15,419	14,428	14,917	7,675	N/A	65,928	68,478	88,146	73,701
Total (Scope 1 + 2) with compensation (carbon-offset)	19,678	15,419	14,428	14,917	675	N/A	65,928	68,478	87,785	66,701
<i>Per employee (location-based)</i>	<i>2.05</i>	<i>1.97</i>	<i>1.70</i>	<i>1.67</i>	<i>1.77</i>	<i>1.72</i>	<i>1.82</i>	<i>1.84</i>	<i>2.19</i>	<i>2.30</i>
<i>Per employee (market-based)</i>	<i>N/A</i>	<i>N/A</i>	<i>1.53</i>	<i>1.52</i>	<i>0.75</i>	<i>N/A</i>	<i>N/A</i>	<i>1.85</i>	<i>2.24</i>	<i>1.97</i>
<i>Per employee with compensation</i>	<i>N/A</i>	<i>N/A</i>	<i>1.53</i>	<i>1.52</i>	<i>0.07</i>	<i>N/A</i>	<i>N/A</i>	<i>1.85</i>	<i>2.24</i>	<i>1.79</i>
<i>Emission intensity per turnover (per million HUF, market-based)</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>0.014</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>0.044</i>
Biogenic emissions ⁴	0	0	97	161	187	0.5	0.6	140	399 ³	539

The figures shown are calculated from energy consumption, in all cases based on the applicable statutory regulations and the factors stipulated by the authorities and industry organisations. (National Inventory Report (NIR), IPCC, DEFRA, EU Regulation, AIB, and data from suppliers for electricity and district heating). For Scope 1 emissions, country-specific factors are applied from 2022 onwards, subject to availability. We calculate electricity-related emissions using country-specific factors. In the district heating heading, from 2020 we use a Hungarian factor, and in the case of the rest of the countries we uniformly use the data published by DEFRA. In previous years – in the absence of other reliable data – we used the Hungarian emission factors except for Ukraine, Russia and Serbia.

The Scope 1 emissions, and in 2022 even the district heating, cover all GHG emissions. In the case of the Scope 2 emissions the earlier years for district heating in Hungary and the 2019, 2020, 2021 and 2022 electricity factors cover only CO₂. In the case of electricity and district heating, 2022 emission factors refer to 2021; at the time of the preparation of this report, more up-to-date factors were not yet available. The GWP values were taken into consideration on the basis of the IPCC's 4th Assessment Report.

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

² Headcount-proportionate estimate based on the figures from member companies that supplied accurate data.

³ GRI 2-4 Data retroactively corrected due to calculation error, total emission of the Group is 0.4% higher than previously published.

⁴ From 2020 it includes renewable-based vehicle fuel emissions.

The emissions intensity per turnover is reported from 2022.

To offset its 2022 Scope 1 and Scope 2 emissions, OTP Bank purchased carbon credits in early 2022, thereby preventing the emission of 7,000 tonnes of carbon-dioxide. The 2022 emission values were calculated on a preliminary basis which is why there are some residual emissions. The credits purchased by the Bank were verified

according to Gold Standard (VER). The Bank found it important that the project supported by way of offsetting be implemented in a country in which the Bank Group operates, therefore it contributed to a project enabling methane separation and power generation at the wastewater treatment plant of Bulgaria's capital city.

TCFD IV. b **OTP Group's other indirect (Scope 3) CO₂e emissions (t) 2022*:**

	OTP Bank	OTP Group
Business travel	866	2,763
Paper use	696	2,874

* 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 volume of business trips was significantly affected by the fact that the pandemic came to an end. Lockdowns were lifted in 2022, therefore car use across the Banking Group increased; however, on-line meetings continue to be a dominant element of communication. Of the maximum carbon dioxide emission limits applied across the Banking Group in 2022 in relation to car purchases the limits for minibuses and small trucks was changed to 190 g/km because no vehicles with lower values can be found in this category. Among the cars to choose from there are hybrid or electric vehicles in all categories. At the end of 2022, OTP Bank's fleet included 5 electric cars and 89 hybrid vehicles.

HR BG RU The Bulgarian, the Croatian and the Russian subsidiary purchased 13, 3 and 1 hybrid cars during the year, respectively. The total mileage increased by 10 percent and 9 percent y-o-y at the parent bank and across the group, respectively. The increase was driven to a large extent by the lifting of the pandemic-related restrictions.

HR In 2022 the Croatian subsidiary commissioned an electric charger at its central building and is looking for opportunities for installing additional ones in 2023.

RS The Serbian subsidiary introduced an obligation for its employees to use the high speed railway between Belgrade and Novi Sad instead of travelling by car and prescribed that company cars may only be used when several passengers travel together. To reduce emissions the Bank renewed its car fleet. 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 9.1 million⁶¹ kilometres. The increase can be partly attributed to the increased accuracy of the reporting.

As the coronavirus pandemic declined, air travel increased compared to the previous year. At Group level, our employees took around 5,900 trips⁶², nearly 40% of which were connected to OTP Bank. Travelling more than doubled y-o-y.

Since OTP Bank and its subsidiaries find it important to enable employees to access the workplace by alternative transportation means, several head office buildings are equipped with bicycle storage at Group level. Bicycle storages are available at 60 percent of the branches of OTP Bank for employees and

⁶¹ This information is not comprehensive; our Romanian, Russian and Ukrainian subsidiaries, and a few Hungarian subsidiaries were unable to supply data.

⁶² One-way trip.

for customers. The parent bank created new storage facilities at its new M12 office building. The Romanian subsidiary installed a new bicycle storage facility in one location.

Paper use

We are constantly working on cutting our paper use. A steadily increasing range of electronically available services (subsection @3.4) reduces paper consumption as well. OTP Bank introduced in 2022 the so-called GreenPOS, making the printing of the customer's copy of the receipt in the case of card purchases optional, and the printed receipts were also made shorter. This may result in the saving of 87 tonnes of paper at our partners, per year. The SoftPOS product enables Android devices to be used as POS as well, therefore there is no need for paper-based documents in this case either. We plan to make POS document merchant copies also electronically accessible from 2023.

Digitalisation of banking processes is under way across the entire Banking Group; more and more internal processes take place fully electronically, rendering printing and paper use unnecessary. At the same time, the paper-based administration demanded by legal requirements inhibit the further reduction of printing in Hungary and in other countries. The share of electronic account statements is increasing. We also encourage their use through the conditions and fees of the application. The majority of OTP Bank's customers (77 percent of retail customers and 1/3rd of large corporate customers) are not provided with paper-based statements. At the Bulgarian subsidiary nearly all of our customers are provided with electronic statements, while e-statements are used exclusively at the Moldavian and the Ukrainian subsidiary. At the Serbian subsidiary two thirds of the customers, at the Croatian bank the majority of the retail customers and half of the corporate customers, are provided with e-statements. At the Romanian subsidiary two thirds of the retail customers and 90–95 percent of the corporate customers, while at the Slovenian bank the majority of all customers, were issued

e-statements. At the Slovenian subsidiary the number of paper-based statements increased lightly for retail customers, because they had to set the printing mode and many of them did not manage to do it correctly. At the Montenegrin subsidiary electronic account statements are used in more than 50% of the cases among corporate customers. A significant number of e-statements are used at the Albanian and the Russian subsidiaries as well but the exact ratios are not known.

Across the Group the use of paper at the offices decreased in 2022 again, while at OTP Bank it remained practically unchanged. The parent bank uses 44% recycled paper – because of procurement difficulties. In Hungary, we use FSC-certified paper even in the case of account letters, 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 Our Croatian and Romanian subsidiaries plan to procure recycled paper for office use from 2023. The Croatian bank uses recycled paper for promotional materials and internal magazines.

RS Our Serbian subsidiary uses FSC-certified and ECF (Elemental Chlorine Free) paper.

SI Our Slovenian subsidiary has used PEFC-certified products for years.

Across the Group, the share of recycled office paper was 13% – or 9% of all paper used for all purposes – in 2022.

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 RO RS AL ME At OTP Bank, DSK Bank, OTP Bank Romania and OTP Bank Serbia it is a common practice to donate no longer used but still functional furniture and IT equipment

(primarily computers and laptops). At Group level, we donated a total of 423 no longer used computers to charity projects in 2022. Reducing plastic waste is one of our objectives; in addition to our existing practices, plastic cups were started to be replaced with

paper cups in 2022 in Bulgaria, Romania and Slovenia.

HR RS SI RO ME MD Our subsidiaries in Croatia, Serbia, Slovenia, Romania, Montenegro and Moldova have used toner refills to reduce toner and ink cartridge waste.

OTP Group materials and procurement highlights:

	2018	2019	OTP Bank			2018	2019	OTP Group		
			2020	2021	2022			2020	2021	2022
Computers (number of laptops + PCs) (thousand units)	15	18	19	19	19	45 ¹	51 ¹	57 ¹	65 ¹	65 ¹
Weight of ink cartridges and toners used (t)	9	8	6	4	5	33 ¹	35 ¹	34 ¹	37 ¹	35 ¹
Amount of office paper (t)	685	699	478	398	397	1,955	2,350 ³	1,795	1,751	1,551
Amount of paper used for document sorting and packaging (t)	43	58	75	90	98	116	117	153	829 ⁶	1,105 ⁶
Amount of indirectly used paper (t) ⁴	5	7	584 ⁵	491	558	511	631	903	732	897

¹ Partly estimate: prorated based on actual data.

² Decrease presumably due to increased precision in data capture.

³ In 2019 our Russian subsidiary also added the paper used in POS sales, which it did not include in prior years. This represented 320 tons of paper.

⁴ E.g. marketing publications, account statements.

⁵ Predominantly the consumption of the former Monicomp.

⁶ The consumption of Nádudvari Élelmiszer Kft. amounts to 500 tonnes.

Other than a few improvements, waste collection remained unchanged in most respects in 2022. 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 the selective collection of non-confidential paper waste was started in 2022. 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:

	2018	2019	OTP Bank			2018	2019	OTP Group		
			2020	2021	2022			2020	2021	2022
Selectively collected waste paper (t)	417	809	1,120	729	880	1,445	1,323	1,450	1,091	1,243
Selectively collected PET bottles, plastic (kg)	9,998	7,929	2,203	4,607	8,807	14,348	12,613	5,810	10,685	29,426
Communal waste (t)	N/A	N/A	2.766	2.963	3.148	N/A	N/A	N/A	N/A	N/A

Attitude-shaping

The members of the Banking Group launch numerous programmes, awareness raising campaigns and involve employees, to promote environmental awareness and the protection of natural values.

Plant-based bank card

OTP Bank continued in 2022 the issuance of bank cards of reduced environmental impacts: it provided its 24 thousand private banking customers with plant-based Mastercard Limited Edition bank cards. 84 percent of the card material is made from corn starch, from animal feed material, where the plant protein left from the manufacturing process can be used as animal feed. The bank card's lifetime is the same as that of a conventional card. In addition to the use of an environmentally friendly raw material, the manufacture of such cards has a smaller environmental impact because it takes a third less fossil fuels and results in the emission of 70 percent less GHG than conventional PVC, plastic cards. One such bank card generates, on the whole, approx. 10 g less GHG during its life cycle.

SI The Slovenian subsidiary is also contemplating the issuance of more environment preserving cars made from recycled material. OTP Bank continued its campaign in cooperation with Mastercard in the Priceless Planet Coalition in 2022 as well (for more information on DSK Bank's and OTP Bank Serbia's cooperation with Mastercard, see subsection @2.2). The purpose of the initiative is to plant 100 million trees in five years to mitigate the harmful impacts of climate change. Partners participating in the programme mobilise consumers by campaigns to take action for the environment, while they also contribute actively to achieving the goal. OTP Bank enabled the planting of 75 thousand trees in 2022 under the cooperation, 50 percent more than in 2021.

HR The Croatian subsidiary sponsored Ekotlon in 2022 as well, the largest plogging compe-

tition of Croatia (jogging with picking up litter). More than 500 runners participated in the event. The registration fees were used for sponsorship this year again, for sports associations of people with disabilities. The Bank also sponsored the divers' club cleaning up the Adriatic.

RS The Serbian subsidiary celebrated every major international world environmental days during the year through the social media channels. It released a large number of messages in international newsletters on methods of cutting carbon dioxide emission at the workplace and at home.

SI The Slovenian subsidiary implemented an extensive internal campaign on environmentally conscious behaviour. The results of the campaign are already reflected by reduced use of lighting and heating – this is expected to be reflected by reductions in consumption figures as well. The Bank's employees planted more than 1000 honey bearing plants in 2022 and produced a total of 72 kg of honey in the beehives on top of the central office. The Bank is making efforts to gather new innovative ideas also by joining the Slovenian Green Network and the Energy Effective Solutions Centre (CER).

RO The Romanian subsidiary drew attention to the importance of environmental awareness in messages greeting customers and in its campaigns (e.g. service evaluations) it offered packets of seeds for planting.

The subsidiary supported the implementation of the Nature Talks Association Green Week event where more than 300 students from Bucharest participated in interactive environmental workshops. A Green Room has been created at the Bank's headquarters building where children were able to experience the benefits of plants and how plants can clean the air. The project's press conference was attended by representatives of the Ministry of Education and the Environmental Ministry as well, and it is planned to be implemented every year in the context of the school Green Weeks event, which is part of a national strategy.

Green point hashtag summed up the subsidiary's numerous internal communication

activities. The employees participated in voluntary programmes, supporting, inter alia, the Plastic-free Water Association, an organisation working to prevent contamination of the river Danube through the river Zsil. The Bank's 22 employees participated in a garbage collection campaign under the cooperation.

UK The "Surrender Your Batteries" campaign of the Ukrainian subsidiary bank - in the framework of which used batteries and accumulators collected nationwide are shipped to a Romanian recycling plant - was continued with limitations as a result of the war.

RU The Russian subsidiary drew attention to the importance of environmental protection through excursions, gatherings and articles organised and written with the involvement of its employees.

MD In response to the energy crisis the Moldavian bank joined in October a campaign launched by public bodies encouraging responsible electricity consumption to reduce power use. The Bank sponsored the Art Mirror exhibition of posters made from recycled materials. The campaign took place in multiple European cities simultaneously, drawing attention to the importance of reusing or recycling materials. The Bank organised the No Mail Day event in 2022 again, highlighting that even regarding emails, which are part and parcel of our everyday lives now, reasonable use is crucial in terms of sending, processing and storing mail as well. A webinar took place at the Bank regarding the topic, with several invited participants. The Bank started cooperation with the Chisinau Botanic Garden, with the involvement of its employees, to restore a rare tree species.



SUPPLEMENTARY DATA

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. and Monicomp Ltd. were included from 1Q 2017; OTP Mobile Service LLC. and OTP Ingatlanpont LLC. were included from 1Q 2019; OTP Ecosystem Ltd. (previous name: OTP eBIZ Ltd.) was included from 1Q 2020; OTP OTP Home Solutions was included from 2Q 2021. The consolidated results of these companies are segmented into OTP Core and Corporate Centre. Latter is a virtual entity.
- (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 OTP Leasing d.d. and SB Leasing d.o.o. was included.
- (5) The financial performance of OTP Factoring Serbia d.o.o, OTP Lizing d.o.o. and OTP Services d.o.o. is included.
- (6) The statement of recognised income and balance sheet of OTP Faktoring SRL and OTP Leasing Romania IFN S.A. was included.
- (7) Figures are based on the aggregated financial statements of OTP Bank JSC, LLC OTP Leasing, and OTP Factoring Ukraine LLC.
- (8) The statement of recognised income and balance sheet of LLC MFO "OTP Finance" is included.
- (9) The statement of recognised income and balance sheet of the acquired Podgoricka banka was included, which merged into the Montenegrin bank.
- (10) The Albanian figures include the balance sheet of the newly acquired Alpha Bank Albania from July 2022 and its P&L contribution from August.
- (11) 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.
- (12) LLC AMC OTP Capital, OTP Asset Management SAI S.A. (Romania), DSK Asset Management EAD (Bulgaria).
- (13) Velvin Ventures Ltd. (Belize), SC Aloha Buzz SRL, SC Favo Consultanta SRL, SC Tezaur Cont SRL (Romania), OTP Osiguranje d.d. (Croatia), OTP Solution Fund (Ukraine), Mendota Invest d.o.o. (Slovenia).
- (14) Within OTP Group, the Corporate Centre acts 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 is 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 is to provide intragroup lending to, and hold equity stakes in OTP subsidiaries outside OTP Core. Main subsidiaries financed by Corporate Centre are

as follows: Hungarians: Merkantil Bank Ltd., OTP Real Estate Lease Ltd., OTP Fund Management Ltd., OTP Real Estate Fund Management Ltd., OTP Life Annuity Ltd.; foreigners: banks, leasing companies, factoring companies.

- (15) 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.
- (16) 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 together with separate figures of OTP Bank are disclosed in the Financial Data section.

Adjustments affecting the income statement:

- The after tax effect of adjustment items (certain, typically non-recurring items from banking operations' point of view) are shown separately in the Statement of Recognised Income. The following adjustment items emerged in the period under review and the previous year: received dividends, received and paid cash transfers, the effect of goodwill/investment impairment charges, special tax on financial institutions (including the Hungarian windfall tax),

the expected one-off negative effect of the debt repayment moratorium in Hungary, the expected one-off effect of the interest rate cap for certain loans in Hungary, the effect of the winding up of Sberbank Hungary, the effect of acquisitions, the result of the treasury share swap agreement, and the impairments on Russian government bonds at OTP Core and DSK Bank booked in 2022.

- The following items have been moved from the Other operating expenses line among the Net interest income after loss allowance, impairment and provisions line: *Release of loss allowance on securities at fair value through other comprehensive income and on securities at amortized cost, Provision for commitments and guarantees given, Release of impairment of assets subject to operating lease and of investment properties*. In the adjusted P&L structure these items are presented amongst the *Other provisions (adj.)* line (through the *Structural correction between Provision for impairment on loan losses and Other provisions* adjustment line). From 2021 the *Provision for commitments and guarantees given* line contains lending activity-related amounts, therefore this line is no longer shifted from 2021. In 3Q 2021 (retrospectively from 3Q 2020) 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. From 2022 the provision for impairment on placement losses is presented on the *Other provisions* line, instead of the previously applied *Provision for impairment on loan losses* line.
- Other non-interest income is shown together with Gains and losses on real estate transactions, Net insurance result, Gains and losses on derivative instruments, but without the income from the release of pre-acquisition provisions and without received cash transfers. However other non-interest expenses stemming from non-financial activities are added to the adjusted net other

non-interest income line, therefore the latter incorporates the net amount of other non-interest income from non-financial activities.

- OTP Bank's share in the change in the shareholders' equity of companies consolidated with equity method is reclassified from the After tax dividends and net cash transfers line to the Net other non-interest result (adj.) without one-offs line. In the addition to this, OTP Bank has changed the way how private equity funds managed by PortfoLion are recorded. As a result of this, as opposed to the previous method of recording the funds at book value (initial book value less impairments), the funds are evaluated based on their net asset value. The change in the carrying value was reclassified to the Net other non-interest result (adj.) without one-offs line in the adjusted P&L structure.
- Other provisions are separated from other expenses and shown on a separate line in the adjusted profit or loss statement.
- Other administrative expenses have been adjusted in the following way in order to create a category comprising administrative cost items exclusively. Other costs and expenses and other non-interest expenses were included into the adjusted Other non-interest expenses. At the same time, the following cost items were excluded from adjusted other non-interest expenses: paid cash transfers (except for movie subsidies and cash transfers to public benefit organisations), Other other non-interest expenses stemming from non-financial activities, and special tax on financial institutions.
- Tax deductible transfers (offset against corporate taxes) paid by Hungarian group members were reclassified from Other



non-interest expenses to Corporate income tax. As a result, the net P&L effect of these transfers (i.e. the paid transfer less the related corporate tax allowances) is recognised in the corporate income tax line of the adjusted P&L.

- The financial transaction tax paid in Hungary is reclassified from other (administrative) expenses to net fee and commission income, both on consolidated and OTP Core level.
- The Compensation Fund contributions are recognized on the Other administrative expenses line of the income statement, and are presented on the financial transaction tax and/or Special tax on financial institutions line in the adjusted P&L structure (due to the tax deductibility).
- 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 currency exchange result was shifted in the P&L structure from the FX result to the net fees and commissions line. In the adjusted P&L structure this item is moved to the FX result line.
- The *Modification gains or losses* line (one of the components of the *Provision for impairment on loan and placement losses*) was presented on a separate line in the P&L structure. In the adjusted P&L this line was shifted back to the *Provision for impairment on loan and placement losses* line. Secondly, the *Gains and losses on non-trading securities mandatorily at fair value through profit or loss* line was moved from the *Gains/losses on securities* to the *Fair value adjustment on financial instruments measured at fair value through profit or loss* line in the P&L structure. In the adjusted P&L this item remained part of the *Gains/losses on securities*. Thirdly, from 2021 the local business taxes and the innovation contribution payable by Hungarian Group members were booked on the *Income tax expenses* line,

whereas these items were recognised amongst the *Other general expenses*.

- *The expected one-off effect of the interest rate cap for certain loans in Hungary* line contains the expected effect of the rate cap in the second half of 2022 and first half of 2023. The expected effect of the rate cap effective in 1H 2022 was presented in 4Q 2021 amongst the risk costs of OTP Core.
- *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 net present value of the expected 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.
- 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 are 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:

- In the adjusted balance sheet, net customer loans include the stock of finance lease receivables.
- In the adjusted balance sheets presented in the analytical section of the report, 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 has an impact on the consolidated gross customer loans and allowances for loan losses.

Alternative performance measures pursuant to the National Bank of Hungary 5/2017. (V. 24.) recommendation⁶³:

Alternative performance measures name	Description	Calculation (data in HUF million)	Measures value	
			2021	2022
Leverage, consolidated ⁶⁴	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.	<p>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.</p> <p>Example for 2022: $\frac{3,369,616.3}{35,517,511.6} = 9.5\%$</p> <p>Example for 2021: $\frac{3,002,328.2}{29,860,866.0} = 10.1\%$</p>	10.1%	9.5%
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.	<p>The LCR is expressed as: (stock of HQLA)/(total net cash outflows over the next 30 calendar days) $\geq 100\%$. 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.</p> <p>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.</p> <p>Example for 2022: $\frac{7,439,159.8}{6,175,742.4 - 1,852,865.4} = 172.1\%$</p> <p>Example for 2021: $\frac{5,299,489.8}{4,860,023.0 - 1,914,897.1} = 179.9\%$</p>	179.9%	172.1%
ROE (accounting), consolidated	The return on equity ratio shall be calculated the consolidated accounting after tax profit for the given period divided by the average equity, thus shows the effectiveness of the use of equity.	<p>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.)</p> <p>Example for 2022: $\frac{347,081.1 \times 1.0}{3,160,118.9} = 11.0\%$</p> <p>Example for 2021: $\frac{456,427.7 \times 1.0}{2,686,982.7} = 17.0\%$</p>	17.0%	11.0%
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.	<p>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.</p> <p>Example for 2022: $\frac{592,547.0 \times 1.0}{3,160,118.9} = 18.8\%$</p> <p>Example for 2021: $\frac{496,901.5 \times 1.0}{2,686,982.7} = 18.5\%$</p>	18.5%	18.8%

⁶³ 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.

⁶⁴ 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	
			2021	2022
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.	<p>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.)</p> <p>Example for 2022: $\frac{592,547.0 \times 1.0}{31,190,136.9} = 1.9\%$</p> <p>Example for 2021: $\frac{496,901.5 \times 1.0}{25,194,346.0} = 2.0\%$</p>	2.0%	1.9%
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.	<p>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.</p> <p>Example for 2022: $\frac{868,486.7 \times 1.0}{31,190,136.9} = 2.78\%$</p> <p>Example for 2021: $\frac{660,390.7 \times 1.0}{25,194,346.0} = 2.62\%$</p>	2.62%	2.78%
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.	<p>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.</p> <p>Example for 2022: $\frac{1,656,571.0 \times 1.0}{31,190,136.9} = 5.31\%$</p> <p>Example for 2021: $\frac{1,313,123.5 \times 1.0}{25,194,346.0} = 5.21\%$</p>	5.21%	5.31%
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.	<p>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.</p> <p>Example for 2022: $\frac{1,093,578.8 \times 1.0}{31,190,136.9} = 3.51\%$</p> <p>Example for 2021: $\frac{884,012.2 \times 1.0}{25,194,346.0} = 3.51\%$</p>	3.51%	3.51%
Operating cost (adjusted)/ total assets, consolidated	The indicator shows the operational efficiency.	<p>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.</p> <p>Example for 2022: $\frac{788,084.3 \times 1.0}{31,190,136.9} = 2.53\%$</p> <p>Example for 2021: $\frac{652,732.8 \times 1.0}{25,194,346.0} = 2.59\%$</p>	2.59%	2.53%
Cost/income ratio (adjusted, without one-off items), consolidated	The indicator is another measure of operational efficiency.	<p>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.</p> <p>Example for 2022: $\frac{788,084.3}{1,656,571.0} = 47.6\%$</p> <p>Example for 2021: $\frac{652,732.8}{1,313,123.5} = 49.7\%$</p>	49.7%	47.6%

Alternative performance measures name	Description	Calculation (data in HUF million)	Measures value	
			2021	2022
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.	<p>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.)</p> <p>Example for 2022: $\frac{135,231.1 \times 1.0}{18,639,432.7} = 0.73\%$</p> <p>Example for 2021: $\frac{46,005.6 \times 1.0}{15,132,360.4} = 0.30\%$</p>	0.30%	0.73%
Total risk cost (adjusted)/ total asset ratio, consolidated	The indicator shows the amount of total risk cost relative to the balance sheet total.	<p>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.</p> <p>Example for 2022: $\frac{178,464.7 \times 1.0}{31,190,136.9} = 0.57\%$</p> <p>Example for 2021: $\frac{72,538.1 \times 1.0}{25,194,346.0} = 0.29\%$</p>	0.29%	0.57%
Effective tax rate (adjusted), consolidated	The indicator shows the amount of corporate income tax accounted on pre-tax profit.	<p>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.</p> <p>Example for 2022: $\frac{97,475.0}{690,022.0} = 14.1\%$</p> <p>Example for 2021: $\frac{90,951.2}{587,852.6} = 15.5\%$</p>	15.5%	14.1%
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.	<p>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 consolidated consumer FX-adjusted deposit volume plus the end of period retail bond volume (issued by OTP Bank).</p> <p>Example for 2022: $\frac{18,640,624.3}{25,158,557.6 + 35,766.3} = 74\%$</p> <p>Example for 2021: $\frac{16,655,366.8}{22,164,853.5 + 0.0} = 75\%$</p>	75%	74%

Adjustments on the consolidated statement of profit or loss (IFRS):

	2022 HUF million	2021 HUF million
Net interest income	1,091,314	874,310
(+) Presentation of the revaluation result of intra-group swaps on the net interest income line realized at the Romanian and Slovakian operations	2,034	625
(-) Netting of interest revenues on DPD90+ loans with the related provision (booked on the Provision for loan losses line)	5,335	1,131
(-) Effect of acquisitions	(3,179)	(2,680)
(-) Initial NPV gain on the monetary policy interest rate swap (MIRS) deals	0	0
(-) Reclassification due to the introduction of IFRS16	(2,386)	(1,556)
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	0	46
(-) Expected one-off negative effect of the debt repayment moratorium in Hungary and Serbia	0	(5,925)
Net interest income (adj.)	1,093,579	884,012
Net fees and commissions	600,361	442,177
(+) Financial Transaction Tax	(89,751)	(68,818)
(-) Effect of acquisitions	(2)	(33)
(-) Structural shift of income from currency exchange from net fees to the FX result	113,494	47,843
Net fees and commissions (adj.)	397,118	325,548
Foreign exchange result	(14,989)	(4,075)
(-) Presentation of the revaluation result of intra-group swaps on the net interest income line realized at the Romanian and Slovakian operations	7,818	(492)
(-) Effect of acquisitions	(4)	0
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	0	(10)
(+) Structural shift of income from currency exchange from net fees to the FX result	113,494	47,843
Foreign exchange result (adj.)	90,691	44,251
Gain/loss on securities, net	(4,488)	5,559
(-) Effect of acquisitions	(556)	(1,077)
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	0	14
(-) Revaluation result of the treasury share swap agreement	(10,002)	2,766
(+) Structural adjustment due to the Gain from derecognition of financial assets at amortized cost line (against Gain/loss on securities, net)	(4,636)	1,031
(+) 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	4,812
Gain/loss on securities, net (adj.)	1,579	9,726
Result of discontinued operation and gains from disposal of subsidiaries classified as held for sale	11,444	116
(-) Effect of acquisitions	0	(165)
Result of discontinued operation and gains from disposal of subsidiaries classified as held for sale (adj.)	11,444	282
Gains and losses on real estate transactions	5,269	6,424
Result of discontinued operation and gains from disposal of subsidiaries classified as held for sale (adj.)	11,444	282
(+) Other non-interest income	118,777	74,246
(+) Gains and losses on derivative instruments	10,558	6,797
(+) Net insurance result	1,370	657
(+) Losses on loans measured mandatorily at fair value through other comprehensive income and on securities at amortized cost	(4,164)	(532)
(-) 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	4,812
(-) Received cash transfers	447	165
(+) Other other non-interest expenses	(72,969)	(44,882)
(+) 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	11,155
(-) Effect of acquisitions	3,268	(4)
(-) Presentation of the revaluation result of intra-group swaps on the net interest income line realized at the Romanian and Slovakian operations	(5,783)	1,117
(-) One-off impact of the CHF mortgage loan conversion programme and regulatory changes related to mortgage loans in Romania	(591)	(948)
(-) 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)	(194)
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	0	387
(+) Shifting of the costs of mediated services at Merkantil Bérlét Ltd. to the net other non-interest result line	(1,846)	
(+) Structural adjustment due to the Gain from derecognition of financial assets at amortized cost line (against Net other non-interest result)	(492)	
(-) Expected one-off effect of the interest rate cap for certain loans in Hungary	(2,022)	
Net other non-interest result (adj.)	73,604	49,586

Adjustments on the consolidated statement of profit or loss (IFRS) – continued	2022	2021
	HUF million	HUF million
Gain from derecognition of financial assets at amortized cost	(1,655)	1,884
(-) Structural adjustment due to the Gain from derecognition of financial assets at amortized cost line (against Gain/loss on securities, net)	(4,636)	1,031
(-) Structural adjustment due to the Gain from derecognition of financial assets at amortized cost line (against Provision for impairment on loan losses)	3,473	854
(-) Structural adjustment due to the Gain from derecognition of financial assets at amortized cost line (against Net other non-interest result)	(492)	
Gain from derecognition of financial assets at amortized cost (adj.)	0	0
Provision for impairment on loan and placement losses	(155,680)	(27,723)
(+) Modification gains or losses	(39,997)	(13,672)
(+) 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	(16,289)
(+) Loss allowance on securities at fair value through other comprehensive income and on securities at amortized cost	(60,775)	(3,974)
(+) Provision for commitments and guarantees given	(6,145)	(99)
(+) Impairment of assets subject to operating lease and of investment properties	(1,205)	438
(-) One-off impact of the CHF mortgage loan conversion programme and regulatory changes related to mortgage loans in Romania	138	339
(+) Netting of interest revenues on DPD90+ loans with the related provision (booked on the Provision for loan losses line)	5,335	1,131
(-) Structural correction between Provision for loan losses and Other provisions	(61,979)	(3,536)
(-) Expected one-off negative effect of the debt repayment moratorium in Hungary and Serbia	(4,816)	(10,131)
(+) Structural adjustment due to the Gain from derecognition of financial assets at amortized cost line (against Provision for impairment on loan losses)	3,473	854
(-) Shifting of provision for impairment on placement losses to the other provisions line from 1Q 2022	(261)	
(-) Expected one-off effect of the interest rate cap for certain loans in Hungary	(36,005)	
Provision for impairment on loan losses (adj.)	(135,231)	(46,006)
Dividend income	14,641	15,648
(+) Received cash transfers	447	165
(+) Paid cash transfers	(17,709)	(11,992)
(-) Sponsorships, subsidies and cash transfers to public benefit organisations	(17,519)	(11,873)
(-) Dividend income of swap counterparty shares kept under the treasury share swap agreement	12,130	3,809
(-) 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	11,155
After tax dividends and net cash transfers	1,927	729
Depreciation	(175,303)	(94,995)
(-) Goodwill impairment charges	(67,715)	0
(-) Effect of acquisitions	(4,917)	(6,134)
(-) Reclassification due to the introduction of IFRS 16	(18,008)	(16,064)
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	0	(20)
Depreciation (adj.)	(84,663)	(72,816)
Personnel expenses	(402,563)	(340,684)
(-) Effect of acquisitions	(1,259)	(781)
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	0	(298)
(-) 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)	
Personnel expenses (adj.)	(396,304)	(340,201)
Income taxes	(59,252)	(72,123)
(-) Corporate tax impact of goodwill/investment impairment charges	8,461	1,909
(-) Corporate tax impact of the special tax on financial institutions	5,456	1,787
(+) Tax deductible transfers (offset against corporate taxes)	(14,479)	(8,137)
(-) Corporate tax impact of the effect of acquisitions	543	5,738
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	0	(18)
(-) Corporate tax impact of the expected one-off negative effect of the debt repayment moratorium in Hungary and Serbia	244	1,487
(-) Corporate tax impact of the result of the treasury share swap agreement	900	(249)
(-) Corporate tax impact of the impairments on Russian government bonds booked at OTP Core and DSK Bank in 2022	3,494	
(-) Corporate tax impact of the winding up of Sberbank Hungary (contribution to the Deposit Protection Fund)	1,027	
(-) Corporate tax impact of the expected one-off effect of the interest rate cap for certain loans in Hungary	3,618	
Corporate income tax (adj.)	(97,475)	(90,951)

Adjustments on the consolidated statement of profit or loss (IFRS) – continued	2022	2021
	HUF million	HUF million
Other operating expense	(128,785)	(85,733)
(-) Other costs and expenses	(17,279)	(6,508)
(-) Other non-interest expenses	(90,678)	(56,874)
(-) Effect of acquisitions	(1,341)	0
(-) One-off impact of the CHF mortgage loan conversion programme and regulatory changes related to mortgage loans in Romania	453	609
(-) 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	194
(+) Structural correction between Provision for loan losses and Other provisions	(61,979)	(3,536)
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	0	4
(-) Expected one-off negative effect of the debt repayment moratorium in Hungary and Serbia	2,104	(153)
(-) Impairments on Russian government bonds booked at OTP Core and DSK Bank in 2022	(38,268)	
(+) Shifting of provision for impairment on placement losses to the other provisions line from 1Q 2022	(261)	
(-) Shifting of certain expenses arising from mediated services from other provisions to the other non-interest expenses line	(882)	
(-) Expected one-off effect of the interest rate cap for certain loans in Hungary	(2,175)	
Other provisions (adj.)	(43,234)	(26,532)
Other administrative expenses	(464,998)	(311,931)
(+) Other costs and expenses	(17,279)	(6,508)
(+) Other non-interest expenses	(90,678)	(56,874)
(-) Paid cash transfers	(17,709)	(11,992)
(+) Film subsidies and cash transfers to public benefit organisations	(17,519)	(11,873)
(-) Other other non-interest expenses	(72,969)	(44,882)
(-) Special tax on financial institutions (recognised as other administrative expenses)	(96,808)	(20,680)
(-) Tax deductible transfers (offset against corporate taxes)	(14,479)	(8,137)
(-) Financial Transaction Tax	(89,751)	(68,818)
(-) Effect of acquisitions	(4,654)	(10,370)
(+) Reclassification due to the introduction of IFRS 16	(20,395)	(17,620)
(+) Presentation of the contribution from discontinued operation on the adjusted P&L lines	0	(106)
(-) Expected one-off negative effect of the debt repayment moratorium in Hungary and Serbia	0	(318)
(-) Shifting of the costs of mediated services at Merkantil Bérlet Ltd. to the net other non-interest result line	(1,846)	
(+) Shifting of certain expenses arising from mediated services from other provisions to the other non-interest expenses line	(882)	
(-) Effect of the winding up of Sberbank Hungary (contribution to the Deposit Protection Fund)	(11,416)	
(+) 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)	
Other non-interest expenses (adj.)	(307,117)	(239,716)

Adjustments of consolidated IFRS balance sheet lines:

	2022	2021
	HUF million	HUF million
Gross customer loans (incl. finance lease receivables and accrued interest receivables related to loans)	19,690,287	16,670,469
(-) Accrued interest receivables related to DPD90+/Stage 3 loans	46,730	36,015
Gross customer loans (adjusted)	19,643,558	16,634,454
Allowances for loan losses (incl. impairment of finance lease receivables)	(1,049,663)	(926,547)
(-) Allocated provision on accrued interest receivables related to DPD90+/Stage 3 loans	(46,730)	(36,015)
Allowances for loan losses (adjusted)	(1,002,933)	(890,532)

Statement of profit or loss of OTP Bank Plc., according to IFRS standards as adopted by the European Union (consolidated)*:

	2022 HUF million	2021 HUF million	Change %
CONTINUING OPERATIONS			
Interest income calculated using the effective interest method	1,508,050	922,539	63
Income similar to interest income	495,973	194,920	154
Interest incomes	2,004,023	1,117,459	79
Interest expenses	(912,709)	(243,149)	275
NET INTEREST INCOME	1,091,314	874,310	25
Risk cost total	(210,458)	(47,645)	342
Loss allowance/Release of loss allowance on loans, placements, amounts due from banks and repo receivables	(155,681)	(27,721)	462
Change in the fair value attributable to changes in the credit risk of loans mandatorily measured at fair value through profit or loss	13,346	(16,289)	(182)
Loss allowance/Release of loss allowance on securities at fair value through other comprehensive income and on securities at amortized cost	(60,774)	(3,974)	1429
Provision for commitments and guarantees given	(6,145)	(99)	6107
Impairment/(Release of impairment) of assets subject to operating lease and of investment properties	(1,204)	438	(375)
NET INTEREST INCOME AFTER RISK COST	880,856	826,665	7
Income from fees and commissions	739,576	554,113	33
Expense from fees and commissions	(139,216)	(111,939)	24
Net profit from fees and commissions	600,360	442,174	36
Modification gain or loss	(39,997)	(13,672)	193
Foreign exchange gains/losses, net	(4,431)	2,723	(263)
Foreign exchange gains/losses, net	(14,989)	(4,075)	268
Gains and losses on derivative instruments	10,558	6,798	55
Gains/Losses on securities, net	(4,488)	5,560	(181)
Gains/Losses on financial assets/liabilities measured at fair value through profit or loss	(4,164)	(532)	683
Gain from derecognition of financial assets at amortized cost	(1,655)	1,885	(188)
Profit from associates	14,640	15,648	(6)
Other operating income	125,415	81,328	54
Gains and losses on real estate transactions	5,269	6,424	(18)
Other non-interest income	118,777	74,246	60
Net insurance result	1,370	657	109
Other operating expense	(128,785)	(85,732)	50
Net operating income	(3,468)	20,880	(117)
Personnel expenses	(402,563)	(340,684)	18
Depreciation and amortization	(175,303)	(94,996)	85
Other administrative expenses	(464,997)	(311,932)	49
Other administrative expenses	(1,042,863)	(747,612)	39
PROFIT BEFORE INCOME TAX	394,888	528,435	(25)
Income tax expense	(59,251)	(72,123)	(18)
PROFIT AFTER INCOME TAX FOR THE PERIOD FROM CONTINUING OPERATIONS	335,637	456,312	(26)
From this, attributable to:			
Non-controlling interest	727	836	(13)
Owners of the company	334,910	455,476	(26)
DISCONTINUED OPERATIONS			
Gains from disposal of subsidiary classified as held for sale	11,444	0	
Net loss/gain from discontinued operation	0	116	(100)
PROFIT AFTER INCOME TAX FROM CONTINUING AND DISCONTINUED OPERATION	347,081	456,428	(24)

* 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)*:

	2022 HUF million	2021 HUF million	Change %
Cash, amounts due from banks and balances with the National Banks	4,221,392	2,556,035	65
Placements with other banks, net of loss allowance for placements	1,351,082	1,584,861	(15)
Repo receivables	41,009	61,052	(33)
Financial assets at fair value through profit or loss	436,387	341,397	28
Securities at fair value through other comprehensive income	1,739,603	2,224,510	(22)
Loans at amortized cost	16,094,458	13,493,183	19
Loans mandatorily at fair value through profit or loss	1,247,414	1,068,111	17
Finance lease receivables	1,298,752	1,182,628	10
Associates and other investments	73,849	67,222	10
Securities at amortized cost	4,891,938	3,891,335	26
Property and equipment	464,469	411,136	13
Intangible assets and goodwill	237,031	248,631	(5)
Right(off)use assets	58,937	50,726	16
Investment properties	47,452	29,882	59
Derivative financial assets designated as hedge accounting	48,247	18,757	157
Deferred tax assets	75,421	15,109	399
Current income tax receivable	5,650	29,978	(81)
Other assets	471,119	276,785	70
Assets classified as held for sale/discontinued operations	0	2,046	(100)
TOTAL ASSETS	32,804,210	27,553,384	19
Amounts due to banks, the National Governments, deposits from the National Banks and other banks	1,463,158	1,567,348	(7)
Repo liabilities	217,369	79,047	175
Financial liabilities designated at fair value through profit or loss	54,191	41,184	32
Deposits from customers	25,188,805	21,068,644	20
Liabilities from issued securities	870,682	436,325	100
Derivative financial liabilities held for trading	385,747	202,716	90
Derivative financial liabilities designated as hedge accounting	27,949	11,228	149
Leasing liabilities	63,778	53,286	20
Deferred tax liabilities	40,094	24,045	67
Current income tax payable	28,866	36,581	(21)
Provisions	131,621	119,799	10
Other liabilities	707,654	598,081	18
Subordinated bonds and loans	301,984	278,334	8
TOTAL LIABILITIES	29,481,898	24,516,618	20
Share capital	28,000	28,000	0
Retained earnings and reserves	3,395,215	3,109,509	9
Treasury shares	(106,862)	(106,941)	0
Total equity attributable to the parent	3,316,353	3,030,568	9
Total equity attributable to non(controlling interest	5,959	6,198	(4)
TOTAL SHAREHOLDERS' EQUITY	3,322,312	3,036,766	9
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	32,804,210	27,553,384	19

* 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).

Consolidated subsidiaries and associates (in the consolidated financial statements according to IFRS):

	Name of the company	Main field of activity	Country of tax authority
1	OTP Bank Plc.	monetary intermediation	Hungary
2	OTP Real Estate Ltd.	sale and purchase of self-owned real estate	Hungary
3	BANK CENTER No. 1. Ltd.	property rental and management	Hungary
4	OTP Fund Management Ltd.	fund management	Hungary
5	OTP Factoring Ltd.	other financial services	Hungary
6	OTP Close Building Society	monetary intermediation	Hungary
7	Merkantil Bank Ltd.	monetary intermediation	Hungary
8	OTP Factoring Management Ltd.	sale and purchase of self-owned real estate	Hungary
9	INGA KETTŐ Ltd.	property rental and management	Hungary
10	Merkantil Bérlet Ltd.	property rental and management; rental of machines and tools	Hungary
11	OTP Mortgage Bank Ltd.	monetary intermediation	Hungary
12	OTP Funds Servicing and Consulting Company Limited	financial supplementary activity	Hungary
13	DSK Bank AD	monetary intermediation	Bulgaria
14	DSK Tours EOOD	travel agency	Bulgaria
15	DSK Trans Security EAD	security services	Bulgaria
16	POK DSK-Rodina AD	pension insurance	Bulgaria
17	NIMO 2002 Ltd.	property rental and management	Hungary
18	OTP Real Estate Investment Fund Management Ltd.	fund management	Hungary
19	OTP Card Factory Ltd.	production of plastic products	Hungary
20	OTP Bank Romania S.A.	monetary intermediation	Romania
21	DSK Asset Management EAD	fund management	Bulgaria
22	OTP banka dioničko društvo	monetary intermediation	Croatia
23	Air-Invest Ltd.	passenger air transport	Hungary
24	DSK Leasing AD	financial leasing	Bulgaria
25	OTP Invest društvo s ograničenom odgovornošću za upravljanje fondovima	fund management	Croatia
26	OTP Nekretnine d.o.o.	development of construction projects	Croatia
27	SPLC-P Ltd.	property rental and management	Hungary
28	SPLC Ltd.	commerce of passenger vehicle, real estate rental and management	Hungary
29	OTP Real Estate Leasing Ltd.	lending, financial leasing	Hungary
30	OTP Life Annuity Real Estate Investment Plc.	sale and purchase of self-owned real estate	Hungary
31	OTP Leasing d.d.	financial leasing	Croatia
32	Joint-Stock Company OTP Bank	monetary intermediation	Ukraine
33	JSC "OTP Bank" (Russia)	monetary intermediation	Russia
34	Montenegrin Commercial Bank Shareholding Company, Podgorica Montenegro	monetary intermediation	Montenegro
35	OTP banka Srbija, joint-stock company, Novi Sad	monetary intermediation	Serbia
36	OTP Investments d.o.o. Novi Sad	other financial services	Serbia
37	OTP Leasing Romania IFN S.A.	financial leasing	Romania
38	OTP Ingatlanpont Ltd.	property brokerage	Hungary
39	OTP Hungaro-Projekt Ltd.	business consulting	Hungary
40	OTP Financing Netherlands	financial holding	Netherlands
41	OTP Mérnöki Ltd.	engineering activity	Hungary
42	OTP Ingatlanüzemeltető Ltd.	property management	Hungary
43	Limited Liability Company Asset Management Company "OTP Capital"	fund management	Ukraine
44	CRESCO d.o.o.	sale and purchase of self-owned real estate	Croatia
45	LLC OTP Leasing	financial leasing	Ukraine
46	OTP Asset Management SAI S.A.	fund management	Romania
47	OTP Financing Solutions	credit claims	Netherlands
48	Velvin Ventures Ltd.	property brokerage	Russia
49	OTP Factoring Romania LLC.	other financial services	Romania
50	OTP Factoring Ukraine LLC	receivables management, credit mediation	Ukraine
51	OTP Insurance Broker EOOD	activities of insurance agents and brokers	Bulgaria
52	PortfoLion Venture Capital Fund Management Ltd.	fund management	Hungary
53	OTP Factoring Bulgaria JSCo.	factoring, commercial credit	Bulgaria
54	SC Aloha Buzz SRL	other financial services	Romania
55	SC Favo Consultanta SRL	other financial services	Romania
56	SC Tezaur Cont SRL	other financial services	Romania
57	OTP Holding Ltd.	other financial services	Cyprus
58	OTP Debt Collection d.o.o. Podgorica	other financial intermediation	Montenegro
59	OTP Factoring Serbia Ltd.	other financial services	Serbia
60	Monicom Ltd.	computer and peripherals maintenance	Hungary

	Name of the company	Main field of activity	Country of tax authority
61	CIL Babér Ltd.	property rental and management	Hungary
62	Project 01 Consulting, s. r. o.	other financial services	Slovakia
63	R.E. Four d.o.o., Novi Sad	sale and purchase of self-owned real estate	Serbia
64	OTP Financial Point Ltd.	financial supplementary activity	Hungary
65	Bajor-Polár Center Real Estate Management Ltd.	property rental and management	Hungary
66	OTP Mobile Service Ltd.	IT services	Hungary
67	OTP Holding Malta Ltd.	financial holding	Malta
68	OTP Financing Malta Company Limited	lending	Malta
69	LLC MFO "OTP Finance"	microfinance activity	Russia
70	OTP Travel Limited	travel agency	Hungary
71	OTP Ecosystem Limited Liability Company; OTP Ecosystem LLC.	other information technology services	Hungary
72	DSK ventures EAD	commercial mediation, marketing, IT services	Bulgaria
73	OTP ESOP	financial supplementary activity	Hungary
74	PEVEC d.o.o. Beograd	storage	Serbia
75	PortfoLion Digital Ltd.	business consulting	Hungary
76	OTP Ingatlankezelő Ltd.	property management	Hungary
77	MFM Project Investment and Development Ltd.	property rental and management	Hungary
78	OTP Leasing d.o.o. Beograd	financial leasing	Serbia
79	Venture Closed-End Non Diversified Mutual Investment Fund "OTP Solution"	investment fund	Ukraine
80	OTP Services Ltd.	commerce of passenger vehicle	Serbia
81	DSK DOM EAD	credit mediation	Bulgaria
82	ShiwaForce.com Inc.	computer programming	Hungary
83	OTP Leasing EOOD	financial leasing	Bulgaria
84	Regional Urban Development Fund AD	financing of urban development plans	Bulgaria
85	Banka OTP Albania SHA	monetary intermediation	Albania
86	EiSYS Ltd.	IT consultancy	Hungary
87	OTP Leasing Srbija d.o.o. Beograd	financial leasing	Serbia
88	OTP Osiguranje AKCIONARSKO DRUŠTVO ZA	insurance	Serbia
89	OTP Bank S.A.	monetary intermediation	Moldova
90	AppSense Ltd.	computer programming	Hungary
91	SKB Banka d.d. Ljubljana	monetary intermediation	Slovenia
92	SKB Leasing d.o.o.	financial leasing	Slovenia
93	SKB Leasing Select d.o.o.	financial leasing	Slovenia
94	OTP Home Solutions Limited Liability Company	data processing	Hungary
95	Georg d.o.o	business consulting	Croatia
96	OD Ltd.	computer programming	Hungary
97	BALANSZ Real Estate Institute Fund	investment fund	Hungary
98	PortfoLion Zöld Fund	investment fund	Hungary
99	PortfoLion Digitális Magántőkealap I.	investment fund	Hungary
100	PortfoLion Regionális Fund	investment fund	Hungary
101	PortfoLion Regionális Fund II.	investment fund	Hungary
102	PortfoLion Partner Fund	investment fund	Hungary
103	PortfoLion Digitális Magántőkealap II.	investment fund	Hungary
104	Nemesszalóki Ltd.	agricultural activity	Hungary
105	ZA-Invest Béta Ltd.	agricultural activity	Hungary
106	NAGISZ Mezőgazdasági Termelő és Szolgáltató Ltd.	agricultural activity	Hungary
107	Nádudvari Ltd.	agricultural activity	Hungary
108	HAGE Ltd.	agricultural activity	Hungary
109	AFP Private Equity Invest Ltd.	asset management (holding)	Hungary
110	Mendota Invest, Nepremicninska druzba, d.o.o.	property developer and manager	Slovenia
111	ZA-Invest Delta Ltd.	asset management (holding)	Hungary