



Sustainability Report

2019



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OTP Bank Plc.

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Contents

The following icons are used to indicate additional information and help you navigate through the various topics.

 More information available on another page of this Sustainability Report

 More information about the subject available on our website

 For additional information see Annex

 Subjects relevant to particular countries are marked by country codes:

AL | BG | HU | HR | MO | MD | RO | RS | RU | SK | UA | SL

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About the Report

A comprehensive insight into OTP Bank Plc's operations is also facilitated by our annual and quarterly financial reports and responsible corporate governance reports.

Transparency

Responsibility

Comprehensive information



GRI 102-50, 102-52, 102-54, 102-56

OTP Group's Sustainability Report was drafted in accordance with the GRI Standard, specifically the Core version¹; for the first time, we are also reporting on certain indicators of the SASB² standards for Commercial Banks, Consumer Finance and Mortgage Finance. We plan to expand our reporting on SASB indicators in future years. We issue our Sustainability Report each year; this Report concerns the year 2019 but presents much of the data over a 5-year horizon. Certification of the Report by an independent third party was provided by Deloitte Ltd.

GRI 102-46, 102-47

We considered the following criteria in choosing what to include in this report:

1. information that may be of interest to stakeholders;
2. aspects deemed material by the management of OTP Bank;
3. information used as input for ESG (Environmental, Social, Governance) ratings;
4. information necessary for compliance with the GRI Standard (including compliance with the materiality principle).

In 2014 we conducted a managerial assessment as per the criteria of the materiality principle concerning the GRI Standards and the definition of additional key topics, which we revised based on the results of extensive stakeholder research in 2018.

As our stakeholder research confirmed the outcome of our earlier assessments, we have not changed our key topics but slightly modified the structure of the report, placing greater emphasis on certain topics such as financial education and environmental protection. Involving sustainability experts, conducting regular benchmarking analyses and monitoring the development trends in the sector all serve the purpose of understanding and incorporating the sustainability context and our impacts.

GRI 102-47

OTP Bank Plc. prioritises the following sustainability topics from the GRI Standard:

- Socioeconomic compliance
- Anti-corruption
- Economic performance
- Preventing anti-competitive behaviour
- Marketing and labelling
- Customer privacy
- 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
- Airborne emissions
- Energy



The report is limited to OTP Group except in the following cases:

- Security practices: the report covers the supplier chain as well,
- Public policy and indirect economic impacts: only OTP Bank (OTP Hungary) and the subsidiary banks with significant weight within their countries are covered.

¹ The GRI (Global Reporting Initiative) is the most widely recognised and used sustainability reporting framework internationally.

² Sustainability Accounting Standards Board



Data

We present the data in the following subsets:

- predominantly:

OTP Group	OTP Bank
the entire OTP Group	the parent company

- breakdown by country, where required by the GRI
- financial data

OTP Group	OTP Core
the entire OTP Group	OTP Group is the business entity measuring the core activities of OTP Group in Hungary, comprised of: OTP Bank Nyrt., OTP Jelzálogbank Zrt., OTP Lakástakarék Zrt., OTP Faktoring Zrt., OTP Pénzügyi Pont Kft., and entities performing group financing activities; also included are OTP Bank Munkavállalói Résztskulajdonosi Program Szervezet (OTP Bank's Employee Stock Ownership Plan Organisation), OTP Kártyagyártó Kft., OTP Ingatlánüzemeltető Kft., MONICOMP Zrt., as well as OTP Ingatlantpont Ingatlanközvetítő Kft. and OTP Mobil Szolgáltató Kft.

Unless otherwise indicated, the Report for 2020 will be the first to include the data of the subsidiaries Expressbank of Bulgaria and OTP banka Srbija of Serbia, both of which were acquired in 2019. The data of the other new subsidiaries cover the entire year of 2019, regardless of their date of acquisition. This is necessary in order to simplify the data collection process and improve comparability for subsequent years; such a method is also prescribed in the GHG Protocol used in carbon dioxide emission calculations.

When presenting non-quantifiable information and practices, we always specify the companies they refer to.

Further information on our sustainability performance is available on our website, where we present general information on our responsible operations, their impacts and our principles.

 [www.otpfenntarhatatosag.hu](http://www.otpfenntarthatosag.hu)

A comprehensive insight into OTP Bank Plc's operations is also facilitated by our annual and quarterly financial reports and responsible corporate governance reports, which are available on our website. The Annual Report incorporates the non-financial statement in compliance with statutory requirements.

 www.otpbank.hu

Customers can learn about the company's sustainability activities from a brochure entitled 'With trust and responsibility for each other' and the display screens in our branches.

Standalone sustainability reports with details on the relevant activities are issued by OTP Bank Romania annually and by OTP banka Hrvatska every other year.

Chairman's welcome

Dear Reader,

GRI 102-14, 201 DMA

2019 has been a special year for OTP Group for a variety of reasons. We managed to surpass even our record-breaking 2018 results, **once more achieving the highest profits ever in our history.**

The Group also acquired six new banks, which I consider an extraordinary achievement, especially in a year when OTP Bank celebrated its 70th anniversary. Thanks to our acquisitions, we entered three new countries and now provide services on a daily basis to more than 19 million customers in the 12 countries of our region.

We have consolidated the new banks financially but their integration into the operational and organisational culture of OTP Group is going to be a longer process. Before formulating any group-level requirements, we place great emphasis on familiarising ourselves with how these banks had functioned in the past, making sure that we adopt the good practices.

Implementing the first phase of agile transformation was an important change for the Group. The **most significant advantage of the agile working method is that it enables us to respond to customer needs faster and more efficiently.** The transformation has involved a great deal of change and learning for employees and managers alike, but I believe we have taken the initial hurdles successfully. It allowed us to be the first to introduce new services that are important to the customers, such as Apple Pay and the Baby Loan product. In another significant achievement, the average satisfaction of our employees working in agile areas exceeds that of employees working at other departments, as revealed by an in-house survey at the bank. However, the process of developing and growing our agile operations is not yet complete, with a lot of fine-tuning and expansion tasks still ahead.

The roll-out of the working method has also started, initially at our subsidiaries in Russia and Romania.

Environmental protection and climate change are unquestionably a pressing issue today, since negative trends could reinforce each other and result in fast deterioration. Financial institutions must also rise up to this intensifying challenge. **OTP Group is committed to green financing:** among other things, our medium-term agricultural financing strategy declares as a key objective the development of green financing solutions, while in project finance, we place an emphasis on investments in renewable energy. Thanks to these efforts, OTP Bank was the first to be granted the Magyar Nemzeti Bank's Green Finances Award in 2019. We also use various other tools and solutions to reduce our environmental load.

We still ascribe great importance to developing financial literacy. Our internationally recognised OK Educational Centre continued to provide much needed training for students and 2019 may be called a constructive year in more ways than one. We started the full refurbishment of the Centre in Budapest, we are introducing innovative technologies to revise our courses and also started to develop educational content for grownups. Our aim is to increase the financial and economic knowledge of the active population, thereby strengthening the crisis resilience of families. Our subsidiaries have also taken important steps in this respect; for instance, our Bulgarian subsidiary held its first, highly successful National Financial Olympiad, while our subsidiary in Croatia created a dedicated page on its website for sharing basic financial knowledge.

Please read more about our initiatives and results in the subsequent pages of our Sustainability Report.

Kind regards,



Dr. Sándor Csányi, Chairman & CEO



The Group acquired six new banks, which I consider an extraordinary achievement, especially in a year when OTP Bank celebrated its 70th anniversary. Thanks to our acquisitions, we entered three new countries.



OTP Group

Our Banking Group served nearly 19 million customers across twelve countries.

Stability

Profitability

Growth

Innovation



1.
Focus on
customers2.
Developing
financial literacy3.
Expert financial services
committed to sustainability4.
Ethical business behavior
and security5.
Responsible
Employer6.
Environmental
protection7.
Citizenship

GRI 201 DMA

OTP Group is a prominent financial services group in Hungary and the Central and Eastern European region. By late 2019, our Banking Group served nearly 19 million customers across twelve countries. We are a credit institution of decisive importance in Hungary, Bulgaria and Montenegro. Our objective is to become the most successful universal banking group in Central and Eastern Europe.

GRI 102-2, GRI 102-6

OTP Group engages in the provision of universal financial services; its flagship is OTP Bank of Hungary. Through the Hungarian group members, we offer solutions for all financial needs such as, investment funds, housing loans, specific savings options and auto financing. Our foreign subsidiary banks maintain different service portfolios, always aiming to leverage development potentials and responding to market conditions.

In addition to retail, our Group also intends to be the primary bank for corporate customers. Serving agricultural companies and small and medium-size businesses is a priority for us.



GRI 102-10

2019 was a milestone year in terms of acquisitions: OTP Group acquired six banks, in Bulgaria, Albania, Montenegro, Moldova, Serbia and Slovenia. For reasons of economies of scale, it is important to note that our positions have improved substantively in our existing markets and we have acquired significant positions in new markets. The transactions were completed before the end of the year but the integration of these banks remains a task for the forthcoming period³.



³ The Slovakian subsidiary will be sold in early 2020.

 GRI 102-3, 102-4, 102-6, 102-7, 201 DMA

100+
subsidiaries of OTP Bank

5 000
OTP ATMs globally

OTP Bank presents
in 12 countries
across the region

2 000
branches across the region



OTP Csoport

Number of branches	1773
Number of employees ¹	40 104
Balance sheet total	20 122 mrd Ft
Market capitalisation	4320 mrd Ft
Taxes paid	181 mrd Ft
Employee training costs	2032 m Ft
Donations	4161 m Ft
Percentage of wheelchair accessible branches	78 %
Energy consumption per employee	20,37 GJ
CO ₂ e emission per employee	1,82 t
Total paper use	3099 t

OTP Core² (Hungary)

Number of OTP Bank branches	370
Core members' additional branches/customer service offices	41
Number of employees	10 371
Balance sheet total	9642 mrd Ft
Market share ³	29,9%

OTP Bank Romania

Number of branches	95
Number of employees	1 430
Balance sheet total	953 mrd Ft
Market share	3,6%

OTP banka Srbija (Serbia)

incl. Vojvodjanska banka and the new OTP banka Srbija

Number of branches	231
Number of employees	3 210
Balance sheet total	1 659 mrd Ft
Market share	18,0%

OTP Banka Slovensko (Slovakia)

Number of branches	58
Number of employees	671
Balance sheet total	474 mrd Ft
Market share	1,9%

SKB Banka (Slovenia)

Number of branches	53
Number of employees	826
Balance sheet total	1 131 mrd Ft
Market share	11,5%

OTP Bank Russia (Russia)

Number of branches	134
Number of employees	10 504
Balance sheet total	908 mrd Ft
Market share	0,5%

CKB Group (Montenegro)

Number of branches	48
Number of employees	735
Balance sheet total	440 mrd Ft
Market share	32,1%

Mobiasbanca (Moldova)

Number of branches	53
Number of employees	949
Balance sheet total	211 mrd Ft
Market share	19,5%

OTP Bank Ukraine (Ukraine)

Number of branches	88
Number of employees	2 908
Balance sheet total	646 mrd Ft
Market share	4,9%

Data (audited, IFRS) as of 31.12.2019 or for 2019.

¹ always the total number of active full-time and part-time employees

² OTP Core: OTP Bank, OTP Jelzálogbank, OTP Lakástartakré, OTP Faktoring, OTP Pénzügyi Pont, OTP Kártyagyártó, OTP Ingatlanüzemeltető, Monicomp, OTP Ingatlanpont, OTP Mobil and entities performing group financing activities. The data of the rest of the Hungarian subsidiaries are not included.

³ market share always means the market share in retail loans

Our ESG assessments

Several organisations rate OTP Group's environmental, social and governance (ESG) performance, primarily to inform investors.

CDP Climate change: C

OTP Bank took part in the CDP environmental protection disclosure system for the first time in 2019. In order to satisfy investor expectations, our bank was requested to fill in the climate change questionnaire and achieved a score of C.

MSCI ESG Ratings: A

In 2019 MSCI upgraded OTP Bank's rating from "BBB" to "A". As of the end of the year our score was 6.7⁴. Our bank outperformed the industry average in terms of the stability of the financial system, the development of human capital, the security of financial products and access to finances.

OTP Bank is included in several ESG indices of MSCI⁵; companies are added to these indices based on their assessment against these criteria.

Sustainalytics ESG Risk Rating: Medium

OTP Bank was given an overall medium risk rating based on its medium risk exposure to significant ESG issues and the average rating of its handling of such risks. Our score stood at 27.7⁶ at the end of 2019. The bank performed best in the protection and security of personal data, and in business ethics.

Vigeo Eiris: 71%

OTP Bank performed slightly above the sectoral average in terms of 2019 year-end results.

CECE SRI EUR index

OTP Bank has been a member of the Responsible Investment Universe index (formerly CEERIUS index) of the Vienna Stock Exchange since 2009. Companies included in CEERIUS must satisfy sustainability evaluation criteria.



**4 cashless
branches**
at OTP Bank



**830 deposit
ATM's**
group-wide



**HUF 30 billion
in loans
disbursed**
via MFB Points



**45% market share
in baby loans**
in Hungary



**HUF 181 billion
paid in taxes**

⁴ The score ranges between 0 and 10, where 10 is the best rating.

⁵ An independent company with a leading role in its segment, offering solutions such as indices and analysis tools etc. to support investor decisions.

⁶ The best score is 0, while a score above 40 represents severe risk.



HUF 4.1 billion in losses from bank card fraud prevented



The percentage of wheelchair accessible branches is 99% at OTP Bank, **78%** across the group



18,000 students attending financial education courses at OK Educational Centres



Credit agreements for the creation of 45 MW solar plant capacities in Hungary



Pre-financing of 330,000 hectares of cultivated land in EU member states



8,400 trees saved through the use of recycled paper



prevented the annual carbon emissions of 64 persons through the use of video conferencing



HUF 4.2 billion in donations



HUF 2 billion for financial education



HUF 2 billion spent on employee training



83,000 views of Knowledge Bank videos



5,600 employees on parental leave



ZÖLD PÉNZUGYIDI

Our main awards

Bank of the Year 1st place,

Most Innovative Bank of the Year 2nd place,

Socially Responsible Bank of the Year 2nd place

OTP Bank was named Bank of the Year for the fourth consecutive year. At Mastercard's competition our bank also received additional awards in addition to those listed above.

Green Finances Award

In 2019, OTP Bank was the first recipient of this award established by the National Bank of Hungary (MNB). Our bank achieved first place in the aggregate category in the competition.

Most Attractive Workplace 2019

OTP Bank received the 'Most Attractive Workplace' award in the financial service provider category in a survey by PwC Hungary involving students and career starters.

Community Investments Award, Special Award

OTP Bank's accessibility programme and awareness-raising campaign was recognised by Effekteam.

HRKOMM Award

At this HR communications competition, the OTP Local Value volunteering programme received a golden award, whereas the OTP LAB Trainee Programme and innovative platform and the inauguration event of our future office building earned a silver award.

One of the best innovation labs in the world

OTP LAB made the shortlist of the 25 best innovation labs in the world in Global Finance's competition.

Company Supporting Volunteering

OTP Bank's Local Value programme earned the highest rating from Volunteering Hungary - Centre of Social Innovation.

Fund Manager of the Year

OTP Fund Management was declared Fund Manager of the Year at the Privátbankár.hu gala. Our OTP Climate Change 130/30 Fund, which invests in the stocks of companies active in green industries, won its category for the fourth year running, and we also received other awards.

Prizma Creative PR Prize – Silver and Bronze

The prizes were awarded to OTP Pension Fund's 'The Present for the Future' campaign.

Bank of the Year

DSK Bank won two categories (Most Efficient Bank and Deal of the Year) at the competition organised by the Bank of the Year Association.

Best sustainable development/CSR campaign

DSK Bank's National Financial Olympiad won the award of the Bulgarian PR Community.

Most Popular Workplace

DSK Bank was found to be among the most popular banks for the second time in a survey of university students by ToTheTop Agency.

Bank of the Year

At the gala of the Romanian Association of Credit Brokers, OTP Bank Romania received the title Bank of the Year and the Best Mortgage Loan award.

Best Employee Support Programme, 2nd place

OTP Bank Romania was awarded at the Romanian CSR Awards for its introduction of the 'Summer in the City' summer camp.

Women Who Change Romania: Mara Cristea, Deputy CEO responsible for OTP Bank Romania's Finance Division received the award for her achievements in finance and banking.



Leader of Change

OTP Bank Russia's centre at Tver received this award for its regional charity initiatives, in which it involved its employees as well.

Best Bank and Most Innovative Bank

Global Finance and The Banker named CKB the best bank in Montenegro, while the Chamber of Commerce granted the bank the Most Innovative Bank award.

CSR Award

Podgoricka Banka of Montenegro was awarded the title of organisation most committed to CSR by the Montenegrin Employers Federation.

For further details on our other awards and the prizes won by our professionals and management, visit our website.

[History](#)

I.

Our approach to sustainability

We identified the focal points of our responsibility based on global challenges and trends, and the expectations of our stakeholders.

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customers2.
Developing
financial literacy3.
Expert financial services
committed to sustainability4.
Ethical business behavior
and security5.
Responsible
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Environmental
protection7.
Citizenship

Our commitment to sustainability remains consistent but adapts dynamically to the changes in external and internal factors and trends. Much of our responsibility arises from the specific nature of our role as financial intermediaries and relates primarily to the various aspects of service ethics. We must also respond to external trends, many of which have intensified recently, such as the challenges of environmental and social sustainability and their possible solutions.

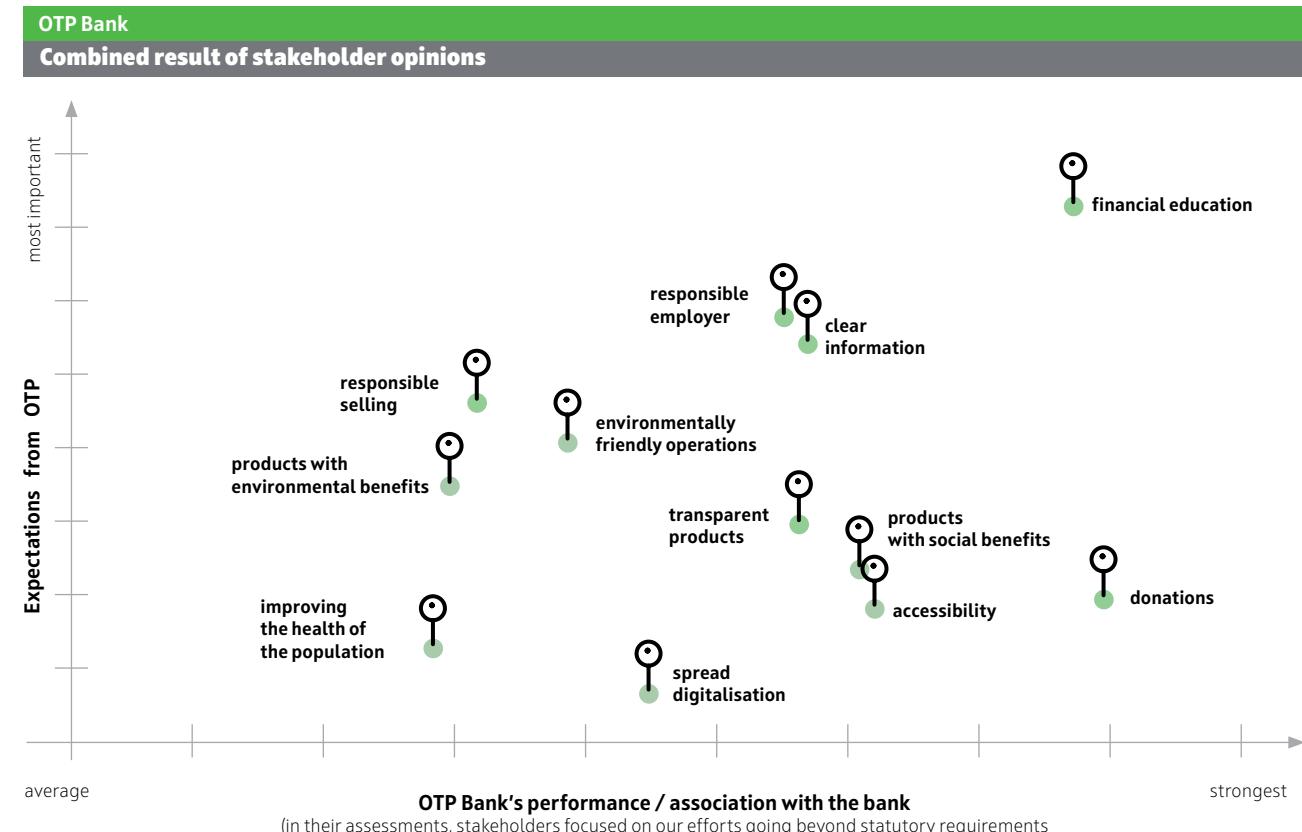
The key external challenges in terms of the operations and geographical position of OTP Group include climate change and environmental protection, the vulnerability of multiple social groups, the need to satisfy basic demands, and cybersecurity.

We identified the focal points of our responsibility based on global challenges and trends, and the expectations of our stakeholders.

Stakeholders' expectations

 GRI 102-43, 102-44, 102-46, 103-1

In 2018 we carried out research⁷ involving a wide range of stakeholders to measure their expectations regarding sustainability and reporting and their views on our current performance. The results indicate that most expectations concern finances that exceed our area of responsibility to customers (financial literacy). There is a palpable increase in the importance ascribed to responsibility for environmental protection as compared to earlier surveys.



⁷ The research was conducted in order to lay the foundations for our sustainability strategy and to review key topics. The following surveys were conducted: qualitative research with in-depth interviews, nearly 60 external and internal stakeholders; a quantitative representative population survey of 1000 persons and a quantitative survey of 450 employees.

1. Focus on customers

2. Developing financial literacy

3. Expert financial services committed to sustainability

4. Ethical business behavior and security

5. Responsible Employer

6. Environmental protection

7. Citizenship

SDG

GRI 103-1, 203 DMA, 203-2

OTP Group recognises the 17 Sustainable Development Goals (SDGs) of the United Nations, which serve as the foundation for the UN's sustainable development programme up to the year 2030 and provide a framework of universal goals, targets and indicators. The Sustainable Development Goals⁸ can serve as an important basis for identifying responsibility focus areas and objectives, and therefore we present below the contribution of our most important impacts to the SDG's.



201 DMA Stability

Impact

The members of our banking group are key participants in several markets within the CEE region and through their operations and results have a significant impact on the respective countries' economies and financial systems, as well as on improving the standard of living.

Playing an active role

OTP Group considers stability as one of the most important values and it does its utmost to achieve it. Its solid background is demonstrated by its traditionally high CET1 and liquidity ratios.



201 DMA Tax payment

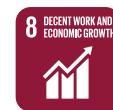
Impact

Through the taxes we pay, we make a meaningful contribution to the provision of community services and the management of social inequalities, thus ultimately to socioeconomic stability.

tax payment

Playing an active role

OTP Group remained a major taxpayer in 2019, with OTP Core paying nearly 65% of our total taxes.



201 DMA Lending

Impact

Using the funds of our depositors, our lending can enable purchases, consumption and investments.⁹ Therefore we have an impact not only on our customers but, indirectly, economic growth as well, the population's living standard, the delivery of basic needs such as housing, and the utilisation of natural resources.

Playing an active role

Our thorough and careful credit approval system enables prudent lending to protect the funds of our depositors and prevent over-indebtedness. The extent of the associated impact is explained in the sections on our products: [lending](#), [housing loans](#), [large projects with environmental and social benefits](#).

The Group's net loan/deposit ratio was 79% at the end of 2019.



⁸ 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.

⁹ In our Annual Report, deposits and loans are disclosed by segment (retail, micro and small enterprises, medium and large enterprises, local government).

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Citizenship GRI 413 DMA

Access to financial services

Impact

Predicating access to our services on strict conditions serves both the stability of our bank and the interest of our customers. Nevertheless, the principles of equal opportunities and social solidarity demand that banking services are made accessible and provide the basic functions to disadvantaged persons as well.

Playing an active role

We enable the economically and socially disadvantaged to also access basic financial services; we strive to provide equal opportunities in our services for persons living with disabilities. Our Group has the most extensive networks in Hungary, Bulgaria and Montenegro, so that our presence is also the most prominent in the disadvantaged regions there. Our basic account packages and Junior account packages for those below 24 years of age are available without an account management fee. We continue to work on improving accessibility in customer service.

 customer service  accessibility

 GRI 203, 413 DMA

Developing financial literacy

Impact

Customers need to understand products and services well in order to be able to make good financial decisions. A lack of sufficient financial knowledge may prevent this type of understanding.

Playing an active role

OTP Group is committed to the development of financial literacy. We produced a number of training videos over the past year and revised our calculators to help our customers better understand financial services and how they work.

The OK Educational Centre and the OTP Fáy András Foundation provide free finance and economics courses in Hungary, Slovakia and Romania, helping thousands of students every year to expand their knowledge.

 financial literacy



Environment

Impact

The investment projects and operations implemented with our financing have a significant impact on the use of natural resources and underpin the success of efforts to mitigate, and adapt to, climate change. The resource demand of our operations also impacts the environment.

Playing an active role

In our lending, we expect utmost compliance with legislation. We play an important role in government initiatives and several of our products promote the environmentally friendly use of energy. Our objective is to reduce the environmental impact of our operations.

 households and residential communities  large projects with environmental and social benefits  environmental protection



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GRI 202, 401 DMA

Employment

Impact

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

Playing an active role

OTP Group is committed to responsible employment, providing its employees with equitable income that is proportionate to their performance and sufficient to finance a decent living standard, and ensuring equal opportunities and a work-life balance. OTP Bank employed 345 persons in 52 disadvantaged Hungarian districts¹⁰ in 2019. 



GRI 413 DMA

Communities

Impact

OTP Group is an organic part of society, of its local communities.

Playing an active role

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



¹⁰ The country has 54 districts in need of development, where 15% of the population lives. (Government Decree No. 290/2014. (XI. 26.) on the categorisation of beneficiary districts)

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Corporate Social Responsibility Strategy

Our CSR Strategy sets out the three key priorities of corporate social responsibility.
We are currently reviewing our strategy, where our aim is to respond more intensively to the changing stakeholder and global challenges and to set strategic objectives for the designated development trajectories.

Responsible service provider

responsible provision of services
and responsible operation

Key areas

improvement of service quality
transparency
accessibility

Responsible employer

highly qualified, well-prepared
and satisfied employees

Key areas

training
engagement

Corporate social responsibility

active citizenship and acting
as a role model

Key areas

education, raising awareness
value creation and retention
creating opportunities, building communities

II.

Responsible corporate governance



otpbank

We identified the focal points of our responsibility based on global challenges and trends, and the expectations of our stakeholders.

Group and corporate governance

GRI 102-18

Group governance

OTP Group employs matrix governance practices so that its governance can be based on standardised principles yet takes local specifics into consideration. The bank's standing committees are the top-level group governance decision-makers.  Governance is two-tiered: shareholder (corporate law) governance is separate from professional (operational) governance¹¹. Governing bodies and local management play a key role, there is wide scope for the independence and responsibility of subsidiaries, and central and local expertise combine in decision-making and implementation. We are intensifying our efforts to standardise our operations as our banking group continues its expansion, and we define the shared expectations and good practices by lines of business. The detailed rules of group governance are defined in the Banking Group Governance Regulation.

Each year, OTP Bank publishes its Responsible Corporate Governance Report in compliance with all the recommendations of the Budapest Stock Exchange (BÉT)  [Responsible Corporate Governance Report](#)

GRI 202 DMA, 405 DMA

Diversity

When OTP Bank delegates members to its management bodies or the Board of Directors appoints members of executive management, they consider professional qualifications and experience, high-level human and management competencies, a varied educational background, wide-ranging business experience and professional reliability as essential factors; OTP Bank is also strongly committed to taking measures to ensure diversity, therein continually improving the participation of women.  [Diversity Policy](#)

GRI 202-2

The proportion of locals and women within the senior management of the Group

31.12.2019

Company	Board of Directors		Management*	
	Proportion of locals ¹² (%)	Proportion of women (%)	Proportion of locals (%)	Proportion of women (%)
OTP Bank	100	0	100	0
DSK Bank	86	29	86	29
OTP banka Hrvatska	83	17	83	17
OTP Bank Szerbia	33	0	80	0
OTP Bank Romania	60	40	60	40
CKB	25	8	38	38
OTP Bank Russia	11	11	71	0
OTP Bank Ukraine	83	33	80	40
OTP Bank Albania	29	14	20	0
Mobiasbanca	100	50	80	40
SKB Banka	100	100	100	100
OTP Banka Slovensko	75	25	25	25

* Management: Hungary: the chairman of an enterprise elected by the management body in its managerial function and employed by the enterprise, or the chief officer appointed to manage the enterprise and employed by the enterprise, as well as all deputies of such officer; Outside Hungary: the most senior officer appointed to manage the enterprise, who is employed by the enterprise, as well as all deputies of that officer and the division heads.

¹¹ This model can be applied to the Hungarian subsidiaries only after certain modifications, partly due to the operations and partly the spheres of activity in this country.

¹² Citizen of the relevant country.

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Sustainability and ESG governance and management

GRI 102-18

OTP Bank's Marketing and Communication Directorate is responsible for managing and coordinating corporate social responsibility operations at the group level and is headed by the Director of Marketing and Communication; all foreign subsidiaries have a designated responsible manager. The Corporate Social Responsibility Strategy was approved by the Board of Directors.

The governance and regulation of the various sustainability and ESG areas is implemented as follows: the organisational structure and governance levels are shown in the  [organisational chart](#).

From 2020 onwards, the performance-based incentives of the Chairman & CEO of OTP Bank, all the Deputy CEO's and the Chief Executive Officers of the foreign subsidiaries will include one sustainability goal each.



Sustainability / ESG area	Responsibility, manager	Policy	References
Compliance: <ul style="list-style-type: none">• compliance,• consumer protection,• responsible corporate governance,• non-discrimination,• anti-corruption (ABC),• international sanctions requirements,• business ethics, conflict of interest (incl. whistleblowing),• processing and protection of personal data	The Board of Directors and the Supervisory Board are responsible for compliance. Compliance officer, consumer protection officer: Managing Director of the Compliance Directorate Ethics Committee: guidance, second-tier decision-making regarding ethics reports Manager responsible for data processing at the bank and the protection of customers' personal data: data protection officer (reporting directly to the top management of the data controller or the data processor and not accepting instructions from anyone regarding the discharging of duties)	Compliance Policy: <ul style="list-style-type: none">• approved by: Board of Directors• declares the requirement to observe the law, the directives and guidelines of national and international supervisory authorities and the internal regulations; annexes:<ul style="list-style-type: none">• Anti-Corruption Policy• Sanctions Policy• Code of Ethics• Data Protection Policy	reporting, monitoring, measures (Section 4.1) risk assessment (Compliance risks) reporting ethics offences, training (Code of Ethics and whistleblowing) data protection training (Awareness) fraud (Data protection)
Security: <ul style="list-style-type: none">• overall security,• cybersecurity,• protection against money laundering and terrorist financing	The Board of Directors and the Supervisory Board are responsible for security. Manager responsible for compliance with IT security and bank security requirements: Managing Director of the IT and Bank Security Directorate Anti-Money Laundering Committee: decisions on sustaining or creating high-risk business relationships within their competence	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. Anti-money laundering	reporting, risk assessment (4.3) risks (Identified risks) training (Awareness) fraud (Protection)
Risk Management: <ul style="list-style-type: none">• all risk types	Audit Committee: monitors the risk management activity. Risk Committees (Credit and Limit Committee, Work-out Committee, Group Operational Risk Management Committee): ultimate decision-making competence on the cornerstones of risk management methodologies Manager responsible for risk management: Deputy CEO responsible for the Credit Approval and Risk Management Division	Risk Assumption Strategy: <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 rules, practices exclusions lending policy, responsible lending (Lending risks) operational risk assessment (Management of operational risks) risks (Identified risks)

Sustainability / ESG area	Responsibility, manager	Policy	References
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 international subsidiaries.	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 international subsidiaries.	Compliance Policy: <ul style="list-style-type: none">approved by: Board of Directorsdeclares 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. Accessibility strategy: <ul style="list-style-type: none">the goal is equal opportunities in service.	☞ objective, clear information (1.3) ☞ awareness-raising communication (1.4) ☞ responsible products (3.) ☞ sales incentives (Benefits) ☞ accessibility (1.2)
Human resource management: • HR overall, • diversity and equal opportunity, • health and safety	Manager responsible for human resource management: Managing Director of the Human Resources Management Directorate Manager responsible for health and safety: Managing Director of the Property Investments and Supply Chain Directorate	HR strategy: <ul style="list-style-type: none">approved by: Management Committeedetermines the medium-term areas of focus for human resource management. Diversity Policy: commitment to diversity in management bodies and management. Health and Safety Regulation: <ul style="list-style-type: none">approved by: Chief Executive Officeruniform and comprehensive preventative health and safety strategy to implement safe working conditions that do not constitute a health risk.	☞ employee turnover (5.2) ☞ training (5.4) ☞ income (Benefits) ☞ freedom of association (Advocacy) ☞ organisational diversity ☞ reporting, risk assessment, training, accidents (Occupational safety and health)
Environmental protection: • environmental protection in operations, • environmental awareness in procurement	The Chairman & CEO is responsible for the bank's environmental protection activities. Manager responsible for supervising environmental protection activities: Managing Director of the Property Investments and Supply Chain Directorate	Environmental Code: <ul style="list-style-type: none">approved by: CEOit ensures legal compliance and facilitates the consideration of environmental criteria and their integration into the bank's business operations in order to minimize the environmental impacts of operating and maintaining the bank's organisation; it sets out the guidelines on environmentally aware procurement	☞ reporting, training (6) ☞ carbon dioxide emission



III.

Main areas of focus

1. Focus on customers



 GRI 417 DMA**Commitment:**

Providing the opportunity for managing money in a simple-to-access, secure and responsible way

Approach:

We provide our customers with convenient and accessible banking that suits their individual needs and offer our services at the highest standard of quality, which includes the provision of clear information as well as recommending products with the financial interests of our customers in mind.

Task:

- Continually expand the range of innovative options
- Advisory attitude in serving customers
- Accessibility
- Extensive availability online and in person
- Clear information and awareness raising
- Responsible marketing and sales

Digital technology creates new opportunities day after day, which we exploit to make banking and payments simpler and more user-friendly. However, these innovations can serve the interests of our customers in the long term only if supported by stable (secure and highly professional) backing.

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

Our commitments 2018	Our results 2019
Use simple and clear language on OTP Bank's online platforms	We continued enhancing our website and changed the most frequently visited content.
Introduce online loan products for existing customers at OTP Bank Russia	The loan product was introduced.
Take 75% of calls to the contact centre within 20 seconds	We use a composite indicator weighted for calls taken within 20, 60 or 90 seconds; instead of the 75% target, we achieved 67% due to technical reasons and an increase in call volume.
Set up cashless bank branch in Slovakia	The development is in the pilot stage in 15 branches.
Introduce a loan application feature in the mobile app in Hungary	Efforts to introduce this feature are underway, completion is expected in 2021.
Make electronic signatures available to businesses and introduce the digital signature pad in Croatia	The roll-out was completed.
Enhance the Contact Centre in Croatia	Achieved; customer satisfaction and waiting times have improved significantly
Develop Internet banking in Serbia	Preparations have been made due to the acquisition.
Improve personal service provision in the micro- and small business segments at the parent bank	We started a pilot in 5 branches to test this new service model.
	 Implemented  Implementation in progress  Not executed

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1.1. Customer service

Remote access channels

Our development efforts were focused on expanding electronic transacting and payments, and making the features user-friendly. It is our strategic ambition to provide a uniform customer experience and interoperability across all customer service channels. We believe it is important to deliver the advantages of digitalisation to all and therefore focus on enabling our customers to use electronic channels.



Agile operation

OTP Bank began to lay the foundations for agile operation in 2018, and nearly 650 OTP employees and external IT partner staff started to work using this new approach in the beginning of 2019. Relying on the experience gleaned from the use of this methodology in IT, OTP Bank was one of the first in Hungary to opt for an agile organisational transformation.

The most important advantage of an agile organisation is that it facilitates more efficient and more customer-focused operations. Its essence lies in the fact that teams of 10 people representing all the significant functions of a particular process work together, which allows them to incorporate diverse criteria rapidly. The use of joint rather than individual performance indicators and a wider decision-making competence are also important features. This method is used primarily in the business areas, where implementation throughput times for new products and services could decrease by 30–90% according to experts. In the first phase we introduced agile operations in three areas at OTP Bank (retail lending, sales and network support, and the integrated development of customer relationship channels).

A change in attitudes and corporate culture is vital for a successful implementation of agile operation. Initially, 25 full-time coaches worked on helping to achieve this; we were able to reduce their number by half by the end of the year. Now that our employees have gained experience with the specifics of agile operations and learnt the methods needed for efficiency, our objective is to strengthen a culture of feedback. Although 2019 was basically a year of learning, agile transformation has already yielded some tangible results. For our customers, these included the fast introduction of the Baby Loan product and ApplePay.

In an important result for our employees, our satisfaction survey conducted in the first half of 2019 already revealed higher satisfaction among employees in the agile areas compared to those working in the support and non-agile fields. In 2020 we

plan to transition further processes to agile operation, so that an additional 500 employees will work with this new methodology.

Drawing on the experience of the parent bank, we launched projects to introduce the agile methodology at our Russian and Romanian subsidiaries. Since then, the Russian bank has completed the development projects, impacting its customers seven times faster than before. Among other features, online application for personal loans was introduced by the agile team. Our Romanian subsidiary introduced the agile methodology in corporate lending, specifically the high-priority area of syndicated lending. As a result, the involvement of business organisations has been accelerated and we are now able to respond faster to the queries of customers and participating banks.

Education

As of the end of 2019, 100 branches of OTP Bank provided a Digital Point, where the equipment offered customers the opportunity to learn and use our electronic channels. In all our branches, our employees help customers learn the practicalities of using online banking and smartphone applications (SmartBank, SmartBróker, Simple); 38 branches have a dedicated employee to assist in this process. When requested, we demonstrate to customers how to use these features on their own devices.



Website

We finished the revision of the retail pages of OTP Bank's website.

Our main objectives with this update were:

- provide a higher class of customer experience;
- clarity, availability, page structures customised to products, clear wording, comprehensive information on each topic and direct links to external information sources (e.g. on consumer protection, regulations);
- full accessibility and
- customer education: our customers can expand their financial knowledge and understand banking services better.

 **2.1 Financial literacy**

We are getting positive feedback from our customers, and average visit duration has increased significantly on our pages.

 In Romania, we revised our website for corporate customers to improve the clarity of the presentation of the main features of our products, so that customers can understand them more simply and efficiently.

Chat

We continued to develop our chat service, adding mainly complaint handling and banking product calculators to OTP Bank's chatbot in 2019 and implementing changes to enable automated support in a number of channels. On our website pages with a chat feature, a chatbot will assess all incoming queries, while our employees can also invoke the bots to serve customers more efficiently (e.g. account package recommendation, request to call back).

 Our Ukrainian subsidiary added a number of new features to its bot called Lesya, which uses interactive voice response technology (IVR). For example, it takes less than one second to block a bank card via its self-service customer service function as all the customer needs to do is select the card type. In 2019 Lesya served over 1 million calls and nearly 400,000 chats, which is more than 50% of all calls and 80% of chats. 91% of customers gave us positive feedback about their experience with the bot.

Knowledge Base

Our Knowledge Base system introduced to support our Contact Centre and branch employees and our new entrants helps improve customer service as it provides precise product and transaction information in an easy-to-search format.

 Our Serbian subsidiary has also created an internal knowledge centre, which supports the employees working in the branch network.

Contact Centre

OTP Bank's Contact Centre registered a significant rise in call volumes in 2019 and this, combined with technical reasons, led to the fact that we were not able to achieve our targets on response time and lost calls. Lost calls represented 11%, whereas the response time¹³ figure was 67%. Improving the customer experience, expanding IT support and taking further steps towards standardised identification remain our aims in 2020.

 Our Croatian subsidiary started a comprehensive project to improve customer experience in several areas of service. As a result, the Contact Centre reduced waiting times by half, the rating of service quality improved to above 80% and the proportion of lost calls fell below 11%.

Internet banking, mobile banking

OTP Bank was the first in Hungary to introduce Apple Pay, which customers of other banks can also use via OTP's Simple app. Introducing ApplePay early was an important objective at our foreign subsidiaries too; we launched it in several countries in 2019. Our Slovakian subsidiary introduced Google Pay.

OTP Bank introduced postal cheque payment using a QR code in both its Smartbank and its Simple apps. This feature gives our customers the convenience of paying their bills anywhere, without additional costs, and receiving the transaction confirmation electronically.

In another development, forgotten passwords (or identifiers) can now be restored online or at Digital Points, which is an important simplification for our customers.

Several members of OTP Group enhanced their mobile and Internet banking applications in 2019:

 DSK Bank introduced mToken, an application for the approval of transactions and documents that meets the highest security standards. The bank has started to work on redesigning its mobile banking application, in which it also involved the customers with the help of a test campaign. We shall incorporate the views of our respondents when we develop the design and the features.

 Our Russian subsidiary launched a new Internet and mobile banking application. A number of studies were conducted and a test involving more than 5,000 persons was carried out before completely revamping the functionality and look of the platforms. More than 20 new services and options were added (e.g. new payment screen, personal offers, chat and online calls). The platform design was made much simpler and more responsive.

 Our Serbian subsidiary made preparations for revising its mobile application for SME customers.

¹³ We allocate priorities to calls and define different call response time targets for different call types. We calculate the percentage figure after weighting for calls taken within 20, 60 or 90 seconds.

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Citizenship**Hikers app**

OTP Bank entered into partnership with the Hungarian Hikers' Association and joined the Association's new Hikers app. This application is an interactive online guide with maps covering thousands of places to see as well as hiking routes. One practical feature of the application is that it also includes, in a searchable form, the ATMs of OTP Bank.

OTP LAB

Our innovation centre expanded its activities by adding external and internal programmes in 2019:

Robotisation

We have set up a robotic process automation (RPA) competence centre tasked with the digital execution of high-volume workflows that currently involve significant manual intervention. In 2019 we completed three RPA processes to support day-to-day operations; this will serve as a basis for further expansion. These processes are involved in Baby Loan applications, modifications and reporting as well as the processing of requests to close loan accounts.

Accelerator programme

We implemented the second international accelerator programme, in which nine companies took part. We entered into partnerships with two companies (Evrotrust, Bluecode) at the group level, and we are currently working with another firm to prepare for our future cooperation. In the second half of 2019, we launched our third startup programme; 370 businesses applied and, in two rounds, we selected the 13 companies with which we are conducting a joint test project. As a new feature, the third accelerator programme has been implemented at the group level, with the involvement of five subsidiaries. We have added to the three-month pilot a six-month roll-out period to facilitate the development of long-term practical cooperation with the banking group. In connection with the programme, we launched

our quarterly OTP Startup Booster newsletter for the startup ecosystem; it has nearly 500 subscribers.

**Ideaportal**

As part of our in-house innovation programme, we set up Idea Portal, our own innovation management platform for the execution of idea competitions. After a successful test phase executed with the Contact Centre, we announced two further idea competitions on business subjects, in cooperation with the agile areas. Professional mentors help elaborate the best ideas, the most promising of which are implemented in pilots; we reward these employees based on the outcomes of their ideas. The Idea Portal and the Idea Competition concept was recognised at various Hungarian and international innovation and HR awards. In 2019 we started to roll out the Idea Portal to the subsidiaries, first to our Ukrainian and Croatian banks; additional subsidiaries are going to be introducing the Portal in the medium term.



**750,000 customers use
OTP Bank's mobile bank,
which represents
50% growth
in a single year**



**over 1 million incoming calls
were resolved by Lesya,
the Ukrainian bank's call
handling robot**

Free electronic services

OTP Bank waived the fees for the use of digital channels for customers with a Junior account.

As a new service, CKB now sends customers text messages informing them about fees and interest rates. As for bank cards that have never been used, the bank waived the fees owed by the customers and cancelled the cards.

Online consumer credit

We expanded the range of our products available online so that customers can now take out consumer credit without face-to-face interaction, via the websites of our contracted partners. Although the new service is simple to use, we have also provided a video clip explaining it.

Online consumer loan

Among our subsidiaries, DSK Bank expanded the range of consumer loans available online in 2019, while our Russian subsidiary made the online loan application feature available to existing customers.



**the proportion
of electronic payments
has risen to 48% at CKB**



**we launched our third
startup programme,
to which 370 businesses
applied**

 DMA415

The Banking Association's 22 Items on Digitalisation

OTP Bank executives played a key role in the formulation of the Hungarian Banking Association's package of digitalisation proposals. The Association drew up these proposals in active cooperation and partnership with the legislator and the supervisory authorities. 'The further enhancement of economic competitiveness demands that the banking sector increasingly adapts to the requirements of the digital age and that the financial intermediary system can fulfil its role increasingly efficiently. This allows retail as well as corporate customers to access even more modern services. The principle of the same regulation for the same activity is a cornerstone of successful digitalisation, i.e. foreign service providers should not enjoy competitive advantages simply because they are subject to more favourable rules than their Hungarian counterparts. The member banks of the Hungarian Banking Association collated these proposals, which may contribute, directly or indirectly, to the digitalisation of processes and the reduction of the use of cash. The proposal package is comprised of two major parts. The first component is a complex study proposing solutions for achieving a more competitive, whitened and more cashless economy; it was compiled by the digitalisation workgroup of the Banking Association. The study looks at how the rate of growth in cash held can be reduced, for instance through the spread of electronic payments and the whitening of the economy. Besides a cashless economy, the Banking Association proposed changes in the following areas: the replacing of paper-based transacting, the development of digital contracting processes and a more efficient use of the e-administration infrastructure.'

András Becsei,

Head of OTP Bank's Budapest Region and Vice President of the Hungarian Banking Association

In-branch services

Since 2019, we have been serving customers at nearly 1750 branches across twelve countries. Since there are fundamental changes taking place at branches today, in the last two years we have been focused on designing and complementing our branches of the future with new functions. Even though it is more efficient to conduct cash transactions on digital channels, we are convinced that branches will continue to play a role when it comes to complex financial decisions that necessitate the professional expertise, advice and support of our branch employees. One third of our customers in Hungary prefer to discuss their finances at a branch.

OTP Group members have truly extensive branch networks in several countries, which makes personal transacting very convenient. Our branch network has expanded significantly thanks to our acquisitions, and we also continued the rationalisation effort involved in the integration process. In 2019 we closed a total of about 50 branches in Bulgaria and Croatia. Due to the acquisitions and planned rationalisation as well as the new branch concept currently being developed, branch renovations proceeded at a slower pace in 2019 than in previous years, with refurbishment completed in 38 branches.

Branch of the Future

OTP Bank drew up its 'Branch of the Future' concept to define the new branch image and infrastructure. The new design is a response to the changes in customer demand shaped by the spread of digitalisation. With this design, we prioritise advisory services and the creation of dedicated, separate zones that offer the necessary sense of comfort; we are also setting up self-service stations at the branches to expand the range of transactions our customers can carry out on their own. The first branch to be completed with this concept will be opened in Budapest in early 2020. We plan to convert additional branches to the new image during the year and are going to gradually introduce the concept at OTP Group subsidiaries as well.



Cashless bank branches – tradition and progress

We increased the number of our cashless branches: as of the end of 2019, four such branches were welcoming customers. Cashlessness is well suited to the Branch of the Future concept, allowing the space to be much more open and friendly, and the interior is characterised by striking colours and sophisticated lines. Transacting is streamlined in these branches with the help of digital signature pads and educational laptops. The objective is to provide a pleasant environment where complex products can be discussed without disturbance. To this end, the premises are equipped with sound barrier panels. In advisory branches, cash transactions can be done at smart ATMs.

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Waiting times and perception

Waiting time duration is a crucial issue mainly in Hungary, where customer traffic is high. As in the previous year, we managed to achieve our waiting time targets in 2019 as well. We called 83% of customers to a counter and started to serve them within 10 minutes of their arrival.

A pleasant environment and time spent productively while waiting also contribute to customer satisfaction: Wherever technically feasible, we installed water fountains in our larger branches in Hungary, and all our advisory desks have a phone charger. Free WiFi access¹⁴ and kids' corners¹⁵ contribute to making the wait more pleasant for customers at several members of the banking group.

Appointment scheduling

Although most members of the banking group¹⁶ offer the chance to book appointments, our customers do not always use this option in significant numbers. At OTP Bank approximately 300,000 bookings were made in 2019, which represented around 2% of the total customer traffic minus cash transactions. We consider it important to boost appointment bookings, as they help our customers and our employees alike in planning ahead for the banking process.

Self-service terminals

We set up self-service terminals for carrying out basic transactions to help those of our customers who are not yet registered for Internet banking or do not use it on their own devices. The first feedback has been positive regarding these devices, which are currently operating in a pilot at 4 branches.



Set up 2 new cashless bank branches in Hungary



83% of our customers wait less than 10 minutes

Digital Signature Pad

In 2019 we continued to expand the use of the digital signature pad at OTP Bank. By the end of the year, we had recorded the signatures of more than 1.7 million retail customers electronically (this represents a rise of 30% over the previous year). 80% of all documents are signed digitally now; since the launch in 2017, we have saved 50 million printed pages, that is 250 tons of paper. Our customers can access over 10 million electronically signed documents via the OTPdirekt Internet banking service. We use digital signature pads in Ukraine and Croatia as well.

Remote expert customer service system

In a remote customer service arrangement, our customer is in a dedicated meeting room, being served by a Contact Centre employee via a video call, which means that citizens in small regions across the country can receive high-quality advisory services from our professional and highly experienced employees. The system functioned similarly to prior years in 2019, but we were working an enhancement to be introduced in 2020, which will allow the approval of transactions accepted by remote experts and thus simplify the entire process.

Deposit ATM

The number and use of deposit ATMs continued to grow across OTP Group. In Hungary, their number rose to 247. All ATMs accept deposits in Slovenia and Albania; DSK Bank has 99 ATM's of this type. The number of smart ATMs rose to 107 in Ukraine, 86 in Russia, 80 in Romania, 23 in Slovakia, 6 in Montenegro and 10 in Croatia. In Moldova we introduced this feature in 2019, installing 20 such ATMs by the end of the year. In Serbia, we suspended the availability of deposit ATMs temporarily, due to the integration process. In an important development, deposits are now accepted not only to the depositor's own account, but to other HUF accounts with the bank as well. If an amount larger than the payment is deposited, the balance will be credited to the account used for the transaction.

Express processes

 Our Croatian subsidiary has considerably accelerated and simplified the process of applications for home equity and mortgage loans. With home equity loans, the number of branch visits was reduced from 5 to one, while the approval period was cut by 75%; with mortgage loans, the approval period was reduced by half and the number of mandatory branch visits fell from 5 to 2.



830 deposit ATM's group-wide



80% of customer documents are signed electronically in Hungary

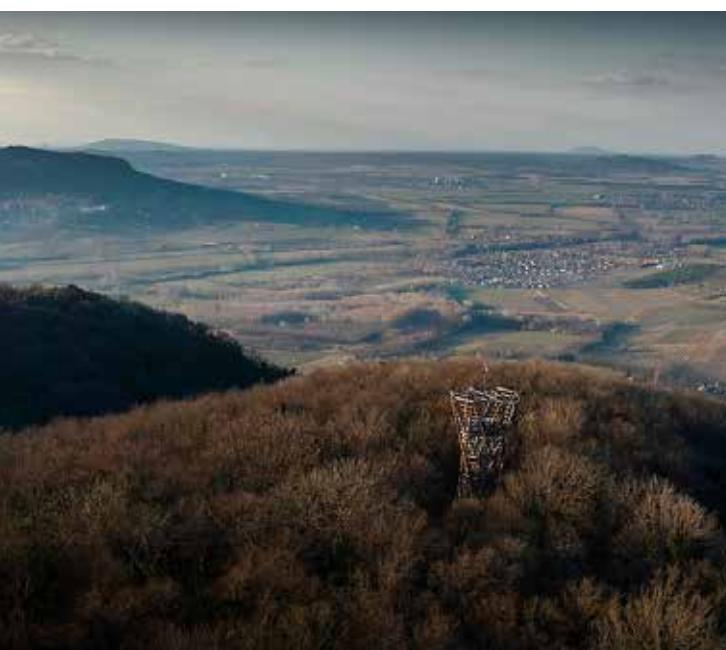
¹⁴ Available in Hungary, Bulgaria, Serbia, Romania and Ukraine

¹⁵ At Hungarian branches, in Bulgaria, Romania, Slovakia, Croatia, Montenegro and Serbia.

¹⁶ With the exception of Slovakia, Romania and Serbia; in Russia, we suspended its availability due to the low usage rates.

 GRI 413 DMA, FS13**Disadvantaged regions**

In several countries OTP Group branches are easier to access for the populations of disadvantaged regions than its competitor banks. OTP Group owns the largest branch networks in Hungary, Bulgaria and Montenegro.



Access points in disadvantaged regions ¹⁷	Branch	ATM	Access points in disadvantaged regions ¹⁷	Branch	ATM
OTP Bank – Hungary			OTP Banka Slovensko – Slovakia		
Number of access points (% – as a percent-age of the total)	71 (19%)	183 (9%)	Number of access points (% – as a percent-age of the total)	50 (86%)	130 (83%)
Number of new access points (as a % of all new ones)	0 (-)	19 (11%)	Number of new access points (as a % of all new ones)	0 (-)	3 (43%)
Number of terminated access points (as a % of terminated)	0 (- ¹⁸)	18 (10%)	Number of terminated access points (as a % of terminated)	2 (50%)	0 (-)
Change compared to previous year %	0%	+1%	Change compared to previous year %	-4%	+2%
OTP Pénzügyi Pont and OTP Ingatlanpont¹⁹			OOTP banka Srbija – Serbia (excluding new OOTP banka Srbija²⁰)		
Number of access points (% – as a percent-age of the total)	0 (0%)	not applicable	Number of access points (% – as a percent-age of the total)	35 (17%)	40 (18%)
Number of new access points (as a % of all new ones)	n.a.	not applicable	Number of new access points (as a % of all new ones)	0 (-)	0 (-)
Number of terminated access points (as a % of terminated)	n.a.	not applicable	Number of terminated access points (as a % of terminated)	n.a.	n.a.
Change compared to previous year %	n.a.	not applicable	Change compared to previous year %	n.a.	n.a.
CKB – Montenegro			OTP Bank Russia		
Number of access points (% – as a percent-age of the total)	1 (2%)	5 (4%)	Number of access points (% – as a percent-age of the total)	12 (9%)	8 (4%)
Number of new access points (as a % of all new ones)	0 (-)	0 (-)	Number of new access points (as a % of all new ones)	0 (-)	0 (-)
Number of terminated access points (as a % of terminated)	0 (-)	0 (-)	Number of terminated access points (as a % of terminated)	0 (-)	5 (100%)
Change compared to previous year %	0%	0%	Change compared to previous year	0%	-63%
OTP Bank Romania			OTP Bank Ukraine		
Number of access points (% – as a percent-age of the total)	33 (35%)	11 (8%)	Number of access points (% – as a percent-age of the total)	1 (1%)	12 (8%)
Number of new access points (as a % of all new ones)	0 (-)	1 (33%)	Number of new access points (as a % of all new ones)	0 (-)	0 (-)
Number of terminated access points (as a % of terminated)	0 (-)	0 (-)	Number of terminated access points (as a % of terminated)	0 (-)	0 (-)
Change compared to previous year %	0%	0%	Change compared to previous year	0%	0%
OTP banka Hrvatska – Croatia			DSK Bank – Bulgaria		
Number of access points (% – as a percent-age of the total)	23 (18%)	50 (10%)	n.a. – there are no disadvantaged regions defined		
Number of new access points (as a % of all new ones)	0 (-)	0 (-)			
Number of terminated access points (as a % of terminated)	4 (19%)	0 (-)			
Change compared to previous year %	-17%	0%			

¹⁷ Subregions 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.

¹⁸ None, not applicable

¹⁹ These two companies are included in the table because both have nationwide networks and their services include the mediation of banking products. The two companies were added to the Sustainability Report in 2019, so that we do not report year-on-year change in their cases.

²⁰ Due to the change in the classification criteria and the acquisition of Vojvodjanska banka, this year's and the previous year's data are not comparable.

1.2. Accessible customer service

In line with our objective formulated in our accessibility strategy, we seek to provide equal access for persons living with disability through services adapted to their special needs. In 2019 we continued to improve the conditions for serving persons living with disabilities.

Our customers with reduced mobility can benefit from the fact that:

- physical accessibility is provided in all branches in Hungary, with one exception²¹, and accessible branches represent over 50% of the total at all of our subsidiaries except the Serbian subsidiary. Almost all of the bank branches are accessible in Bulgaria, Romania and Slovenia. 78% of branches in the banking group are accessible to customers with reduced mobility.

- the OTP Bank website supports one-handed use.

To help blind and visually impaired customers:

- almost all our ATMs carry Braille script and we also add text-to-speech software during the scheduled replacement of ATMs. OTP Bank has 600 ATMs (31%) that are already equipped with this feature, where the equipment automatically switches to speech mode when someone plugs in their earphones.
- we have installed a tactile push button on all branch ticket dispensers at the parent bank, so our visually impaired customers can signal their arrival. A tactile strip helps locate the push button and navigation is assisted with Braille.



The same solution is available in almost all the branches of our Russian subsidiary.

- 41% of OTP Bank's branches have tactile guide strips, while 93% of our Russian branches have a tactile sign at the entrance.
- text-to-speech software supports the use of OTP Bank's website content, and accessibility to digital platforms is provided at most subsidiaries as well.

Our hearing impaired customers:

- Following its expansion in 2019, the KONTAKT Interpreting Service is now available at 165 branches in Hungary. This allows a sign language interpreter to assist with administration tasks through live video chat. The findings are positive: the service was used nearly 700 times in 2019.



A similar service operates at 5 branches in Bulgaria.

- 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.



100 employees of the Serbian subsidiary received sign language training.

- The parent bank adds transcriptions to all new video content.



99% of OTP Bank branches and 78% of branches across the group are physically accessible.

1.3. Objective, clear information

GRI 417 DMA

We aim to supply our clients with product and service information that is objective and comprehensive but also clear and succinct; we are therefore constantly enhancing our practices.

Articulate speech

Following the guidance in our Tone of Voice manual, we made progress in clear communication in several areas. We introduced a correspondence manual and new letter templates for both internal and customer communications. We used these in drafting our letters about new products, which reach tens of thousands of customers.

With expert assistance, we held three training courses for our employees during the year.

We follow the requirements of clear communication routinely when we compose text for our webpages or when we create our user interfaces, customer information materials, e-mails and system messages.



²¹ 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 the street and the branch floor level, which are connected by stairs).

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Information about our services

Pursuant to the legislative requirements on investment products, we have been sending our customers an ex-post cost statement that shows the total costs of savings products/services since the beginning of 2019.

AI As from 2019, our Albanian subsidiary provides customers with regular information on the procedures applicable to complaint handling and queries, which is an expression of its commitment to focusing on customer feedback. The subsidiary explains the impacts of some major life events (e.g. marriage, divorce, name change, altered rights and obligations) on banking matters.

RU Our Russian subsidiary revised all its advertising in 2019 by simplifying the product information provided.

1.4. Awareness-raising communication

Besides presenting our products and services, our marketing communication allows us to declare our commitment to important values.

Instead of overconsumption, think of your future!

We launched a communication campaign in the period around Black Friday to make the Hungarian population aware of the problems of overconsumption. In order to lay the foundations for the campaign, we researched the reasons and extent of reckless spending.

The survey revealed that 80% of Hungarian Internet user adults overspent or made purchases without any advance consideration. The categories where we overbuy most frequently are cold foods; clothes, shoes and accessories; beauty products, skincare and makeup; hot food and lottery products. Both women and men can overbuy, although typically in different product categories. Unnecessary purchases decrease over time and are most characteristic in the age group below 30. The most frequent reasons for overspending is self-reward, promotions and discounts, a sudden desire, gifts for loved ones, and self-soothing. The responses indicate that people regret overconsumption much more often than impulse buying, and that women are much likelier than men to donate the products they do not need.

Besides drawing attention to the impact of overconsumption on our wallets and the environment, our campaign offered advice with the help of a psychologist on how to prevent and avoid it.

Spend mindfully



50 enterprises in the Ambassador Programme

Gratitude bank

(RO) On the occasion of its 15th year, OTP Bank Romania launched a digital campaign on expressing gratitude. The aim of the campaign is to encourage people to express their thanks and gratitude, and saying 'Thank you!' more frequently in the digital space and on digital devices.

Think about the future

In its personal loan campaign OTP Bank highlighted the opportunity to invest in the future, referencing adult education and the teaching of children alike. Our aim was to present ways of spending the loan that may also help with its repayment.

Ambassador programme

The objective of OTP Bank's OTP Business Ambassador Programme is to establish proactive direct dialogue with small and medium-size business customers. We wanted to conduct a more comprehensive and in-depth survey into the needs and demands of businesses and, by involving them in our communication effort, we wished to present to the wider public those of our business customers who are aligned with OTP Bank's values. We invited applications from customers willing to enter into the collective thinking process with us; we worked with the group of nearly 50 businesses selected in a series of events spanning six months. The selected businesses convened each month for half-day meetings, where they discussed business subjects (e.g. digitalisation, organisational development). The feedback shows that the standard of quality was outstanding. Eight companies took part in the nation-wide communication campaign for the programme as partners for OTP Bank.

1.5. Improvements to complaint management

It is our clear objective to provide impeccable service to our customers. Our thorough and constantly improved complaint handling system ensures that all reported comments are investigated and then handled appropriately. Our complaint management follows the same principles across the group.

The regular (typically quarterly) reports about complaints and complaint handling are received by the top managers of OTP Group members. In order to prevent complaints, we prioritise training our employees all the time, keeping their knowledge up-to-date. Across the Group, we strive to investigate complaints faster than prescribed in legislation and we aim to reduce response times. OTP Bank has been measuring the satisfaction of customers with complaint handling, while foreign subsidiaries are introducing satisfaction surveys gradually.

In 2019 OTP Bank intensified its internal complaint handling monitoring so that we can reduce complaint numbers by enhancing our processes. We revised our complaint handling training to improve the efficiency of processes. We also started work on introducing self-service complaint handling and now provide an immediate, automated solution for two types of complaints via the Messenger app (bank card retained by an ATM and retail bank/loan account statements). We reduced the average duration of complaint investigation by 6.5% during the year, and our overall complaint handling customer satisfaction indicator improved further.

Merkantil Bank set up its own complaint handling team, achieving tighter control over the complaint handling process. In 2020 we will organise training for our employees involved in complaint handling. OTP Faktoring introduced a new complaint handling regulation and tightened the relationship between its collections and complaint handling departments for improved problem solving. As a result of the above, we were able to halve the response times compared to the previous year, reducing them to 13 days.

(RO) Beyond compliance with local laws, our aim at the Group level is to follow shared principles in complaint handling and standardise the complaint handling processes and procedures. To that purpose, our Romanian subsidiary revised its complaint handling policy and procedures in 2019.

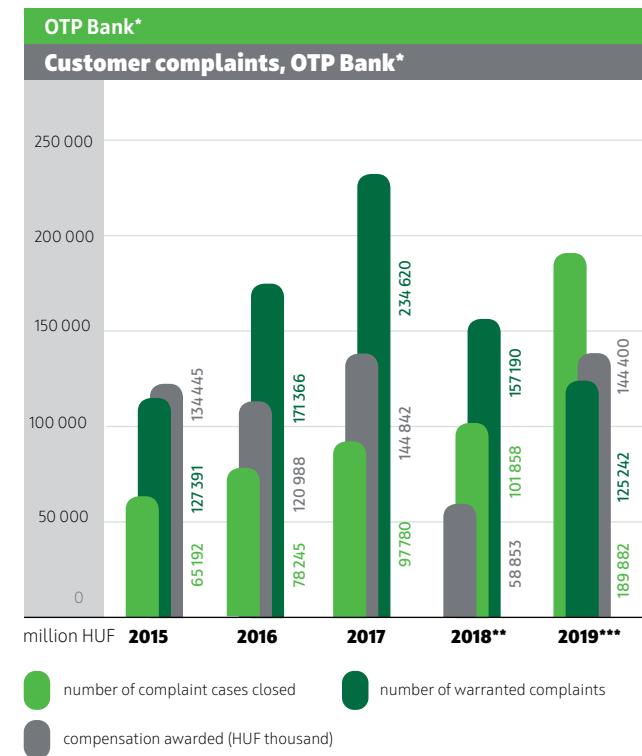
(AL) Our subsidiary in Albania posted on its [website](#) a detailed description of its complaint handling procedures to inform customers. Instead of the legally required response time of 10 working days, we respond to complaints within 3 working days on average. We ran a questionnaire survey into complaint handling and formulated an action plan for 2020 based on its results.

(MD) Our Moldovan subsidiary reduced average response times to 6 days in 2019, which represents a 30% cut compared to the previous year.

(RU) Our Russian subsidiary introduced simplifications regarding repayments in order to cut the number of complaints.

(RS) Our Serbian subsidiary enhanced its investigations into the root causes of justified complaints in order to prevent complaints in the future and improve service quality.

(SK) OTP Bank Slovensko continued to work on enhancing products and procedures (e.g. in account management and loans) in order to prevent complaints.



* OTP Bank, OTP Jelzálogbank, OTP Lakástakarékpénztár

** Reimbursed transaction amounts are excluded from the compensation total in 2018, while they had been included in it in prior years.

GRI 102-48

*** We modified our procedures in 2019 in response to the legislation on instant credit entry. The compensation amount includes the amount of the credited transactions until that amount is recovered by the bank. This is the reason for the significant variance between the 2018 and 2019 figures.

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Complaint handling procedures and definitions are being standardised across the group to achieve the gradual alignment of complaint handling figures. But as cultural attitudes and financial literacy differ from country to country and shape customers' complaint behaviour, the data from different subsidiaries should not be compared. 2019 is the first year that we publish consolidated group-level complaint figures.

Typical complaints

At OTP Bank, most complaints about products related to retail bank accounts, electronic services and consumer loans. Of the complaints regarding bank cards, most concerned external fraud and cash withdrawals at ATM's, as well as fees and charges. At the group level, several subsidiaries reported complaints on fees as typical, with some complaints on interruptions in the functioning of electronic channels. At OTP Bank Romania, reporting to the Central Credit Information System (CCIS) still represented 30% of all complaints in 2019. According to its past practices, the bank did not notify debtors in arrears 15 days in advance of submitting their data to the negative list of the Central Credit Information System (CCIS). Although this was general practice in the entire sector, our subsidiary bank changed procedures in 2018.



**OTP Bank reduced
the duration
of complaint
investigations by 6.5%**



Customer complaints	OTP Group				
	2015	2016	2017	2018**	2019
Number of com- plaint cases closed	n.a.	n.a.	n.a.	n.a.	361 000
Number of warranted complaints	n.a.	n.a.	n.a.	n.a.	202 000
Compensation paid (HUF million)*	224	268	339	170	367
Amount of compensation per warranted complaint (HUF)*	2 200	2 200	3 000	1 100	2 300

* OTP banka Hrvatska 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.

1.6. Measuring customer satisfaction

GRI 102-43, 102-44

We significantly expanded and standardised our customer satisfaction surveys across the banking group over the course of the year.

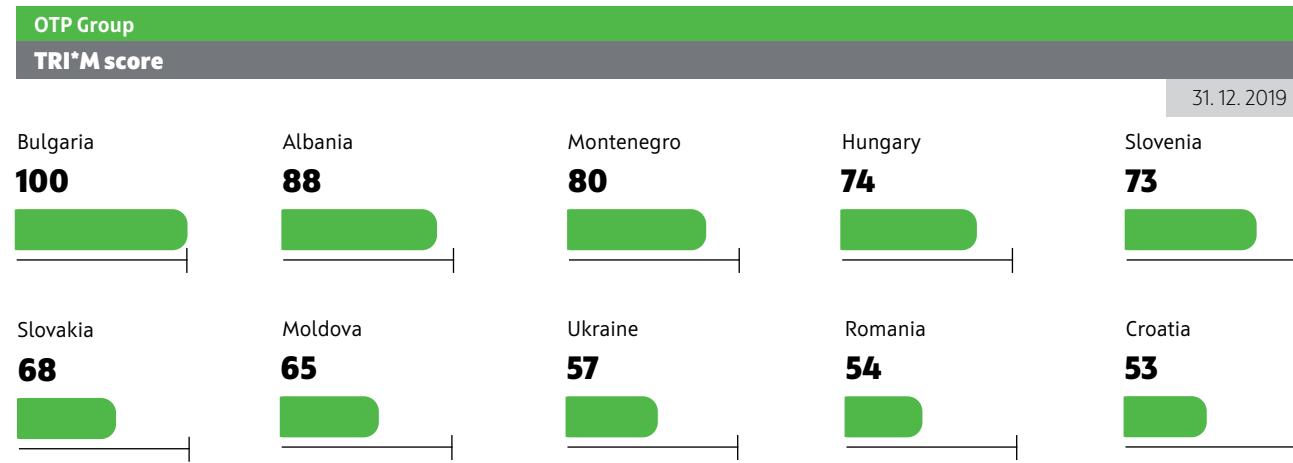
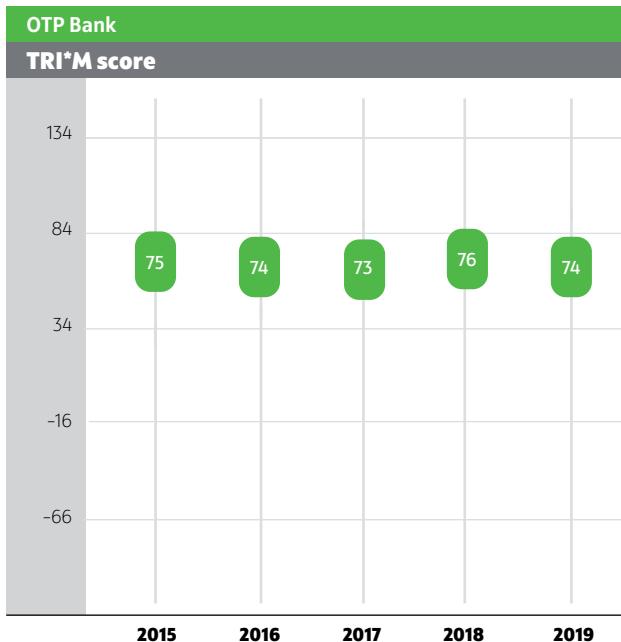
TRIM To measure the satisfaction of retail customers, OTP Bank introduced the TRIM methodology in 2011. In 2019 we rolled out this methodology to most of our subsidiaries; we plan to involve the Russian and Serbian subsidiaries in 2020.

OTP Bank's client retention power stood at 74²² points in 2019, which was somewhat below its level in the preceding six-month period, but is still a good result, comparable to the average of other banks in Central Europe (76 points). Our results are still slightly below the average of our competitors in Hungary.

In the countries of OTP Group, overall satisfaction with banking service providers is at or above the average in Central and Eastern Europe. Average satisfaction is significantly higher than the regional average in Bulgaria, and satisfaction with DSK Bank is considerably higher even than that. Similarly, our Albanian subsidiary is outperforming the market. With most of our group members, satisfaction is similar to the market average or the achievements of our competitors. Satisfaction with our Slovakian, Croatian and Romanian subsidiaries lags behind our competitors. In Croatia, our customers criticise the lack of recognition for loyal customers and an absence of up-to-date information; these problems originate from the acquisition. In Romania, our customers expect improvements primarily in terms of waiting time and the call centre.

²²

The TRIM score can range between -66 and 134 points.

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Several subsidiaries use the Net Promoter Score methodology to assess customer satisfaction. Our Serbian subsidiary achieved a score of 34²³, our Russian subsidiary 7 points and our Ukrainian subsidiary 66 points.

SQM

OTP Bank measures Service Quality Management (SQM) at branches by contacting customers online²⁴. In 2019 service quality was 84%, with helpfulness (89%) and expertise (87%) once again given the highest scores. Results improved in each of these areas by one percentage point year-on-year; the lower satisfaction figures in waiting time (77%) and processing time (79%) remained unchanged.

Our strategic goals

Introducing a new junior application at OTP Bank, with a conscious future and financial planning assistance function

Developing a comprehensive digital financial planner for OTP Bank customers

30 new branches a year in line with the 'Branch of the Future' concept

Further expansion of agile organisational operations

Introducing the Idea Portal at several foreign subsidiaries

²³ On a range of -100 to +100.

²⁴ All branches are measured, either on a semi-annual or quarterly basis. The number of questionnaires depends on the frequency of transactions in the preceding period.



III.

Main areas of focus

2. Developing financial literacy



Commitment:

The population should have the knowledge required for an informed and responsible management of money

Approach:

We consider the financial education of young people a priority and also offer various programmes to help educate the adult population.

Activity:

- Free, unique financial and money management training in several countries of the region, through the OK Educational Centres
- Additional programmes to develop financial literacy
- Videos presenting banking products and context
- Marketing campaigns promoting responsible finances

 GRI 203, 413 DMA

OTP Group has been supporting the development of financial literacy with numerous ways and means for a long time. We are convinced that financial education is a key precondition for growth within the region, and our commitment therefore goes beyond our customer base. The financial knowledge and awareness of the population is in need of development in all the countries where we operate.

For details on our permanent programmes and practices related to the development of financial literacy, visit [our website](#).

Our commitments 2018	Our results 2019
Increase the impact and recognition of the OK Educational Centre further (continuous)	We continued our promotion efforts in 2019, which also included television campaigns.
Digital Simulation Programme	We are working on developing the Programme; the preparations were completed in 2019.
Adult education at the OK Educational Centre	We worked on developing content during the year.
First National Financial Olympiad held in Bulgaria	The first Olympiad was held with a large number of participants.

 Implemented Implementation in progress Not executed

The OTP Self-Provision Index – Still mesmerised by cash

The OTP Self-Provision Index has been measuring a downward trend for three years. Following a one-point decrease, the index stood at 34 points on a 100-point scale in 2019. The results from the Self-Provision Index were again presented by Antal Kovács at the Self-Provision Conference organised by Világgazdaság in 2019. ‘The trend of decline in the OTP Self-Provision Index and the continued rise in the proportion of cash held at home highlights the financial education tasks still ahead of us. We welcome the fact that, as revealed by the Index, 80 percent of Hungarian parents consider it important to teach their children financial awareness. ... Most (89%) of those who hold their savings at home do not invest their money because they want to have cash on hand to deal with any emergencies. But the value of savings held in cash gradually declines as it is inflated away and may disappear completely over the long term; moreover, easy access may lead to careless financial decisions and overconsumption.’

Antal Kovács, Deputy CEO

Another reason for the fall in the Index may have been a shift in attitudes. The survey has highlighted a change in the approach of the respondents to environmental protection, healthy eating and health screening. While the intention has remained unchanged, the proportion of respondents willing to act on it has fallen.

The research shows that over a third of respondents have savings set aside for emergencies. However, only a fifth of all respondents would be able to pay half a million forints in an unexpected situation. The planned use of the cash differs by age group and reflects the typical life situations in each.

In an important finding, respondents say they keep their cash savings at home because they believe the sums are too low to invest; also, their interest and yield expectations are too high. A positive change in the Index figures is that the proportion of those with some kind of money market savings rose by 3 percentage points, to 44%. Building society and pension fund products continued to be most popular forms of saving.

OTP Bank published for the thirteenth time its OTP Self-Provision Index, which measures the condition and progress of Hungarian society in the field of self-provision. To facilitate comparability, the survey methodology was unchanged: we examined financial (e.g. financial planning, different types of savings held) as well as non-financial components (e.g. approach to environmental protection, preventive health).



2.1. Improving financial knowledge regarding banking services

GRI 417 DMA

In the last two years we produced videos and planners providing general financial knowledge on yet more topics. Most of them are available to the entire population.

Knowledge Bank

In 2017 we launched our Knowledge Bank video series and in 2019 we added 13 new episodes to the existing 25. We produced the videos as animations, presenting the key features of a particular topic through practical examples and advice in 2 or 3 minutes. The videos cover loans, credit cards, housing loans, savings and liaising with banks. In 2019 our short videos were viewed 83,000 times; the most popular clips were the ones explaining the importance of savings and how credit cards work.

New credit card

When we send messages to our new credit card customers before and after contracting and during the use of their card, we attach information materials and videos in which we explain the correct use of credit cards and the main features of how they work. We also make sure that our communication campaign does not encourage overspending.

Financial Planner

OTP Bank provides a complex Financial Planner, on its revised savings page of its website. If interested customers enter here a few basic data and their financial goals, the system will outline for them their financial situation for their entire lives, subdivided into different time periods. Navigation similar to that found on tablets and smartphones allows the calculation of alternatives. We display the advantages of the recommended portfolio in an easy-to-understand format. Our customers can receive personalised product offers when they log in to Internet banking. In 2019 we added to this MiFID2²⁵-compliant planner the option to declare sustainability preferences.

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2.2. OTP Fáy András Foundation

GRI 417 DMA

The OTP Fáy András Foundation plays a key role within our efforts to improve financial literacy; the Foundation exerts a notable impact on both the national and the international levels. In addition to training courses and programmes for students, our Foundation nurtures direct relationships with educational institutions, educators and other organisations in order to make sure that the latest financial knowledge reaches as many people as possible. We constantly expand and improve the activities of the Foundation.

The Foundation operates the OK Educational Centre, which offers courses at two locations in Hungary (Budapest and Nyíregyháza) and, through its sister foundations, in Romania and Slovakia. These courses for secondary and primary school pupils concern finance and economics subjects or career choices (Karriersuli, Karrieriskola). The courses are unique due to their methodology of learning by having fun, important components of which are a carefully devised curriculum and teaching methodology, the inspirational environment of the training rooms and the use of the latest technologies.

Hungarian Centre

The OK Educational Centre venues in Budapest and Nyíregyháza host many thousands of students every year and reach more than 100,000 other interested persons at various educational and other events in Hungary.

The region has no other financial educational institutions similar or even comparable in significance to the OK Educational Centre. Our training courses developed in-house and subdivided into academic years and our OK Moneytainment Box complex educational tool both have a certificate of excellence from Education Alliance Finland (formerly Kokoa). The courses and the methodology have received numerous awards and certifications; in 2019, we were granted the right to become a partner organisation to OECD – INFE (International Network on Financial Education).

The Financial Planner is available on a standard platform for our customers and branch employees, who can therefore provide useful assistance to any customers who visit the branch. So far, we conduct more financial planning for customers face-to-face (217,000 customers, 240,000 times in 2019) than online, in spite of our marketing campaign to encourage the use of the electronic platform.

Finance for 5

Our Croatian subsidiary created the Finance for 5 page on its website to improve the financial literacy of our customers and the overall population. We discuss several financial topics there, subdivided into three subsets based on the different interests of visitors to the site, so that pupils, students and pensioners can read about diverging subjects.

Through our Foundation, we place special emphasis on making sure that our courses are always state of the art and therefore we conduct regular foundational research. In 2019 we made preparations for new educational solutions and digital content, which will open new pathways in developing financial literacy. For our digital solutions, we use AR and VR technologies as well. We have started working on educational content for adults, so that financial and economic knowledge can be disseminated as widely as possible across society.

In an important change for 2019, training courses were delivered at the BGSZC Buda Secondary School while our Budapest OK Educational Centre is being rebuilt. In order to provide the inspirational environment familiar from the Centre, we relocated and installed several pieces of equipment at the new venue. Although the transition was smooth in terms of the knowledge delivered and the methodology, the temporary fall in capacities meant that the total number of pupils catered for fell short of the figures in prior years.

Our successful programmes continued in 2019 and included our four-semester teacher training course with revised training materials in cooperation with ELTE PPK, the Teachers' Club, the Fáy Success Camp, the Model School programme and Experience Week.

Another roadshow with 22 stops was held in multiple towns and cities across North West Hungary, in primary schools and community spaces. Pupils participated in five-round competitions in this roadshow, experiencing what it means to be learning while having fun. The roadshow served as the basis for television programmes broadcast on local television channels to improve the financial knowledge of the wider population.

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With three short educational films (Compound interest, Yield and risk, What loan interest rates are available to choose from?), we implemented a television campaign nationally and focusing on the North West Hungarian region.

Besides delivering training and developing educational materials, we place an increasingly high emphasis on our partnerships. Knowledge sharing with our Romanian and Slovakian sister foundations intensified, while our cooperation with Malaysia involved our trainers sharing their knowledge, enabling that country to rely on OK Centre methodology when launching financial education there. In 2020, we plan to open an OK Centre in Moldova.

 GRI 413 DMA, 203-2

Results in figures - 2019

9,500 students from 110 institutions taught in 700 training groups

14 adult training courses delivered

10,000 students participating at our 30 other events

17 trainers

5,000 persons (4,100 children and 900 adults) trained in Romania

9 trainers

3000 students trained in Slovakia

5 trainers

OK Educational Centre in Romania

We continued to improve the diversity of our programmes at the OK Educational Centre in Romania as well. This year, more than 4,000 pupils between the ages of 10 and 18 from 36 towns and villages took part in our courses delivering financial and economic knowledge. The role of travelling trainers continues to be extremely important within the overall functioning of the Centre; thanks to them, training can reach those living in the remoter parts of the country. The Centre had partnerships with 89 institutions (70 schools and 19 non-governmental organisations) in 2019.

In addition to the students we reach through the school system, a rising number of participants attend our Financial Fitness training series for (young) adults. We structured the training course and adapted it to the needs of the different groups of participants (e.g. public institutions, teachers, employees of private companies). 902 people attended this three-part series during the year, including 205 employees of OTP Bank Romania and its subsidiaries. Over the course of the year we prioritised the promotion of this programme, especially at HR industry events. At some of the conferences, visitors were also given the opportunity to attend training. We expanded our partnerships with youth organisations and delivered training for 200 young people as a result.

We plan to introduce career advisory services at our Romanian Centre and started to develop the programme supporting that effort in 2019.

The OK Educational Centre building again hosted a variety of events in 2019. Nearly 25,000 participants attended 1130 events including conferences, training courses and events put on by non-governmental organisations. The Weekend of Opportunities involved financial education workshops for secondary school students.

Startup Your Life

'There is a great need for financial education: capitalism has had a history of only 30 years in Romania, and we leave school without being taught how to manage our finances. Similarly, we are not taught what it really means to be entrepreneurial. This gap is addressed by the four-day intensive camp called Start Up Your Life organised by start-up.ro, to which we contributed by supporting five entrepreneurs. This workshop for young entrepreneurs explained to these young people the fundamentals for a successful business. Additionally, we gave talks at the BizTool Academy of business knowledge, which was hosted by the OK Centre. This one-day business workshop focused on the typical issues and challenges that arise after a business is launched.'

Alexandru Neagu, OTP Bank Romania, Director of SME Division

OK Educational Centre in Slovakia

The Centre at Trnava trained thousands of students, focusing especially on pupils from disadvantaged regions. This Centre also started to develop training materials for adults, using the knowledge accumulated by the Hungarian foundation.



**163 volunteer employees
gave lectures during
MoneyWeek**



**Around 1000 teams took part
in DSK Bank's National
Financial Olympiad in 2019**

2.3. Additional programmes aimed at developing financial literacy

 GRI 417 DMA

We advance the cause of financial education as active participants in local initiatives and with our own additional programmes.

 In 2019, as many as 207,000 students from 1200 schools took part in MoneyWeek, a week of financial and business topics, which was delivered with the help of 900 volunteers. MoneyWeek is the Hungarian programme of the Global Money Week and European Money Week initiatives. 163 employees joined the programme as volunteers, i.e. their number trebled compared to the 2018 figure. Our volunteers led unconventional classroom sessions following predefined exercises and frameworks but also adding their own experiences²⁶. In 2019, the majority of our volunteers spoke about digital security, while others shared their insurance knowledge with an audience of Year 5-11 pupils arranged into three age groups.

We launched the  www.otpedia.hu website, where we publish compelling articles about money, banknotes, the financial system, interesting facts from recent history and across the centuries.

 DSK Bank held its own financial education competition called the National Financial Olympiad in early 2019. The main objective of the Olympiad is to motivate students and their families to acquire financial knowledge. Children and their parents competed in pairs, where the main prize was a scholarship for the equivalent of HUF 50,000 for the next school year. 700 teams entered the competition, which had become widely known over a short period of time; 12 teams took part in the two-day semi-finals and the final. The programme continued in the summer, when we held three competitions online, each with 20 test questions

 Finansiada. Our subsidiary has set itself ambitious aims for 2020: besides holding the Olympiad again, we plan to widen our focus by including younger age groups and share news of the competition on the information channels they use. The initiative became the best known banking initiative in Bulgaria during the year and won two awards: first prize in the Sustainable Development/CSR category at the PR Prize 2019 competition and first prize in the educational ideas category at the b2b Media Awards.

We support specialist financial and insurance education via the Atanas Burov Foundation and the Prof. Dr. Veleslav Gavriiský Foundation; we also sponsor scholarships and take part in delivering summer schools and competitions that offer financial prizes.

 As per tradition, nearly all of the bank's branches opened their doors to children on World Savings Day, calling their attention to the importance of savings and responsible money management. Our employees also held numerous educational workshops at primary and secondary schools in Zadar.

 OTP Bank Romania and the Romanian OK Centre jointly took part in the Global Money Week initiative. 300 pupils from 15 schools in Bucharest and Braşov attended the finance classes we held. We continued our traditional sponsorship of the financial and economic competition Pénzidomár (Money Tamer), which is organised by Sapientia University.

 We organised an open day called 'The Path of Money' for Year 2 and Year 4 students at the bank's head office. Our employees talked about how to manage money and presented some products and other financial points of interest.

Our bank also works with several educational institutions (university, secondary schools, summer camps), helping young

people expand their fundamental understanding of finances and enhancing students' learning in finance specialty areas. We took part in the 'My First Card' project, in which more than 1000 young people from 12 educational institutions were given the opportunity to learn about cashless payments and improve their financial skills. The programme was implemented jointly with AVI-Moldova and the European Fund for Southeast Europe (EFSE).

 In Russia we invited students to open classes about finance and banking, which we organised together with the National Financial Market Council sectoral organisation.

 In the 'Young Banker' project of our Ukrainian subsidiary, students visited our branches and were invited to the bank's head office building. Our employees also visited several schools. The students were given easy-to-understand information about correct ways of money management, basic financial terminology, and the circulation of money. Overall, 120 schoolchildren between the ages of 6 and 14 took part in the events.

 GRI 413 DMA, 203-2

Our strategic goals

Open an OK Centre in Moldova

Introduce new digital educational methods at the OK Educational Centre in Hungary

Develop educational content for adults in Hungary

Introduce training on career guidance and planning at the OK Centre in Romania

²⁶

OTP Bank and the OTP Fáy András Foundation also took part in writing the learning materials.

III.

Main areas of focus

3. Expert financial services committed to sustainability



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protection7.
Citizenship**Commitment:**

Supporting long-term sustainable progress in society and the economy

Approach:

Our products help in an ethical way the achievement of financial objectives, access to basic needs, the achievement of social and environmental objectives and the safe investment and growing of savings.

Activity:

- Active role in national and international programmes to achieve social and environmental goals
- Serving the financial needs of small and medium-size businesses at a high standard of quality
- Special focus on satisfying the financial needs of the agricultural sector

OTP Group aims to serve the financial needs of all customer segments, always acting in compliance with the principles of ethical and fair product development. Our products help achieve financial welfare and healthy financial status. To this end, we offer products with preferential terms and/or adapted to the special needs of different social groups (such as young people and pensioners) as well as corporate segments. An important subset of our products contributes to the achievement of significant social objectives, such as housing and self-provision. We promote environmental sustainability primarily by actively participating in government schemes and financing renewable energy projects.

Please visit [our website](#) to read more about our existing products.

Our commitments 2018	Our results 2019
With the help of the EU and the Environmental Protection and Energy Efficiency Fund, create a dedicated product for lending for hybrid and electric cars as well as energy efficiency investments related to housing loans at OTP banka Hrvatska	We introduced a credit product called 'Think green'.
Provide energy and SME development finance opportunities under cooperation agreements	The initiatives in Bulgaria and Montenegro have been completed. Programme implementation is delayed in Serbia.
Market share in excess of 20% in agricultural lending in Hungary (2020)	The market share approximated 18% as of the end of the year.
Reflect sustainability criteria in financing for renewables and the office market	The implementation has been completed.
Overhaul the mortgage lending process at the parent bank	The development process continued but is not yet complete.
Launch pilot projects to strengthen branch advisory services for business customers	5 branches took part in the testing, which has been completed; a phased roll-out will take place.
Develop preferential loans and conditions for smaller municipalities, residential building renovation, the pre- and co-financing of EU funds and targeted financing of agricultural customers (OTP Banka Slovensko)	The preparatory stage has been completed in cooperation with Slovak Investment Holding, and sales will commence in 2020.

 Implemented

 Implementation in progress

 Not executed

3.1. Households and residential communities

The products of our banking group contribute in countless ways to individual financial stability and welfare and the satisfaction of fundamental needs.

Sensitive target groups

OTP Group pays special attention to young people. We offer diverse options specific to age groups and preferential account packages to support their responsible handling of money and their financial decisions. In 2019, OTP Bank waived its digital channel access fees for its junior customers. In 2020, we plan to launch a mobile app for junior customers, which will include features for improving financial awareness. Also in 2020, our Croatian subsidiary is planning to develop a loan and credit card scheme for students.

 Under an agreement with the Ministry of Education, our Montenegrin subsidiary waives the account management and cash withdrawal fees for students who receive their scholarships on their accounts with CKB.  [Special products](#)

Several subsidiaries offer schemes focusing on pensioners and the elderly. New OTP Group member Mobiasbanca has two special products offering attractive rates of interest to help pensioners with their savings. Overall, 8000 customers had taken out the product as of the end of 2019. The bank also offers a special card account for pensioners.

Our banks operating in EU member states offer a basic bank account for low-income retail customers; in addition, we offer minimum packages for customers who need a limited range of services. 113,000 customers were using these account packages of the parent bank as of the end of 2019.

 In 2019 OTP Bank Romania launched its LeZero account package, which offers customers simpler and more transparent terms and several free services.

 At our Croatian subsidiary, customers can hold a bank card even if their bank accounts are blocked.

Baby Loan

Agile operation has played a major role in allowing OTP Bank to be the first on the market to offer customers the interest-free Baby Loan product, which is capped at HUF 10 million. This loan is available to couples planning or expecting children; the state will assume the loan debt in the case the families with three children. The product is extremely popular; OTP Bank signed 22,000 contracts in 2019, which represented a market share of nearly 45%.

'Good' credit card

 The newly introduced credit card of our Russian subsidiary provides a one-year extended warranty for household appliances and electronic devices purchased with the card and donates 0.5% of the amount paid to Rusfond, a popular charitable organisation in Russia. The card is extremely popular among our customers.

Think green!

 Our Croatian subsidiary worked with the EU and the national Environmental Protection and Energy Efficiency Fund to introduce its Think green! product; this preferential-interest loan is available for the purchasing of electric cars and electric bicycles. In cooperation with the city of Zadar and the local public transport company, the bank installed an electric charging station at a parking garage in the city, making it available for free in the introductory period.



**HUF 209 billion
Baby Loan contracts
concluded**

OTP Kártyagyártó²⁷

OTP Kártyagyártó manufactures the plastic cards used by the Hungarian banking group and the Slovakian subsidiary (e.g. bank cards, SZÉP cards). The cards are produced in one of the head office buildings of OTP Bank. We purchase the card already equipped with the chips; our manufacturing process involves the personalisation and encryption of the cards, as well as sending it to branches with the accompanying letter. We issued 1.8 million cards in 2019. Since the cards contain confidential information, any cards scrapped and withdrawn are destroyed in a waste incinerator.

Access to real estate, modernisation

GRI 203-2

It is primarily through our mortgage loans that the members of our banking group play an important role in helping people achieve their housing goals²⁸. We serve our customers with our own products and by taking an active part in government schemes, providing reliable loans that are aligned with the debt service capacities of our customers, and promoting the use of energy-efficient solutions.

In Hungary, recent trends continued in 2019 as an optimal market environment and government incentives resulted in further growth on the property market. The total sum of mortgage applications received by our bank increased by 15% compared to the previous year. We signed around 25,000 housing loan contracts during the year. The share of used home purchases within all new lending decreased (64%), while that of new home purchasing or construction increased (31%). The number of outstanding housing loans remained nearly unchanged and stood at 220,000 as of the end of the year.

The proportion of fixed-rate loans also rose. Almost all new loans are fixed-rate, and we also contacted all our customers with existing variable-rate loans in 2019 to encourage them to convert

²⁷ OTP Kártyagyártó is covered in this Sustainability Report for the first time in 2019.

²⁸ OTP Bank Russia does not offer mortgage loans.

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their mortgages. While predictability is an advantage, fixed-rate loans carry higher rates of interest, and therefore only a small proportion of our customers opted for fixing their rates.

Certified Consumer-Friendly Housing Loans

The importance of Certified Consumer-Friendly Housing Loans rose further, encouraged in part by a concerted policy on behalf of the Magyar Nemzeti Bank, and in part by the wide range covered by our products. Our certified consumer-friendly loans are available for interest-subsidised housing loans and for purposes such as home buying, extension, modernisation and renovation. The proportion of certified consumer-friendly housing loans exceeded 85% of all newly contracted fixed-rate commercial housing loans.

Subsidised housing loans

The Home Purchase Subsidy for Families (CSOK) programme was significantly expanded in the second half of 2019. The Village CSOK scheme introduced highly subsidised loans with preferential terms specifically for the purchase, renovation, extension or modernisation of second-hand homes located in small municipalities, which suffer from population loss at rates above the national average. OTP Bank continues to be an active participant in the CSOK programme. The proportion of subsidised loans to total housing loans rose faster at our bank than on the market overall. Our share was 30% in terms of total amount lent. In 2019, we concluded subsidy agreements with over 15,000 families, for a total amount of almost HUF 63 billion. Our customers spent 35% of these subsidised loans on home construction, 29% on purchasing new build properties and 27% on buying second-hand homes, while some of the loans were spent on combined purposes.

Hello Home!

Customers and visitors to our Hello Home! portal are given comprehensive information about the financing options we offer for housing purposes hellootthon.hu. We share here some relevant Knowledge Bank videos as well as articles about the situation and trends on the property market; we also offer useful advice on refurbishment. At our OTP Bank Hello Home Evening event, we provided the participants with information about the property market and the subsidised loans available.

We introduced our Home credit card in 2019 with housing loan borrowers in mind; customers receive special cashback on all home-related purchases for 1 year. In cooperation with our partners, we offer discounts on purchases such as furniture and DIY.

OTP Ingatlanpont, OTP Pénzügyi Pont²⁹

OTP Ingatlanpont is the third largest real estate agency in Hungary. Its 75 offices³⁰ provide nationwide coverage, with 750 estate agents at the disposal of our customers. Our agents work as contracted partners and are remunerated based on their performance. In 2014 financial intermediary operations were outsourced from OTP Ingatlanpont into a tied intermediary firm called Pénzügyi Pont, whose duties were initially focused on the sale of building society savings but as market opportunities changed, it was transformed into a loan sales network in 2018. Pénzügyi Pont has its own sales network with 6 offices and almost 700 advisers, who also work as contracted partners. There is an overlap of around 40% between the agents of the two entities. Importantly, these two firms operate with the same ethical principles as OTP Bank; our agents must also subscribe to the Code of Ethics. Ethical competition is safeguarded by the estate agent regulation, while the commissions structure is the same as used at OTP Bank.

Both companies routinely use digital signature pads, which have been used for contracts since 2018. To facilitate electronic transacting, Ingatlanpont offers an online customer account called Kapcsolatipont, where customers can monitor and change their property sale and purchase instructions. Kapcsolatipont can also be used to make and accept offers.

(HR) Our Croatian subsidiary also sells government-subsidised housing loans. The loan interest rate was reduced in 2019, resulting in higher interest and demand. As of the end of 2019, 406 customers had preferential-rate housing loans, and the total amount of their borrowing amounted to approximately HUF 17 billion.

(RO) In 2019 our Romanian subsidiary continued to offer the preferential-rate loan of the government's 'Prima Casa' scheme, which supports young persons buying their first home. Our bank drew down the entire sum allocated to it, but even so, preferential loans had a lesser weight within its total new mortgage lending than in prior years. The bank started to offer partly fixed-rate loans in 2019. This year we focused on reducing the credit approval period.

(MD) Our Moldovan subsidiary also offers the preferential-rate mortgage loans under the government's 'First Home' programme. In 2019, over 200 customers applied for this scheme.

(MO) The key objective of the Montenegrin 1000+ Apartments project is to provide, through a preferential-rate loan, housing for pensioners, newlyweds, public servants, persons living with disabilities as well as citizens living in North Montenegro. The project was completed in 2018, but delays meant that some loan disbursements (for a total of HUF 146 million) carried over into 2019.

²⁹ OTP Group's Sustainability Report first included these two subsidiaries in 2019.

³⁰ Some of the offices are operated by our partners and not OTP Ingatlanpont.

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Condominiums

OTP Bank plays an important role in serving the financial needs of condominiums. While we did not introduce any new products in 2019, we modified our Thermo/Style loans to allow us to lend to condominiums even if they do not have a building society contract with us.

OTP Condominium grant

It was for the 11th time that we invited financing applications from condominiums for modernisation in 2019; we granted a total of HUF 12 million to support their development projects. We received a total of 779 applications. Unlike in previous years, the most frequent purposes were the installation of energy-efficient solutions, roof repairs and insulation. In addition, we received many applications for loans to finance yard renovations or the maintenance of shared spaces, just like in prior years; another popular loan purpose was the installation of bicycle storage. We rewarded 15 applications in total; most of the winners this year (66%) were condominiums outside Budapest. There were some unique solutions rewarded in 2019 as well. For example a condominium in Budaörs, where the air exchange system used to operate with electrical machinery, installed wind-powered draught accelerator equipment to circulate the air. A condominium in Budapest built an accessible tree house in the shared garden so that a child suffering from muscular dystrophy would be able to play together with all the other children in this new hiding place.

Apart from providing financial support, the key aim of the grant scheme is still to raise awareness of the fact that residential communities can do much to reduce energy consumption, make their environment more pleasant and improve the comfort and security of their place of residence by means of relatively small investments.

Environmentally friendly use of energy - MFB Point

OTP Bank leads a consortium set up in 2017 to offer the products of the Hungarian Development Bank (MFB) at MFB Points, both EU-refinanced and MFB's own origination products. 167 branches (45% of all our branches) have an MFB Point installed, where customers are served by the employees of OTP Business³¹. OTP Bank's role intensified further in 2019 as it took over the MFB Point of NHB Bank after the operating permit of the latter was revoked. The consortium disbursed HUF 38.9 billion in subsidies in 2019, of which OTP Bank's share amounted to 78%. The number and amount of loans disbursed via MFB Points grew considerably compared to 2018.

The loans available to individuals, condominiums and housing associations are intended specifically for environmental protection purposes: we offer the EU-refinanced interest-free loans, available until the end of 2022 under the Széchenyi 2020 Programme, for energy efficiency and renewable energy consumption projects. In 2019 we made 3976 disbursements to retail customers, for a total of HUF 10 billion.

 In 2019 our Croatian subsidiary continued to disburse its 'Sunshine loans' product, which offers a lower interest rate for properties designed for energy efficiency (with an energy rating of A+, A or B). The bank also started to lend subsidised loans in cooperation with the Agency for Transactions and Mediation in Immovable Properties (APN).

 OTP Bank Ukraine continued its IQ Energy Programme, under which it partners with EBRD (the European Bank of Reconstruction and Development) in offering individual householders and condominiums a loan incentivising energy-efficiency. In addition to the financing option, the project involves giving customers advice on energy-efficient equipment and technologies.

 Our Slovakian subsidiary worked with the Slovak Investment Holding to develop a loan scheme for the energy-efficient renovation of residential and non-residential buildings, for which European structural and investment funds provide subsidies. It will start selling the scheme in 2020.



**HUF 63 billion
in CSOK loan
agreements**



**220,000 housing loan
contracts in force
at OTP Core as
of the end of 2019**



**HUF 10 billion for
household energy
efficiency via MFB Points**



³¹ Small and medium-size enterprises business line

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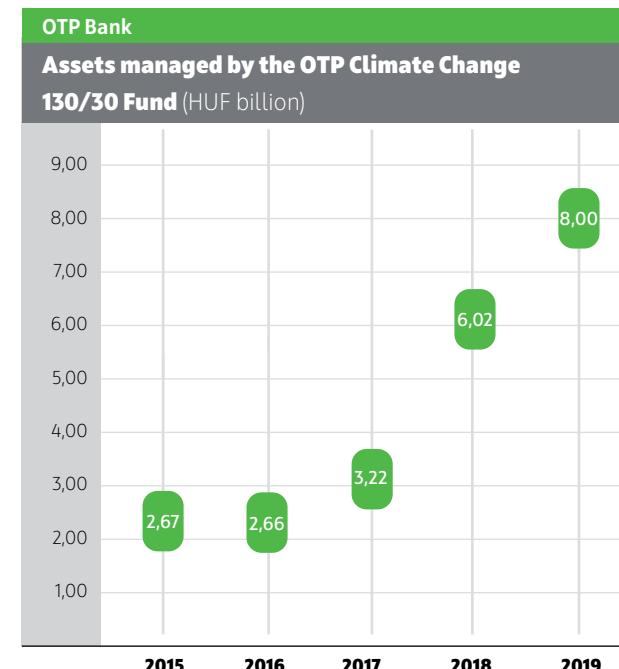
Self-provision

We are convinced that self-provision is an important part of individual financial welfare. Several OTP Group members offer products specifically aimed at enabling and encouraging regular savings. OTP Bank's savings portfolio is one of the most extensive on the market, which allows us to serve a wide variety of needs, from regular savings of small amounts to the investment of large sums. During these planning exercises provided free of charge, our employees recommended savings products to 217,000 customers for a total of HUF 1967 billion during the year. In 2019 retail savings grew faster than ever before in Hungary, with sight deposit balances decreasing as the dominance of government securities increased. The Government Debt Management Agency awarded OTP Bank the prize for distributing the largest amount of government securities to retail customers for the fourth time.

Responsible investment fund

The objective of the OTP Climate Change 130/30 Fund of OTP Fund Management is to provide an opportunity to invest in the shares of developed and developing market companies that may be the beneficiaries of the directives, the legislation and the changes in economic policy aimed at reducing climate change impacts. The assets of the Fund grew by nearly HUF 2 billion from one year to the next. At the Klasszis awards of Privátbankár.hu, the Fund won its category for the third time in 2019.

OTP Fund Management is planning to launch new ESG products and convert its existing products where compliance with ESG criteria is possible.



Long-term savings

The number of accounts specifically incentivising long-term savings³² increased in 2019 after a fall in the year before. The volume of TBÉSZ accounts also rose, by around 11%.

OTP Capital of Ukraine introduced the OTP Kids fund specifically as a means of long-term investment for children. Our subsidiary's product is especially important as there are very few long-term savings products available in Ukraine. Children and parents can buy into the fund, which invests in the most secure

instruments and bonds at the same time, and later invests in equities as well.

Our Croatian subsidiary expanded the range of funds available to its customers of voluntary pension fund savings. One of the new funds offers lower-risk investments targeting more conservative customers closer to retirement, while another was created for less risk averse younger customers.



366,000 savings accounts at OTP Bank



217,000 customers given financial plans at OTP Bank branches



HUF 8 billion in the OTP Climate Change fund

³² TBSZ (Long-Term Investment Account), TBÉSZ (Long-Term Investment and Securities Account), NYESZ (Pension Savings Account)

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3.2. Micro, small and medium-size business customers and municipalities

OTP Group focuses on and prioritises serving the financial needs of small and medium-size businesses. Our objective is to provide services that are simple, fast and convenient but also satisfy unique needs; we therefore offer unique as well as standardised products.

An important task for our subsidiaries in 2019 was the standardisation of products for the micro, small and medium-size customer base. These products ensure that our customers receive services that are of higher quality, more predictable and significantly faster. Automated credit approval helps reduce risks.

Dedicated branch premium advisor model

'Building personal relationship and partnerships are not new buzzwords for the Corporate Directorate. The partnership established with customers was a key value in the OTP Business Ambassador Programme too. We started to develop the branch dedicated premium advisory model by preserving and focusing on that value. All three constituent parts of that name are important and signal important change.'

We developed a new framework strategy for serving the micro and small business clientele using the agile methodology and tested it in 5 branches in 2019. This service model is based on establishing a closer relationship between branch employee and customer by relying on dedicated branch employees and focusing mainly on existing and potential premium corporate customers. In practice, this model involves the branch advisor regularly visiting the customer with the specific aim of trying to gain an insight into the current situation of the company by conducting face-to-face talks. Where necessary, the branch advisor can give financial advice and recommend those of our bank's products and services that match the customer's business objectives over the long term. These are intensive and long-lasting personal relationships,

as our employees continually monitor the development of the companies. Another advantage for our customers is that they can contact their dedicated contact person at any time during our opening hours and will be served at a pre-arranged appointment.

The results of the test have been positive: our customers' satisfaction rose significantly, both overall and as regards specific areas and they rated our employees' work as outstanding. We will therefore start the phased roll-out of this new operating model.' *Tibor Csonka, Managing Director of OTP Business*

(RS) Our Serbian subsidiary also introduced a new service model in 2019 to serve customers faster and significantly cut the lead times of the credit application, credit approval and disbursement processes.

Rocket loan

(BG) Uniquely in Romania, OTP Bank created a dedicated platform for its existing and new SME customers. Businesses can apply for standard or semi-standard loans, with or without guarantee, in a completely electronic process. Once they have uploaded their documents, our customers can immediately read the results of the preliminary credit approval, while the final approval will be granted within 24 hours. Only when a positive final decision has been made will customers be invited to visit the branch to sign the contract. This process has significantly reduced the length of the lending process and made our services more convenient for the customer. The credit applications received via the new platform represented 10% of all loans disbursed in the business line.

eBIZ

The eBIZ digital financial assistant is a unique service within Hungary, helping micro-, small and medium-size businesses in their administration processes. Businesses can use a single platform for invoicing (including raising invoices and receiving expense invoices), managing bank transfers and monitoring the company's current financial situation using clear reports. They can liaise with their customers, suppliers and accountants on the same platform. In 2019 we made it possible for business customers to

issue their invoices from their ERP systems via eBIZ and receive information even on the payment status of invoices. As of the end of 2019, eBIZ was used by nearly 22,000 enterprises. There was an increase in the number of bookkeepers registered by their business clients in eBIZ; these accountants can extract from the system the invoices and data they need for keeping the books. In this way, the services of eBIZ contribute to making processes paperless.

GRI 203-2 MFB Points

At MFB Points (see also [Section 3.1](#)) micro-, small and medium-size businesses can access long-term finance. These programmes provide loans with zero interest or preferential interest rates and cover five thematic areas. These areas are: promoting research, technological development and innovation; boosting competitiveness; incentivising employment and employee mobility; enabling access to infocommunications technologies and the use of e-technologies; and transitioning to a low-carbon economy. 9 disbursements for a total of HUF 2 billion were made in 2019 in relation to the transition to a low-carbon economy. We lent a total of HUF 18.2 billion for other purposes.

OTP Hungaro-Projekt

Our grant applications consultancy company serves primarily the SME sector. In 2019 we drafted 51 grant applications on behalf of our customers, with a total of HUF 22 billion in eligible costs and HUF 10 billion in aid requested. The grant applications of small and medium-size companies were addressed to the European Union's Rural Development Programme (for purposes such as irrigation development, energy modernisation, vineyard planting, food industry investment) and its Economic Development and Innovation Operational Programme (R&D and innovation development, energy modernisation for businesses).

Our project management for winning bidders played almost as significant a role as our applications drafting services in 2019, which was also the year when healthcare appeared for the first time among the customers for our public procurement services. Our agricultural advisory application was rejected, but we are looking into ways of launching that service nevertheless.

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OTP Consulting Romania

This Romanian subsidiary is also a provider of application advisory and project management services, drafting 150 grant applications and helping more than 70 municipalities and private companies implement their projects in 2019. Besides a number of agricultural grant applications and projects, we also contributed to projects focused specifically on environmental protection. Two of the applications concerned the use of renewable energy, four the greening of public transport, partly through the purchasing of vehicles with low carbon dioxide emissions and partly by reforming the transport infrastructure.

The projects to be implemented with EU grants have a total budget of HUF 15.6 billion. We provided project management services for municipal projects, which were aimed at developing sewage networks and treatment. We contributed to a project for improved cooperation among the participants of the agricultural supply chain, advising producers on ways to improve their sales. We work with the Romanian Chamber of Commerce in three projects helping young local entrepreneurs with training and sponsorships of HUF 10 to 13 million each. 184 businesses took part in the project and 280 jobs were created.

FGS FIX

The Funding for Growth Fix Scheme of Magyar Nemzeti Bank (MNB) offers micro, small and medium-size businesses investment loans or financial leases with favourable, fixed rates of interest. In our banking group, OTP Bank and Merkantil Bank both offer FGS loans. Credit applications accepted under the Scheme, which launched at the start of 2019, reached a total of HUF 59 billion by the end of the year.

Partnerships

 In cooperation with the European Investment Fund and the European Programme for Employment and Social Innovation (EaSI), CKB disbursed loans with a guarantee agreement, which were highly popular among micro enterprises. Since the funds were soon exhausted, we started talks for another round of cooperation.

 Our Serbian subsidiary also sought cooperation with EaSI, specifically to provide funds to sole traders, micro businesses and social enterprises. Our plan is to make the product available to customers in 2020.

 Serving SMEs will one of the focal points in the business strategy of our Moldovan subsidiary. The EU and the International Financial Institutions (IFIs) consider Mobiasbanca as one of the reference banks in Moldova when it comes to new financial ideas. Our subsidiary was the first in the country to create a loan product (EU4business EBRD loan) that offers preferential terms within the framework of a joint initiative of the EU and the EBRD (European Bank for Reconstruction and Development), the Deep and Comprehensive Free Trade Area (DCFTA) programme. The objective of the initiative is to improve the competitiveness of SMEs by creating a new commercial opportunity through the introduction of EU standards on environmental protection, health and safety at work, product safety and product quality. Our subsidiary disbursed 204 loans for a total of HUF 6.9 billion under the scheme in 2019.

Our subsidiary is also taking part in the InnovFin programme established by the European Commission and EIB (the European Investment Bank). Under the scheme, EIF grants guarantees of up to 50% of lending risk to help innovative enterprises access funding. Up to the end of 2019, 144 companies accessed the scheme, and loans for a total amount of HUF 15 billion were disbursed.

 Our Albanian subsidiary partnered with the EBRD to grant businesses preferential loans for environmentally friendly energy projects starting from 2019.

Urban development

The Association of Cities of County Rank and OTP Bank signed a partnership agreement in 2019. Under this cooperation, we provide HUF 300 billion indicative funds for the eligible projects of the relevant 23 municipalities in the Modern Cities Programme. Launched in 2015, the Modern Cities Programme is planned to implement projects with a total value of HUF 4000 billion by its

planned end date in 2025, also relying on significant government and EU grants.

 The Regional Urban Development Fund became part of OTP Group through its acquisition of Expressbank. The Fund grants loans for projects aimed at the development of urban environments, the economic growth of the regions and improved energy efficiency in North Bulgaria, relying on European Union and private funds. The loans are available to municipalities, municipal companies, private firms and other entities.



**HUF 79 billion
in loans disbursed
via MFB Points and
the FGS Fix programme
in 2019**



**HUF 22 billion lent
in joint initiatives with
international financial
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3.3. Agricultural customers

We continued to prioritise lending to agribusiness customers throughout the Group in 2019. The loan portfolio of OTP Group and the parent bank both increased significantly during the year.

OTP Bank's market share approximated 18%, primarily due to the increase in lending to agricultural customers. The average annual agribusiness loan portfolio of group members more than trebled over the past 5 years and 75% of this growth was organic.

The pre- and co-financing of European Union subsidies plays an important role in the agricultural lending of our group members operating in EU member states.

Green corridor

The second pillar of the EU Common Agricultural Policy is the Rural Development Programme, whose main priorities include resource efficiency and restoring ecosystems. The projects financed under this programme help achieve environmental protection and nature conservation objectives. In Hungary, our Green corridor process helped farmers with pre- and co-financing in 2019, just like in the previous year. Under the simplified lending process, we:

- give a bank guarantee for drawing down the subsidy advance,
- grant a loan to pre-finance the rest of the subsidy, and
- grant an investment loan to cover any gaps in own contributions; the loan is offered against a low own funds requirement and attractive collateral terms.

In 2019 we contributed to the implementation of 43 investment projects, and the total amount of the loans was HUF 4.3 billion at the end of the year. As different EU member states follow varying subsidy disbursement practices, we did not introduce the Green Corridor process elsewhere; nevertheless, our subsidiaries

provided substantive help towards the implementation of subsidised projects by granting financing linked to applications to the Rural Development Programme.

 GRI 203-2

Double SAPS

    The pre-financing of land-based subsidies is the key agricultural product of our banks operating in EU Member States. 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 administration costs. Our service is unique in several of these countries³³. Our subsidiary in EU member states (including Hungary) helped customers draw down subsidies for around 330,000 hectares of land.

OTP Green Card

OTP Bank uses factoring for the pre-financing of land-based, greening and agri-environmental subsidies as well as subsidies to young agricultural producers and compensatory payments for Natura 2000 grasslands. The scheme was available for the pre-financing of 29 grant titles in 2019. With this product, our customers can access funding within just a few days, at conditions they can meet more easily.

In spite of plans to do so, the agricultural family business as a new form of enterprise was not introduced in Hungary in 2019, and therefore we did not develop our planned related product. Nevertheless, we are looking into possibilities for launching a quick loan product for this target group.

Agribusiness OTP Award

As an expression of our commitment to agribusiness, we organised the first OTP Agribusiness Gala and handed out the first Agribusiness OTP Awards in 2019. Minister for Agriculture Dr. István Nagy also attended the event. We granted awards

to five agricultural and food industry business partners and to one of the employees of our bank in recognition of their outstanding expertise and performance. We believe their activities can serve as a role model for other players in the agribusiness sector.

OTP Agricultural Cross-Border Business Forum

     The OTP Agricultural Cross-Border Business Forum has become a tradition for OTP Group; we held the third Forum for representatives of business in Siófok in 2019. The event helped business executives network and gain and exchange practical business experience. The active participation of our customers demonstrates the usefulness of this event.

Development projects at the subsidiary banks

In 2019 the focus on agribusiness was further intensified across the banking group, with almost all the subsidiaries making considerable advances in this field.

 Launched in 2018, the OTP Agri-Factory working capital loan of our Ukrainian subsidiary was extremely popular in 2019. Almost half of the organic growth of the agribusiness division of the subsidiary was generated by that product. The product, which was developed jointly with the International Finance Corporation, provides funding for small and medium-sized agricultural companies in a simplified and accelerated approval process. The bank responded to the demand by expanding the sales network of the product.

 Introduced in 2019, the new service model of our Serbian subsidiary was extended to include agribusiness customers as well. This made credit approval faster for our customers.

 Our subsidiary bank in Croatia set up an agricultural business line, formulated a medium-term agricultural strategy and delivered extensive training across its network.

³³ In 2018 the subsidy factoring product replaced Double SAPS in Hungary.

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(RU) Our Russian subsidiary developed new products in close cooperation with its risk management division. The government's interest subsidy programme imposes a cap on our bank's share in the financing.

(MO) In Montenegro we increased the available volumes of our working capital loan and agricultural investment loan with EU guarantee in 2019. We disbursed 39 loans for a total of HUF 171 million during the year.

(RO) The growth objective of our Romanian subsidiary and the agile project supporting that objective also covers the area of agricultural financing. The subsidiary also worked with the parent bank in developing the conditions necessary for growth.

(MD) Our Moldovan subsidiary set up its agribusiness department in 2019, following the acquisition. Besides serving SMEs, the subsidiary will focus on agricultural financing.

OTP Bank has finalised its new medium-term agricultural strategy, at the core of which is the development of complex services and serving customers with an ever wider range of services. The strategy highlights the development of green financing solutions and services as a priority, aligned with the changes in the European Union Common Agricultural Policy, the European Green Deal and the European Union action plan on the financing of sustainable growth. Our aim is to further intensify our agricultural focus across the Group, with DSK Bank planning to set up an agribusiness department in 2020 and increased attention being paid to the new acquisition countries.

helping the implementation of 43 projects via the Green Corridor programme

3.4. Large corporate projects with social and/or environmental benefits

GRI 203-2

We offered several corporate credit products with environmental and social advantages in 2019 and, in line with our lending policy, we prioritised the financing of projects relying on renewable energy sources. Through the banks acquired during the year, OTP Group achieved a significant increase in its financing portfolio of renewable power plants. Expressbank finances 222 MW renewable energy capacities, of which 68 MW is hydroelectric power and 154 MW is solar power. OTP Bank Albania currently finances 10 small hydro plants, which have a total nominal capacity of almost 100 MW.

In 2019, we financed the construction of four solar plants in Hungary, and provided refinancing for a wind farm. We disbursed loans to fund the construction of a total of 45 MW solar plant capacity, which can cover the electricity use of nearly 25 thousand households³⁴.

In another priority field, that of real estate financing, we reward the sustainability / environmental certification of real property when we formulate the terms of our financing structure. We developed assessment criteria for renewable energy sources and real estate with a sustainability rating, and incorporated these criteria in our financing approval system.

(RO) OTP Bank Romania regularly finances environmentally friendly projects. In 2019 it financed the country's largest recycling park with a syndicated loan.

(SK) OTP Banka Slovensko is financing projects aimed at reducing carbon emissions and increasing the use of renewable energy

under the SLOVSEFF scheme pursuant to an agreement with the EBRD since 2018. In 2019, we disbursed an additional 10 loans for a total of HUF 632 million for the construction of residential buildings, and HUF 1.1 billion for 4 industrial energy efficiency projects.

(MO) CKB's Green Loan for corporate investments, aimed at increasing energy efficiency and the use of renewable energy sources, has been available since 2007.

(HR) OTP banka Hrvatska and three other Croatian banks are financing the new cable car construction project of the Zagreb Electric Tram public transport company. The project involves decommissioning the old cable car connecting the municipality of Dolje near Zagreb with the skiing area of Sljeme and the construction of a new cable railway, as well as the reconstruction of the tram lines between Zagreb and Dolje. The project is expected to greatly alleviate the burden on the existing transport infrastructure. Our subsidiary granted a loan of around HUF 6 billion.

Our strategic goals

Implement the medium-term agricultural strategy and therein develop green financing solutions and services

Boost agricultural financing by the subsidiaries

Roll out the dedicated premium services for businesses concept across branches in Hungary

³⁴

Based on average consumption and average output values in Hungary

Portfolio components by sector

GRI FS6, FN-CB-410a.1³⁵

Portfolio components by sector													
Micro and small enterprises Group members' assets by sector, on-balance sheet exposure to own customers, %, 31.12.2019 ³⁶	Hungary (OTP Core and Merkantil Group)	Bulgaria (incl. Expressbank)	Russia	Ukraine	Croatia	Romania	Slovakia	Serbia (incl. new OTP banka Srbija)	Montenegro	Albania	Moldova	Slovenia	
Agriculture, forestry, fishing	5%	16%	-	-	12%	18%	13%	3%	2%	2%	27%	-	
Mining	-	-	-	-	-	1%	1%	-	-	-	-	1%	
Manufacturing	9%	16%	15%	37%	11%	12%	21%	26%	11%	13%	16%	28%	
Electricity, gas, steam and air conditioning	-	-	-	-	-	1%	4%	-	-	-	1%	-	
Water supply; sewage management, waste management	-	1%	-	-	-	-	1%	-	-	-	1%	1%	
Construction industry	16%	6%	4%	-	7%	16%	9%	7%	7%	5%	3%	8%	
Wholesale and retail trade; repair of motor vehicles and motorcycles	29%	29%	62%	34%	19%	25%	13%	35%	41%	22%	28%	20%	
Transportation and storage	7%	12%	8%	1%	5%	4%	2%	9%	8%	5%	5%	12%	
Accommodation and catering	3%	2%	2%	25%	11%	6%	1%	6%	11%	37%	3%	4%	
Information and communication	3%	1%	1%	1%	1%	1%	1%	1%	2%	1%	2%	2%	
Financial and insurance activities	-	-	-	-	-	1%	-	-	-	2%	-	-	
Real estate activities	7%	1%	3%	-	1%	9%	25%	-	1%	-	5%	10%	
Professional, scientific and technical activities	6%	5%	1%	-	4%	3%	4%	5%	7%	1%	2%	6%	
Administrative and support service activities	5%	1%	1%	-	22%	2%	3%	2%	8%	4%	2%	2%	
Training	-	-	-	-	1%	-	-	1%	-	3%	1%	-	
Human health and social work activities	2%	5%	-	-	2%	1%	-	3%	1%	2%	3%	3%	
Arts, entertainment and recreation	-	-	1%	-	1%	-	-	-	-	-	-	-	
Other services	6%	2%	1%	-	2%	-	1%	1%	2%	4%	1%	1%	
Total (HUF billion)	379	66	3	0,07	46	134	112	37	14	24	11	73	

³⁵ Exposure calculations not in line with Schedule RC-C and Schedule RC-I, and classification not in line with NAICS.

³⁶ The table contains only the figures of the sectors whose share is in excess of 0.5%.

Portfolio components by sector

Medium and large enterprises Assets by sector, on-balance sheet exposure to own customers, %, 31.12.2019 ³⁷	Hungary (OTP Core and Merkantil Group)	Bulgaria (incl. Expressbank)	Russia	Ukraine	Croatia	Romania	Slovakia	Serbia (incl. new OTP banka Srbija)	Montenegro	Albania	Moldova	Slovenia
Agriculture, forestry, fishing	7%	5%	-	17%	4%	8%	1%	6%	3%	-	6%	-
Mining, quarrying	-	1%	4%	-	1%	-	-	3%	1%	-	-	-
Manufacturing	10%	25%	22%	22%	17%	18%	26%	25%	3%	24%	27%	17%
Electricity, gas, steam and air conditioning	4%	4%	2%	1%	2%	8%	18%	6%	-	20%	-	6%
Water supply; sewage management, waste management	1%	1%	3%	-	1%	1%	3%	1%	-	-	-	-
Construction industry	6%	5%	2%	-	14%	18%	2%	5%	9%	8%	1%	-
Wholesale and retail trade; repair of motor vehicles and motorcycles	19%	21%	29%	43%	12%	14%	8%	24%	33%	34%	36%	10%
Transportation and storage	5%	2%	1%	3%	8%	3%	1%	7%	1%	1%	2%	9%
Accommodation and catering	2%	7%	-	-	9%	3%	-	1%	15%	4%	1%	1%
Information and communication	1%	1%	5%	-	2%	-	3%	7%	1%	4%	11%	3%
Financial and insurance activities	13%	15%	22%	6%	2%	5%	1%	9%	2%	-	9%	44%
Real estate activities	17%	7%	8%	6%	2%	17%	11%	2%	-	-	2%	-
Professional, scientific and technical activities	1%	2%	1%	-	3%	3%	5%	1%	1%	-	-	3%
Administrative and support service activities	5%	1%	-	1%	2%	3%	4%	1%	-	1%	-	-
Training	-	-	-	-	-	-	-	-	-	1%	2%	-
Human health and social work activities	1%	1%	-	-	2%	-	-	-	-	1%	2%	-
Public administration and defence; compulsory social security	6%	1%	-	-	18%	1%	11%	1%	31%	-	-	6%
Arts, entertainment and recreation	-	-	-	-	-	-	7%	-	-	-	1%	-
Other services	2%	1%	-	-	-	-	-	-	-	1%	-	-
Total (HUF billion)	1 682	1 147	155	290	566	227	64	571	173	85	48	405

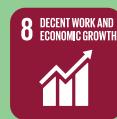
Industrial classification is according to UN (ISIC) classification. Company sizing complied with the relevant legal categorisation.

³⁷ The table contains only the figures of the sectors whose share is in excess of 0.5%.

III.

Main areas of focus

4. Ethical business behaviour and security



8
DECENT WORK AND
ECONOMIC GROWTH



10
REDUCED
INEQUALITIES



16
PEACE, JUSTICE
AND STRONG
INSTITUTIONS



1.
Focus on
customers2.
Developing
financial literacy3.
Expert financial services
committed to sustainability4.
Ethical business behavior
and security5.
Responsible
Employer6.
Environmental
protection7.
Citizenship**Commitment:**

Strengthen trust in the reliability and integrity of the banking system

Approach:

We fulfil our role as financial intermediary in a way that ensures that the money and data of our customers are safe and secure throughout; we take care not to contribute to objectives breaching the law or the values upheld in society.

Activity:

- Full compliance with laws and regulations
- Strict, conservative risk management
- Reliable, continually improved security systems, protection

GRI 205, 206, 307, 406, 410, 417, 418, 419 DMA

An ever expanding body of legislation is imposing statutory expectations on the various aspects of responsible and sustainable operations such as excessive indebtedness, data protection, consumer protection and reporting. OTP Group aims for maximum compliance with the law and we work in accordance with the new requirements. We are convinced that ethical operations improve our competitiveness and reputation in Hungary and internationally alike. We consider security fundamental both for the banking group's stability and for the protection of our customers.

For our basic principles and comprehensive objectives relating to compliance and security see [our website](#).

Our commitments 2018	Our results 2019
Continue the replacement of credit approval systems	Systems replaced in the case of consumer credit too.
Establish a 24/7 cybersecurity centre at OTP Bank	The preparations for establishing the centre have been completed.
Meeting instant payment conditions	Instant payments will be introduced in 2020, due to a change in the expectations
Further development of business stress testing methodologies	The development of the methodologies has been completed.
	● Implemented ● Implementation in progress ● Not executed



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4.1. Compliance³⁸ and adherence to laws and regulations

OTP Group considers it a fundamental principle to adhere to the law, international standards and ethical requirements.

Our Compliance policy also declares our intention to always prioritise the prevention of compliance breaches. When an action or incident constituting a breach nevertheless occurs, we take appropriate and effective action to address it. The Head of Compliance reports on compliance quarterly to the bank's Board of Directors, and annually to its Supervisory Board.

Group-level governance

OTP Bank's supervisory entity (MNB) places great emphasis on efficient group-level regulation, the constant updating of the regulatory system and compliance with the recommendation on internal lines of defence. In order to satisfy external expectations, interpret and apply the law uniformly and comply with legislative requirements better and more reliably, we strengthened our central governance over the compliance and legal functions of foreign subsidiaries and the legal services of the Hungarian subsidiaries and OTP Bank's regions in 2019. During the year we split off the bank security and compliance organisations and established a compliance governance function in order to intensify the relations with foreign as well as Hungarian subsidiaries.

We drew up a dedicated regulation on the procedures of group-level regulations, and our subsidiaries have incorporated its rules into their own regulatory systems. We increased the role of the compliance organisation in checking adherence to the new rules. We developed and operate the standardised monthly compliance reporting system of the group members. We held two compliance conferences with the participation of our foreign subsidiaries in 2019, and focused on identifying the best practices of our newly joined group members in order to improve on our existing

processes. In 2020, we plan to redesign the way in which the compliance officer network works.

Compliance risks

In accordance with the recommendation of the Magyar Nemzeti Bank, the bank introduced a new compliance risk assessment methodology in 2019, and both our foreign and our Hungarian subsidiaries implemented the new system at the end of the year. The risk assessment process involves self-assessment as well as objective indicators and expert assessment. The risks identified have not changed since last year. In 2019 the bank conducted risk reviews with a quarterly frequency, looking at different risks each time. By the end of the year it completed the assessment of all the compliance risks. At the group level, we conducted an annual risk review. In all high-risk areas, we expect the relevant organisations to draft and implement action plans. Through annual compliance training and the network of compliance officers, we make sure that the compliance knowledge of our employees is up-to-date at all times. In 2020 we plan a review of the training materials, and also intend to conduct a compliance campaign at the parent bank to improve compliance awareness further.

In alignment with the MNB's consumer protection approach, we aim to identify all potential non-compliance events and practices in our processes and correct them before they can cause significant damage to the interests of our customers. To this end, we focused on the monitoring of complaint handling and on internal consumer protection surveys in 2019.

Competition law training

It is important for us to increase the awareness of our legal and business employees of competition law and its recent developments, which is why we again delivered several training courses in 2019; the 70 to 80 direct participants are then sharing within their organisational units the knowledge they acquired. The courses focused on consumer protection in competition law and on syndicated lending.

GRI 415 DMA 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. We also take part in the work of the Corporate Governance Committee of the Budapest Stock Exchange.  [The Banking Association's 22 Items on Digitalisation](#)

GRI 102-16, 205 DMA, 205-2, 406 DMA, 406-1, 415 DMA, FN-CB-510A.2

Code of Ethics and whistleblowing

We updated our group-wide Conflict-of-Interest Regulation to reflect the organisational changes, changed the Chairman & CEO's introduction to the Code of Ethics, modified the rules on appropriate behaviour at the workplace and the norms of conduct expected during social media activities, and also fine-tuned the rules on gifting. All new employees, executive officers and sales agents must sign our Code of Ethics; the acceptance of the Code of Ethics is stipulated in our contracts with suppliers. Some of our 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 deadline of starting work.

All banks in OTP Group operate a whistleblower 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 in a separate document on the parent bank's website  ['OTP Bank Plc's whistleblowing system'](#). These reports can be made in the official language of the particular country. It is forbidden to bring retaliatory measures against, or impose negative consequences on, whistleblowers acting in good faith. During the year, there were a total of 41 instances of reports across the group to the ethics whistleblowing line; 6 of those reports concerned a non-ethics case. Of the ethics cases, we found 6

³⁸ Compliance with legislative requirements, international norms and standards of ethical business conduct

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infringements at OTP Group and took the appropriate measures. Three reports concerned discrimination, but no offence was found in those cases.

Proceedings by authorities and other legal procedures

The Hungarian Competition Authority (GVH) conducted a sectoral audit of the Hungarian bankcard acquiring market. As an important player on this market, our bank assisted the Authority



through its active contributions to the process. The Competition Authority did not reveal any market disturbances that would have required it to institute competition proceedings.

The MNB completed several procedures at OTP Bank and its Hungarian subsidiaries in 2019; it imposed large fines in three of these proceedings. Following a comprehensive group-level supervisory procedure brought in 2018, we had to modify our practices in several areas (e.g. corporate governance, risk management, information technology and information security). A sum of HUF 24 million was paid following the proceeding. Based on its on-site targeted audit into the regulation of the payment-to-income and loan-to-value ratios, the MNB imposed a HUF 11 million fine and instructed the modification of certain procedures regarding, among other things, internal regulation, data transfer and reporting. An on-site thematic inspection into the provision of payment services in 2018 resulted in a fine of HUF 65 million; the inspection identified gaps, mostly of lesser significance, in relation to a series of fraudulent actions with cashless payment instruments, the expedited processing of collection orders by the authorities and the provision of certain specific payment services.

(MO) CKB paid out an amount equivalent to HUF 68 million in a proceeding to compensate for a loss due to an unauthorised payment and as costs of the proceeding.

(MB) An equal opportunities case of Mobiasbanca concerned the opening of accounts for representatives. The Equal Opportunities Council ordered the bank to open the accounts.

(RU) Of the cases under other procedures, 1950 concerned OTP Bank Russia. These cases mostly originated from individual complaints by customers and involved data requests by state entities.



 GRI 206 DMA, 206-1, 307 DMA, 307-1, 406 DMA, 406-1, 417 DMA, 417-2, 417-3, 419 DMA, 419-1, FN-CB-510a.1, FN-MF-270a.3

Proceedings by authorities and other legal procedures closed in 2019	OTP Bank						
	Number of closed proceedings	Amount of fines paid (HUF million)	Number of procedures closed with fines	Number of procedures not closed with a sanction / closed with a non-financial sanction	Number of procedures closed in the framework of conflict management procedure	Number of procedures closed with acquittal	Number of procedures converted into court procedures
violation of competition rules*	0	0	0	0	0	0	0
violation of consumer protection rules	17	1,8	5	12	0	0	0
violation of rules on equal opportunities	0	0	0	0	0	0	0
supervisory procedures	11	123,2	8	1	0	2	0
violation of taxation rules	3	11,2	1	2	0	0	0
violation of environmental protection rules	0	0	0	0	0	0	0
violation of marketing communication rules	0	0	0	0	0	0	0
violation of information provision rules	0	0	0	0	0	0	0
violation of marketing communication and information provision rules	0	0	0	0	0	0	0
violation of data protection rules	2	0	0	0	0	2	0
other procedures that may result in the imposition of fines**	0	0	0	0	0	0	0
Total 2019	33	136,2	14	15	0	4	0
Total 2018**	42	1439,7	12	29	1	0	0
Total 2017	258	15,3	7	4	1	246	0

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

**As from 2018, excludes Financial Arbitration Board cases, because these are simple cases triggered by complaints.

For 2018 data, see page 55 of the  [Sustainability Report for 2018](#).

For 2017 data, see page 48 of the  [Sustainability Report for 2017](#).

For 2016 data, see page 54 of the  [Sustainability Report for 2016](#).

For 2015 data, see page 61 of the  [Sustainability Report for 2015](#).

Proceedings by authorities and other legal procedures closed during 2019	OTP Group*						
	Number of closed proceedings	Amount of fines paid (HUF million)	Number of procedures closed with fines	Number of procedures not closed with a sanction / closed with a non-financial sanction	Number of procedures closed in the framework of conflict management procedure	Number of procedures closed with acquittal	Number of procedures converted into court procedures
violation of competition rules**	12	2,2	4	0	0	2	6
violation of consumer protection rules	61	4,6	24	12	3	22	1
violation of rules on equal opportunities	18	0	0	1	1	15	1
supervisory procedures	132	145,6	24	1	0	106	1
violation of taxation rules	12	11,4	3	2	0	7	0
violation of environmental protection rules	0	0	0	0	0	0	0
violation of marketing communication rules	0	0	0	0	0	0	0
violation of information provision rules	1	0	0	0	0	0	1
violation of marketing communication and information provision rules	0	0	0	0	0	0	0
violation of data protection rules	7	2	2	0	0	5	0
other procedures that may result in the imposition of fines***	2277	99,2	14	301	1	1961	0
Total 2019	2521	265,4	71	317	5	2118	10
Total 2018	579	1502,2	118	72	12	363	14
Total 2017	1782	118,7	1290	10	82	355	45

* Excluding the figures of the Ukrainian subsidiary, which was not able to provide data.

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

***As from 2018, excludes Financial Arbitration Board cases, because these are simple cases triggered by complaints.

There is one ongoing competition proceeding against an OTP Group member, namely Mobiasbanca. We are not including the proceeding at OTP Bank reported in 2018 since OTP Bank won the lawsuit of second instance and the review procedure of the Hungarian Competition Authority is currently suspended.

For 2018 data, see page 56 of the [Sustainability Report for 2018](#).

For 2017 data, see page 48 of the [Sustainability Report for 2017](#).

For 2016 data, see page 55 of the [Sustainability Report for 2016](#).

For 2015 data, see page 61 of the [Sustainability Report for 2015](#).

4.2. Development of risk management systems

OTP Group's risk management practices rest on uniform and solid foundations. When developing our risk management in 2019, we prioritised the expansion of automated processes to enable faster, more efficient decision-making.

Lending risks

OTP Bank continued the process of replacing its credit approval system and already uses the new system for products launched in 2019 (Baby Loan, online consumer credit), while it plans to make the switch in real estate loans and overdraft facilities in 2020. In the retail segment, we formulate eligibility / loan conditions in addition to the conditions stipulated in the decree regulating the payment-to-income ratio. The additional conditions concern mostly non-income criteria. We conduct the loan eligibility limit check with all the products and apply LTI to personal loans, the Baby Loan and to revolving products.

At our foreign subsidiaries, development was focused on improving standardisation in the retail as well as the micro and small business (MSE) segments. We increased the capacities for analysis by supporting automated decision-making. In order to improve the efficiency and transparency of the process of credit approval involving the parent bank's consent, we started developing an IT-supported workflow in 2019 and will introduce it in 2020.

Our corporate financing policy regulates the credit risk classification of each sector and provides guidance for our lending activities to different industries. The policy is reviewed annually. Regarding sectors with environmental benefits, our policy is explicitly supportive of the financing of agribusiness; in Hungary OTP Bank is one of the key financiers of this sector, which we also prioritise at the group level. In recent years, there has been a

significant increase in our financing of solar plants. We compiled expert documentation on the subject (on collaterals, own funds requirement etc.) and use it with the specific projects. Effective from 2020, we consider the paper, paper products and packaging material industry as a category requiring increased caution. There were no systemic changes in the lending principles of the subsidiaries, although minor adjustments were necessary due to certain local specificities in some of the countries in 2019.

We improved the efficiency of our risk management in corporate lending by introducing centralised risk principles for credit applications when lending to customers with a total exposure below a predefined limit. The process also enjoys IT support and we managed the majority of requests from such customers in this process in 2019. We also introduced risk-based differentiation in our customer management.

Fraud prevention

In 2019 we set up a dedicated fraud prevention unit within our risk management organisation. During the year we drew up a comprehensive plan and regulation on reinforcing that operation and devised the measurements. We expect the newly introduced regulation and the new controls built into specific process steps to improve the efficiency of the fraud prevention process and reduce the losses caused by fraud.

Non-performing loans, debtor protection

The ratio of non-performing loans dropped to 4.2% in 2019 (it was 6.3% in 2018). Contributing to this decrease were, among other factors, the favourable macroeconomic environment and the positive impact of the new acquisitions. This decrease was also helped by the fact that, relying on early warning signs, we proactively work with potentially non-performing corporate customers on maintaining their ability and willingness to pay.

There were no significant changes in the debtor protection options in 2019³⁹; only a small proportion of customers take part

in these schemes. In Hungary we try to centralise the use of these schemes. We plan to introduce a new IT system to support arrears management in 2020, so that we can increase the efficiency and the level of automation in our internal case management processes.



Proportion of loans over 90 days overdue fell to 4.2%

GRI 102-11

Management of operational risks

In 2019 we focused on testing the operational risks associated with the controls built into our processes. We surveyed the controls used across the Group (identifying hundreds of controls at each bank) and created a plan, on the basis of which we will start testing in 2020. Every two years, we review the processes critical to business continuity; the latest review took place in 2019.

In order to quantify reputational risks, we introduced an audited process of estimating. We carried out the anti-money laundering due diligence of the new subsidiaries in the understanding that as these new subsidiaries represent a new geographical area for OTP Group, they may also entail higher risk. We are examining ways to manage these risks.

We expanded our inventory of retail (private and MSE) products to cover the entire Group, which will enable us to better identify and monitor business risks.

We expect the competent organisational units to manage any material operational risks identified. We determine the materiality threshold in a quantified manner when collecting loss data, against the limits in the case of the key risk indicators, and on the basis of testing in the case of business continuity plans.

³⁹ Possible options: term extension, (partial) suspension of repayment or the combination of the two, refinancing loan, credit line reduction contract, instalment plan, amendment of the credit facility

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An IT process supports identifying the need for action and the monitoring of those actions. Based on the group-level key risk indicators measured, we increased our operational risk capital requirement in 2019.

In order to expand our assessments of climate change risks, we added this topic to two new scenarios in 2019. In addition to the natural disaster scenario, we also evaluated the topic in the external utilities shutdown and the collateral management scenarios. Overall, we consider climate change an intensifying risk, but not yet at a level where action would be required.

Introducing our risk management systems at our new subsidiaries is a major exercise. Employees of the parent bank support the efficient implementation of these systems through personal presence and training as well as regular consultations.

In 2020, we plan to develop a methodology for identifying and managing outsourcing risks, in accordance with the EBA (European Banking Authority) regulation.

Identified risks

IT and cyber risks are the most significant operational risks for the banking group even though their loss impact is proportionately smaller. Damage from cyber risks are predominantly associated with human error, which is why we intensified our training effort and ran a series of awareness-raising articles to reduce these risks. Just as with other high-impact but low-likelihood risks, we conducted scenario analyses for the management of software attacks and risks concerning data assets.

The loss figures indicate that fraud represented one of the highest operational risks in 2019. In order to reduce the loss from fraud and the related risks, we set up a fraud prevention team within our credit risks organisation.

We believe cyber risks and fraud will remain the highest risks in the future, while the situation caused by the coronavirus pandemic may also represent a significant challenge.



4.3. Security and data protection

Security is a top concern for us. We continually improve our systems and procedures to ensure the secure operation of the bank and the protection of our customers.

Protection

The IT and Bank Security Directorate reports annually on the security situation to the Board of Directors and Supervisory Board. As a fundamental principle, the primary purpose of our measures is to prevent and inhibit security incidents. We continually analyse and assess changes in the security environment and identify the new challenges, hazards and threats.

IT protection includes cybersecurity as well. In view of the risks and vulnerabilities of its systems reliant on digital technologies, our banking group develops protection proportionate to the risks and operates state-of-the-art technology solutions. We have implemented and operate an IT screening system to detect fraud. Our banking group continually improves its ability to prevent, detect, respond to and overcome information security incidents in order to reduce the probability and impact of incident occurrence to a tolerable level. We have a central control system in place in which regular comprehensive and thematic and targeted audits are conducted to monitor the application of security requirements. We check compliance with the rules at least once a year across our network.

In 2019 we completed the new Information Security Regulation based on the legislative requirements, the ISO 27001 standard and the NIST800-53 standard.

We completed the preparations for our Security Operations Center (SOC), which will be launched in 2020. In 2019 we purchased an intelligent security log analysis tool, which helps us protect our devices and data from heightened threats.

Merkantil Bank introduced the monitoring of account fraud.

We monitor the suspected fraud alerts received from ATM equipment 24 hours a day; there were no software attacks in 2019.

(MO) CKB introduced 3D Security for all its bank cards to improve the security of its customers and took this opportunity to remind customers of the security considerations of online payments.

Fraud and attacks

Cyber attacks remained a challenge for the entire financial sector in 2019. The prevalence of fraud rose mostly with transactions where the card is not present. A frequent modus operandi is the abuse of data obtained by phishing e-mails, requesting a new SIM card without the actual mobile number customer being aware, and installing spyware on devices used for transactions. Our foreign subsidiaries reported increasingly frequent ransomware attacks and spam campaigns. There was a successful IT attack against our

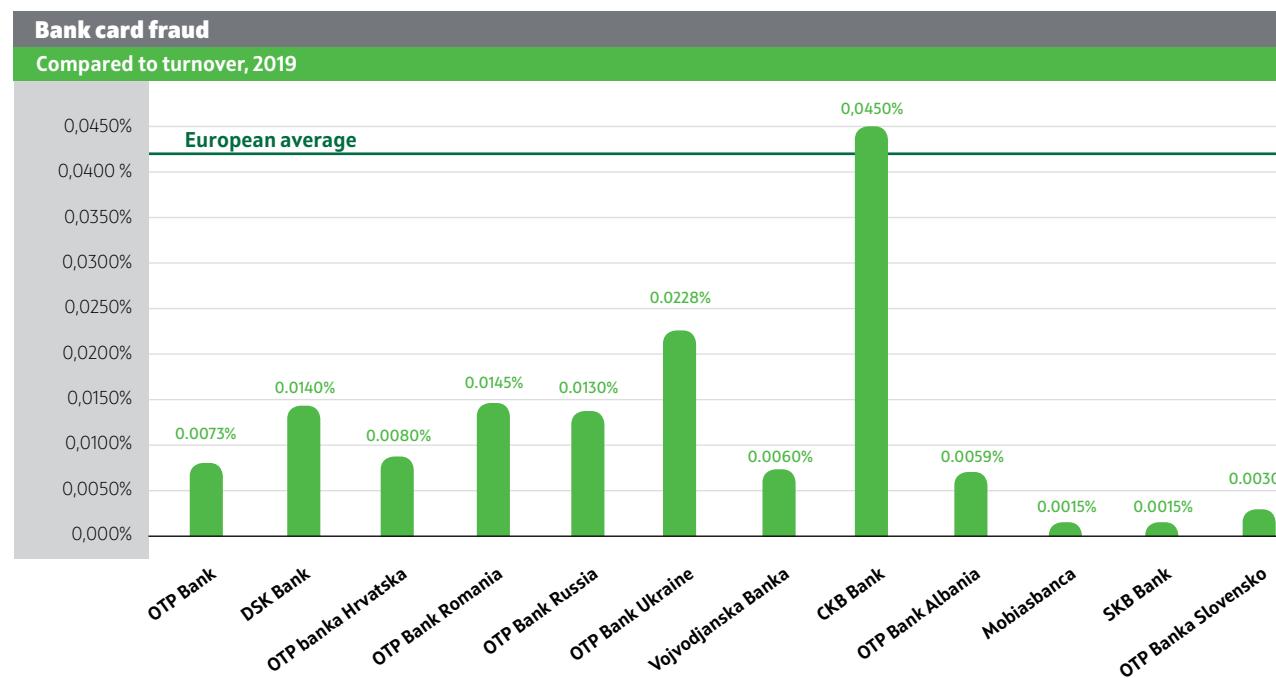
Serbian subsidiary in 2019. We managed to repel the attack so that the personal data managed by the bank were not accessed by unauthorised persons.

In 2019 we prevented losses from bank card fraud in the amount of HUF 2.5 billion in Hungary and HUF 1.6 billion at the foreign subsidiaries. The total loss expected from the crimes discovered amounted to HUF 533 million, while losses in the amount of HUF 745 million were prevented; we filed a criminal report regarding 512 bank security events, and reported 233 cases of suspected money laundering.

With the exception of CKB, all our banks report bank card fraud to total turnover ratios that are significantly lower than the European average published by Mastercard.

Bank card fraud

Compared to turnover, 2019



**Across the Group,
we prevented losses from
bank card fraud in the
amount of HUF 4.1 billion.**

Awareness

In order to prevent fraud, we prioritise raising awareness among our customers and employees. In 2019, we provided information about phishing attacks to our customers on our website and through the SmartBank application; we also published awareness-raising articles in the media, discussing the topics of information security and card security.

We joined the European Cyber Security Month by running an in-house cyber and information security campaign and scheduling our mandatory e-learning courses about security awareness, anti-money laundering and terrorism financing as well as all other areas of bank security for this period; all employees must complete these courses and pass an examination on them every year. Twice a year our branch employees receive on-site and e-learning training, while our head office employees take part in training once a year. Our sales partners also received training during the year. During branch inspections and branch manager meetings, we share the latest information on security, describe the latest methods of the perpetrators and explain the findings of the investigations.

Our customers can do much to ensure their security. Our website offers a comprehensive explanation of the security risks involved in using bank cards and internet banking, and provides recommendations on how to prevent misuse. During the year we repeatedly warned our customers about data phishing e-mails; we also aim to increase their awareness of security considerations when we discuss with them the suspected fraudulent transactions over the telephone. Our customers can inform us of their foreign travel and can limit card usage abroad.

 GRI 418 DMA**Data protection**

In compliance with the statutory requirements, the protection of the confidential data of our customers and of the banking group is a priority for us. In order to protect data management and data security and prevent data leakage, the banking group applies cutting-edge information technology and security solutions at all times. 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, the principle of data minimisation, the processing of high-risk data).

We assess the risks regularly and focus on maintaining and increasing awareness. Our employees attend compliance training

every year, which also covers data protection. 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.

 In 2019, our Romanian subsidiary started a project to update customer data in order to improve the quality of the data stored and to meet legislative expectations.

 Our Serbian subsidiary reviewed its procedures and internal regulations against the provisions of the new personal data protection act. It devised its procedures in alignment with the



0.0146%: the incidence rate of fraud with own-issued bank cards in proportion to total turnover at OTP Bank, which is significantly lower than the European average published by MasterCard (0.0450%)

GRI 418-1, FN-CB-230a.1 Abuse of personal information	OTP Bank					OTP Group				
	2015	2016	2017	2018	2019	2015	2016	2017	2018	2019*
complaints from external parties, the justification of which was confirmed by our organisation	0	1	14	0	0	18 131**	1	15	11 035**	33
complaints received from regulatory authorities	0	5	2	0	0	1567**	12	2	15	23
customer data leaked***	0	0	8	6	0	0	0	35	44	1045
data stolen***	0	0	0	0	0	0	0	0	0	1
customer data lost by the organisation***	0	0	0	0	0	0	0	0	1	1

*The Ukrainian subsidiary was not able to provide data.

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

***up to 2017: number of persons involved, from 2018: number of instances

1.
Focus on
customers2.
Developing
financial literacy3.
Expert financial services
committed to sustainability4.
Ethical business behavior
and security5.
Responsible
Employer6.
Environmental
protection7.
Citizenship

4.4. Payments to stakeholders

We present our economic value distributed and our tax payments to illustrate our direct and indirect economic impacts.

In 2019 OTP Group's annual adjusted profit after taxes amounted to HUF 419 billion, 29% more than in the year before and the highest ever in the history of the banking group⁴⁰.

The banking group's audited Common Equity Tier 1⁴¹ ratio, with unpaid dividends also taken into account⁴², was 14.4%. There were no European banking stress tests in 2019.

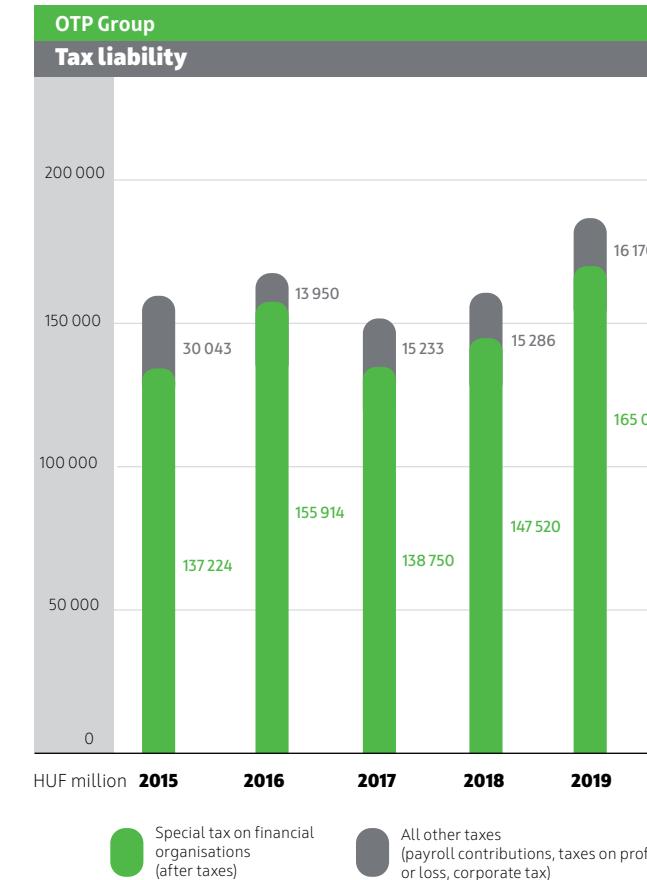
[102-7, 201-1](#)

Economic value generated⁴⁴

OTP Core	OTP Group ⁴³
HUF 432 billion	HUF 1078 billion

Distributed economic value

	OTP Core	OTP Group
Employees ⁴⁶	HUF 107 billion	HUF 239 billion
Operating costs ⁴⁷	HUF 96 billion	HUF 216 billion
Shareholders ⁴⁸	HUF 0	HUF 0
Taxes ⁴⁹	HUF 118 billion	HUF 181 billion
Local communities ⁵⁰	HUF 3.7 billion	HUF 4.2 billion



⁴⁰ Without the acquisitions during the year included in the profit figure, the adjusted profits would have amounted to HUF 390 billion

⁴¹ CET 1: The ratio shows the amount of capital a bank has for the coverage of its risks without having to rely on external resources such as government assistance and deposits. An adequate level of CET1 capital is essential for the supervisory licensing and maintenance of regular banking operations.

⁴² Instead of dividend payments aligned with the expectations of the Magyar Nemzeti Bank, the Board of Directors of OTP Bank decided (on 30 April 2020, using its authorisation to exercise the powers of the General Meeting) to place after-tax profits in the general and profit reserves.

⁴³ Including the figures of Expressbank and the new OTP banka Srbija.

⁴⁴ Based on the consolidated audited and adjusted IFRS profit and loss statement, Interest revenue + non-interest type revenue (with net fees, adjusted, excluding the negative impact of the transaction levy payable)

⁴⁵ The difference between Economic value generated and the Distributed economic value is Retained earnings: OTP Core: HUF 108 billion, OTP Group: HUF 437 billion

⁴⁶ Personnel expenditures - Contributions on wages

⁴⁷ Operating costs - Personnel expenditures - Depreciation

⁴⁸ Dividends

⁴⁹ Total tax liability

⁵⁰ Donations

 GRI 201-1**Taxes paid, HUF million, 2019**

Adjusted corporate taxes + Other taxes on gross profits
(incl. transaction levy and banking tax) + **Contributions on wages**

Hungary
(OTP Core + other Hungarian
subsidiaries) 125 679

Bulgaria (incl. Expressbank) 12 384

Russia 18 009

Ukraine 9 030

Croatia 9 382

Romania 1 367

Serbia (incl. new OTP banka Srbija) 1 484

Montenegro 1 261

Albania 694

Moldova 786

Slovenia 967

Slovakia 3 250

Due to other group members and
consolidation elimination entries -3 074

OTP Group consolidated 181 219

 GRI 201-4

2019 three members of the banking group received tax relief or subsidy. OTP Bank received an energy efficiency tax credit reducing its corporate tax. OTP banka Hrvatska was given a European Union grant to purchase 1 electric car. OTP Bank Romania received a grant, also from EU sources, for its OK Educational Centre Career programme.



**HUF 181 billion paid
in taxes in 2019**

State subsidies, tax allowances
(HUF million)*

	2015	2016	2017	2018	2019
OTP Bank	15	0	49	0	167
OTP banka Hrvatska	20	34	26	0	3
OTP Bank Romania	0	0	0	0	3
Total	35	34	75	0	173

*The tax allowance granted on the basis of the Hungarian banking group's sponsorship of spectator team sports and the performing arts are not included here.

In 2017 OTP Bank benefited from a corporate tax base rebate on the grounds of its renovation of listed and protected buildings. OTP banka Hrvatska received a tax allowance for education and training as well as European Union subsidies for its micro-lending scheme and the installation of solar panels.

Our strategic goals

Focus on compliance with the new energy requirements
on real estate, in force from 2021, in the risk management
of real estate financing

Complete the replacement of OTP Bank's credit approval system
in 2021

Fully harmonise security operations across the Group

III.

Main areas of focus

5. Responsible employer



Commitment:

Employment that provides a decent, fair standard of living and encourages the wellbeing and growth of the individual

Approach:

We consider our employees as our greatest asset and therefore consider ethical employment and equal opportunities as a natural requirement. We wish to provide an attractive workplace for our talented and committed employees.

Activity:

- Fair employment and working conditions
- Equal access to growth opportunities and rewards
- Opportunities for growth and experience for the employees of the future
- An inspiring and attractive workplace atmosphere, where a work/life balance is feasible

GRI 401, 404 DMA

A major task in 2019 was the integration of the new subsidiaries into the banking group as a whole and, in countries where we had been present before, into the existing OTP subsidiaries. With our agile transformation, OTP Bank and several subsidiaries started the introduction of an operating model that enables us to adapt flexibly to the quickly changing expectations. We must also remember that we wish to create a corporate culture that our existing and future employees find attractive on the long term.

For our basic principles and comprehensive objectives relating to our employees see [our website](#).

Our commitments 2018	Our results 2019
Devise a HR strategy at OTP Bank	The medium-term HR strategy has been completed.
Complete the integration of Splitska banka of Croatia and Vojvodjanska banka of Serbia	The integration has been completed.
Review OTP Bank's training system	We revised several components of our training system.
Introduce new intranet at OTP Bank	The new internal communications platform was implemented.
Introduce a group-level rotation programme	It will be implemented as part of the talent programme in 2020.
Overall stress survey at OTP Bank	The individual stress survey of all employees was completed.

 Implemented

 Implementation in progress

 Not executed


HR strategy

The formulation of our HR strategy was necessitated by the continued growth of our headcount in recent years and the resulting higher complexity of the associated tasks. Several priorities of our business strategy will have major human resource management implications in the next few years too. These include organisation growth organically and through acquisitions, agile transformation and the restructuring of branch network operations. With all of that in mind, we have developed OTP Bank's medium-term strategy, which also sets out plans for the Hungarian and foreign subsidiaries.

Our strategy identifies six areas of focus:

- intensify employee experience and commitment,
- leadership development on new foundations,
- talent and succession planning,
- IT support for HR functions,
- simplification of the job system,
- improve the performance appraisal process.

Our aim is to design group-level solutions focused on positive employee experience. We started implementation by launching Hungarian and international workgroups in 2019.

There were important organisational and operational changes at almost all of the banks in OTP Group in 2019. Our banking group has new operating areas in Albania, Moldova and Slovenia, where the integration of three new subsidiaries into the banking group started during the year. The magnitude of the merger of DSK Bank and Societe Generale Expressbank is clearly demonstrated by the fact that it was named Deal of the Year by Forbes. The financial closing of the acquisition took place in January 2019, and integration can be achieved realistically by the middle of 2020. Thorough surveys were conducted into internal systems, the branch network and other resources in preparation for the integration. In Serbia, the acquisition of Vojvodjanska Banka in



2018 was followed by the acquisition of Societe Generale Srbija in 2019, while in Montenegro we bought Podgoricka Bank. To guarantee the success of integration, we conducted an in-depth examination of the corporate culture in all four banks and determined the shared guidelines and plans based on the findings. We appointed corporate culture ambassadors at CKB in order to facilitate the cultural shift. Our Croatian subsidiary started to lay the foundations for the shift in corporate culture after the completion of the integration process⁵¹ and the aligning and development of products and processes; implementation is expected to take place in 2020.

At OTP Bank, which is one of the group members not involved directly in the acquisition processes, completed the first phase of the agile transformation of the organisation (for more details see Agile operation), and it shared its experience with the Russian and Romanian subsidiary, which have started the introduction of agile operation. The business results of the new working method are presented above, while the organisational benefits include improved cooperation between the relevant retail business and IT department, and more transparent, intense and direct communication. The cooperation between agile and non-agile departments continues to deepen; we hope that this will help improve commitment in the non-agile areas as well. We believe it is important to incorporate the values of agile operation into our everyday activities and, to this end, we conduct targeted development and training, with our agile coaches also playing an important role.

5.1. Employment

GRI 102-8

Headcount In 2019 there were 40 thousand employees working at OTP Group⁵²

Number of employees per country

31.12.2019, employees, total

Hungary
10 909



Russia
10 504



Bulgaria
5 252



Ukraine
2 908



Croatia
2 256



Serbia
1 957



Romania
1 430



Moldova
949



Slovenia
826



Montenegro
735



Slovakia
671



Albania
454



⁵¹ The integration of OTP banka Hrvatska and Splitska banka was completed in 2018.

⁵² Some of our employees, 5,747 people in 2019, work as contracted agents in Russia and Ukraine.

Employee headcount (as of 31 December)	OTP Group*														
	2015			2016			2017			2018			2019		
	Total	Men	Women												
Full time employees	34 118	7 265	26 853	34 453	7 483	26 970	35 658	8 072	27 586	33 912	8 650	25 262	36 027	9 620	26 407
Part-time employees over 60 hours a month	1 579	250	1 329	13 56	158	1198	1 229	177	1 052	1 276	188	1 088	1 364	204	1 160
Part-time employees below 60 hours a month	138	17	121	141	26	115	142	30	112	64	13	51	117	31	86
Employees, total	35 835	7 532	28 303	35 950	7 667	28 283	37 029	8 279	28 750	35 252	8 851	26 401	37 508	9 855	27 653
Women/men ratio	100%	21%	79%	100%	21%	79%	100%	22%	78%	100%	25%	75%	100%	26%	74%
Proportion of those employed under fixed term contracts	9%	8%	10%	7%	5%	7%	7%	6%	8%	6%	5%	6%	7%	5%	8%
Number of those employed under fixed term contracts	3 381	626	2 755	2 399	398	2 001	2 669	475	2 194	2 132	459	1 673	2 633	456	2177

*Not including the figures of Expressbank and the new OTP banka Srbija.

Fixed-term contracts apply to a relatively high number of employees at OTP Banka Slovensko (23%).

In addition to OTP Bank's sales agents, group members are partnered with thousands of sales agents who are not our employees.

The data are accurate and originate from our internal records.



The change in the banking group's headcount was driven by the acquisitions. The new subsidiaries added almost 5000 employees to the headcount, while the personnel of OTP Bank also grew by almost 600 compared to the end of 2018. The parent bank's headcount rose mainly due to the integration of the subsidiaries; across the branch network, the staff count was around 80 higher at the end of 2019 than a year before.

Although there were no collective layoffs at the group level, there was some headcount reduction through voluntary exit schemes, due to the integration of the foreign subsidiaries. We helped the exiting employees by supplying them with information on labour law and, where requested, by organising workshops jointly with the local employment authorities.

Employee headcount (as of 31 December)	OTP Bank														
	2015			2016			2017			2018			2019		
	Total	Men	Women												
Full time employees	6 707	1 961	4 746	6 981	2 091	4 890	7 261	2 238	5 23	7 848	2 541	5 307	8 396	2 887	5 509
Part-time employees over 60 hours a month	1141	166	975	920	76	844	803	60	743	848	75	773	884	798	86
Part-time employees below 60 hours a month	62	2	60	70	3	67	43	1	42	29	1	28	38	36	2
Employees, total	7 910	2 129	5 781	7 971	2 170	5 801	8 107	2 299	5 808	8 725	2 617	6 108	9 318	2 975	6 343
Women/men ratio	100%	27%	73%	100%	27%	73%	100%	28%	72%	100%	30%	70%	100%	32%-	68%
Proportion of those employed under fixed term contracts	9%	8%	9%	8%	8%	8%	9%	8%	9%	8%	6%	8%	6%	4%	7%
Number of those employed under fixed term contracts	687	178	509	658	165	493	758	192	566	656	156	500	562	119	443

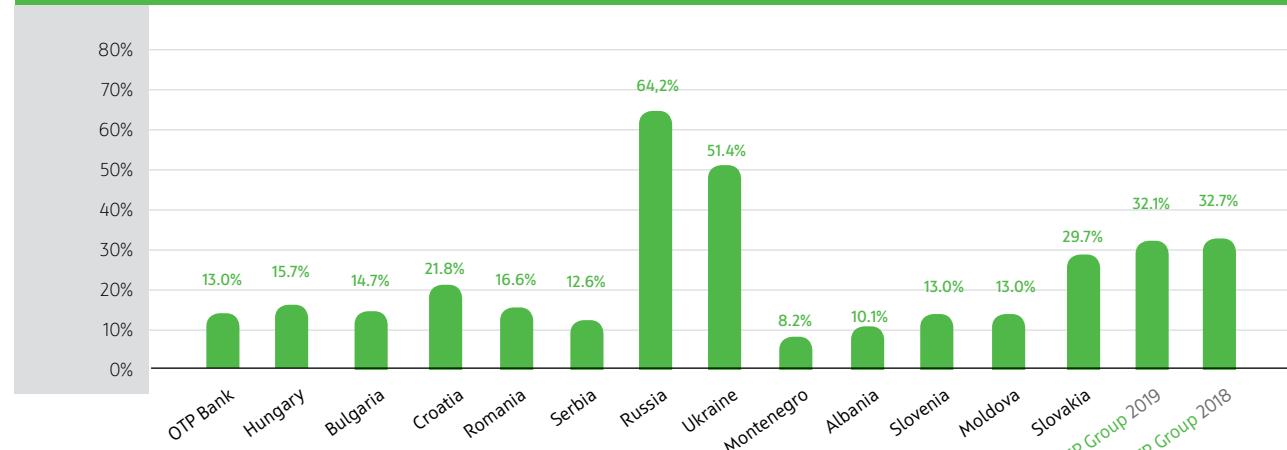
Filling certain positions represented a challenge for OTP Bank, which is working on resolving the issue through targeted schemes. This included expanding our recruitment channels and improving our relations with universities and colleges. We are strengthening OTP Bank's employer brand in order to attract potential employees as well as our existing colleagues.

Launched in 2018, our internal referral system plays an important part in our hiring. Our employees use the system actively; there were nearly 200 successful referrals in 2019. Our employees are given cash rewards for successful referrals. In 2019, we carried out the preparations for online recruitment for the Contact Centre and trained our colleagues to interview candidates over the telephone. The first selections started in 2019 and our experience has been positive, since both our employees and the candidates who have responded welcomed this innovative process. We hired several new employees in this way over a short period. As a result of the shortage on the labour market, there was a significant rise in the temporary agency workers employed by OTP Bank; most of these workers are employed as call centre operators at our Contact Centre. In 2019, the average headcount of such workers was 345. Those who perform well over a six-month period are hired by our bank as employees.

☒ GRI 401 DMA, 401-1
Employee statistics ☒

Employee turnover, 2019

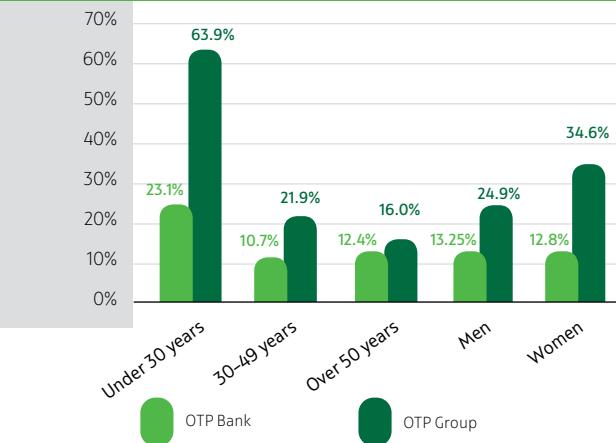
exiting employees by country as compared to the closing headcount



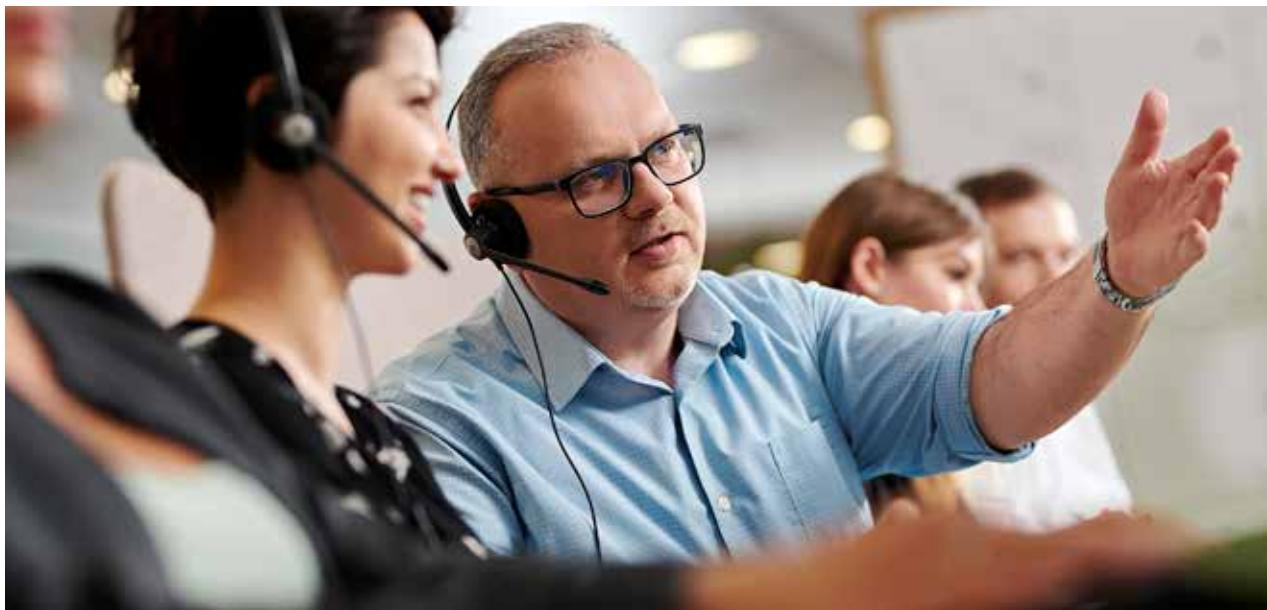
Note: The ratio of exiting employees includes termination of employment by employee and employer alike, as well as retirement.

Churn rate within employee category

as a percentage of the closing headcount
of each category, 2019

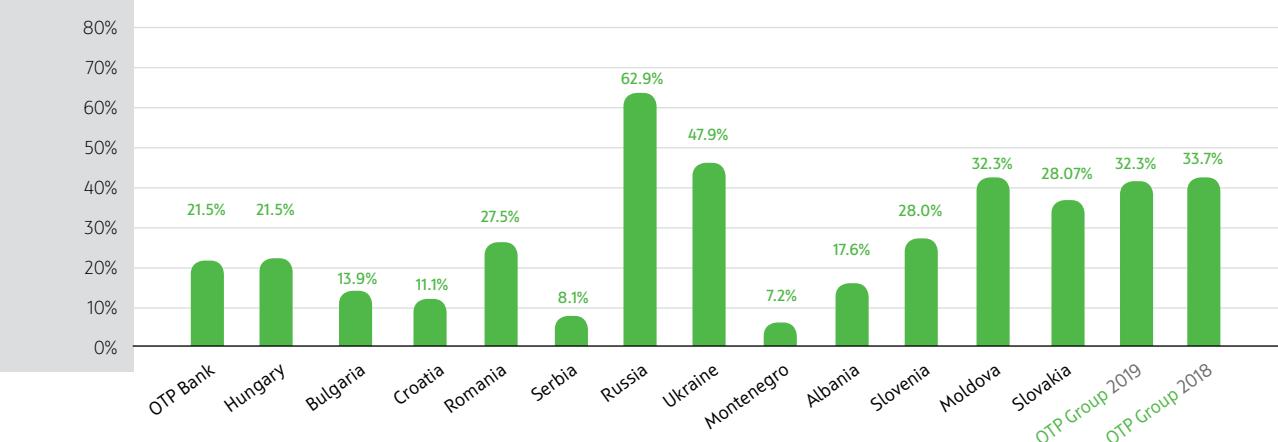


Note: interpretation of the figures, e.g. the churn rate for men was 24.9%.



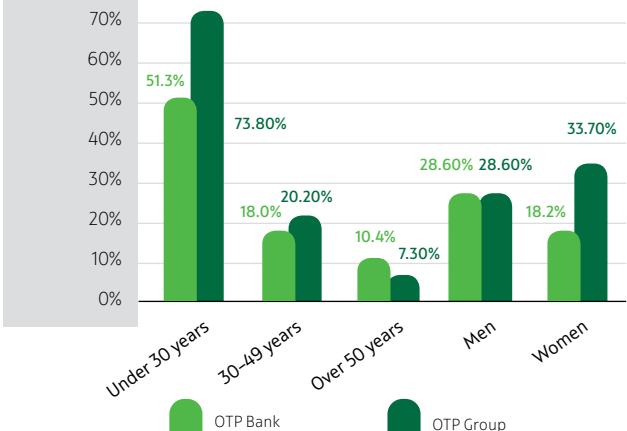
New hires, 2019

employees hired by country as compared to the closing headcount

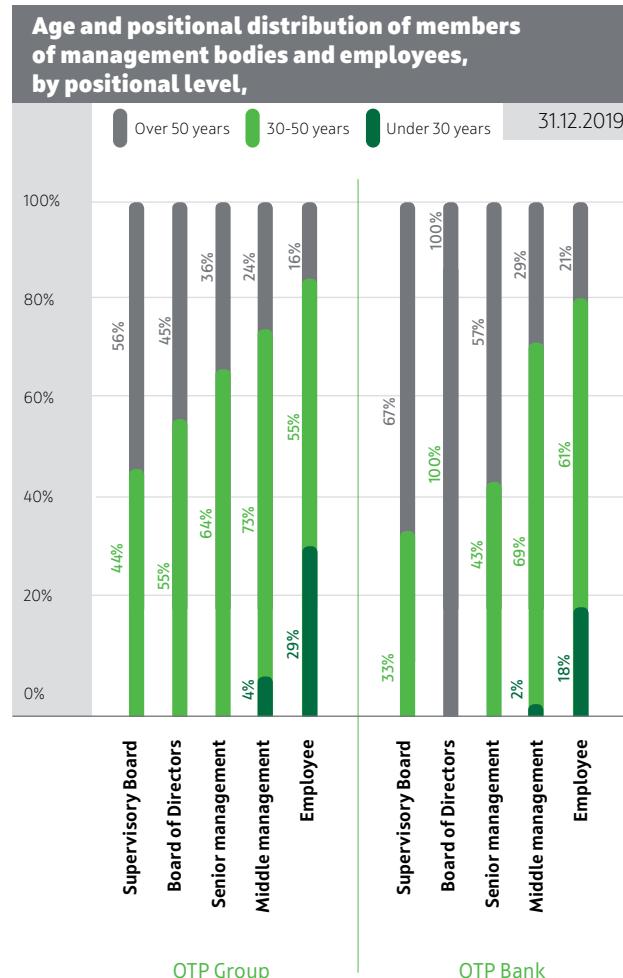
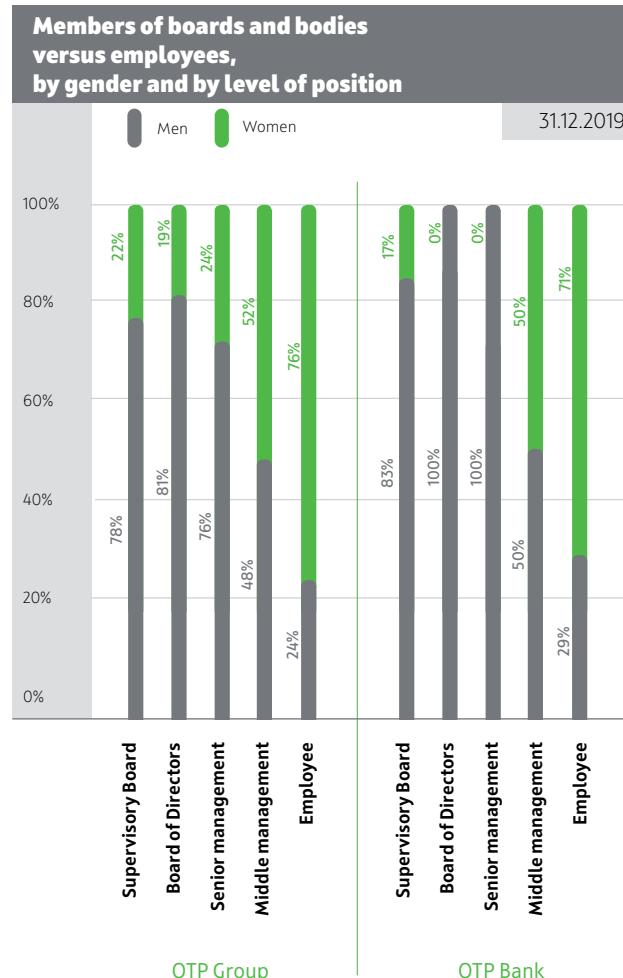


Proportion of new hires within employee category

as a percentage of the closing headcount
of each category, 2019



GRI 405 DMA, 405-1



Gender equality

'I believe talented women play an important role in creating a healthy organisational culture: the diversity of opinion, experience and background all represent added value. Achieving gender equality in this way also enables us to understand and serve our customers better. It also helps our bank become a top employer. We have changed our practice of selecting our employees by prioritising, besides professional knowledge, competencies such as emotional intelligence, the ability to motivate a team and work with others. Women often prove superior in this respect.'

We also have a mentoring programme aimed at gender equality, which supports employees taking up a management role for the first time in their career. Experienced managers are given help in the form of training courses based on the latest science so that they can enhance their management skills.

There are two women in the top management of OTP Bank Romania and women lead several key departments. Roxana Hidan is Deputy CEO at the Retail Division, Mara Cristea is Deputy CEO for Finance and Planning; the compliance organisation and the IT services development department are headed by women. It would be hard even to list all the projects where teams led by women achieved outstanding results.'

Diana Misa, OTP Bank Romania, HR Director

Diversity policy

(HR) Our Croatian subsidiary joined the Croatian Diversity Charter and developed its diversity policy and action plan in 2019. It will start implementing its action plan in 2020.

Overtime

At OTP Bank, overtime volumes decreased both in the network and at the head office year-on-year in 2019. Overtime is still more considerable in the branch network.

GRI 102-41, 402 DMA, 402-1

Advocacy

All members of OTP Group respect the rights of freedom of association and collective bargaining. We provide advocacy opportunities by complying with the local legislation enforcing these rights. We have a relationship of cooperation with the trade unions. Most employees of the banking group (59%) are covered by a collective agreement; OTP Bank, CKB, DSK Bank, OTP Bank Romania, OTP banka Hrvatska, OTP Banka Slovensko, SKB Bank and OTP Bank Ukraine all have collective agreements in force. Where a group member has a collective agreement in force, the agreement applies to all employees of the company.

In terms of the minimum period of notice concerning changes to the organisation's operations with a high impact on employees, the banks of OTP Group follow varying practices in compliance with local requirements. 

GRI 401 DMA

Health and safety

During the year a total of 38 labour proceedings were closed concerning a member of OTP Group. Of these, 33 were labour lawsuits, three procedures were brought by the Labour Inspectorate, and two concerned health and safety at work. 22 procedures resulted in a fine, with a total of HUF 162 million to be paid. 9 procedures ended with a non-monetary sanction, 3 were settled through conflict resolution, and in 4 cases the companies were acquitted. The procedures concerned our Albanian, Montenegrin, Romanian, Russian, Ukrainian, Serbian, Croatian and Slovenian subsidiaries and OTP Ingatlantpont.



**40,000 employees
across the Group**



**755 trainees
at group level**

Career starters, cooperation with universities

Our banking group is committed to working with higher education institutions and students. We believe it is important that the employees of the future receive training and gain experience at a high standard of quality (we also sponsor presentations, research, competitions and case studies), and that they can familiarise themselves with our banks as potential employees. For years now, OTP Bank in Hungary and DSK Bank in Bulgaria have been topping the surveys into students' opinions about employers.

Pro Scientia Gold Medal

OTP Bank was a sponsor of this competition announced by the National Research, Development and Innovation Office, which invited entries from higher education students who had won first place in their subjects at the National Conference of Students' Associations (OTDK). OTDK is the most prestigious, high-quality scientific event in this country, offering young creative talent the opportunity to present themselves. The Medal is not simply the recognition of a presentation or project shown at the conference; instead, it recognises the students whose overall output marks them out as outstanding individuals. Over 4000 projects were presented during this event series, with 51 young people given a Gold Medal, including 2 students for their art activities and 1 student who is still in secondary school. In an important achievement, the number of secondary school students applying for the competition has doubled compared to the 2017 figure. The prestigious medals were awarded at the Hungarian Academy of Sciences.

Several members of our banking group regularly employ trainees; 755 students worked with us across the Group in 2019. Our Ukrainian and Albanian subsidiaries employ an especially high number of trainees. OTP Bank operates a programme specifically for trainees, in which there were nearly 180 participants this year. The bank employs students outside of this programme as well, for shorter or longer periods. We also continued our programme created for graduates, with 9 participants in 2019.

5.2. Remuneration and rewarding of employees, career opportunities

Performance appraisal

The members of our banking group evaluate employee performance in different ways. Regular, objective feedback tied in with employee targets is increasingly used at the head office as well. In the network, the performance appraisal of employees is a long-standing practice. In order to reflect consumer protection considerations, we also use qualitative criteria besides our quantitative sales target appraisal.

Career opportunities

In 2019 OTP Bank started to post job advertisements on its internal careers portal in order to facilitate internal mobility. We restructured jobs at several organisations in 2019 to include them in the existing system of Y career paths, thus increasing the recognition and attractiveness the path of professional development besides advancement into managerial positions.

 DSK Bank also placed special emphasis on progress within the organisation; in 2019, 250 employees advanced to higher positions within the bank.

Talent programme

We started the year with a revised conceptual design for our talent programme, which had 54 participants. The objective of our programme for 2019/20 was to support our acquisition and transformation processes and to secure succession for middle management and the leading expert positions where great expertise is required. The participants were selected in a three-stage process. These talented individuals took part in nearly 20 days of development per person in 2019, including a variety of one-on-one and group sessions. The participants formed a genuine community and, although attendance was voluntary, the participation rate was 92% and satisfaction with the programme was 90%. The programme included a rotation scheme, in which nearly 50 participants are given the opportunity to prove themselves at the group-level.

(UA) Our Ukrainian subsidiary continued with its Golden Ticket talent programme, where its objective is to enable in-house candidates to develop so that they become suitable for the branch manager position. The programme, which focuses on negotiating skills and other soft skills, helped 8 participants progress to higher positions in 2019.

(AL) Our Albanian subsidiary implemented a young talent development programme in 2019 and plans to continue it in 2020.

GRI 405 DMA, 401-2

Benefits

OTP Group consistently employs the principle of 'equal pay for equal work' in the remuneration of its employees, including ensuring gender equality. Our group members provide the same benefits to full-time, part-time and fixed-contract employees.

Members of OTP Group remunerate their employees at the rates customary on the market of the particular country. Some of our employees' pay is dependent on their measurable performance. Performance appraisal considers quality criteria even in sales positions. The performance remuneration for employees selling retail and investment products and services comply with the EBA's consumer protection requirements. OTP Bank's remuneration and motivational tools and the ratio of performance-based remuneration to total salary remained fundamentally unchanged in 2019. 600 persons are involved in OTP Bank's Employee Stock Ownership Plan Organisation.

In 2019 OTP Bank, Merkantil Bank, CKB, OTP Banka Slovensko and OTP Bank Ukraine raised salaries in excess of the rate of inflation. OTP Bank and the Hungarian subsidiaries provide employees with a wide range of fringe benefits including complex health insurance,



pension and health fund contributions as well as an extensive cafeteria budgets, which employees can adapt to their needs (e.g. SZÉP Card, Cafeteria card, tickets/seasonal tickets to sporting events, reimbursement of crèche/nursery charges). At DSK Bank, fringe benefits represented nearly 8% of personnel expenditures.

GRI 405-2

Ratio of women's to men's basic salary, 31.12.2019	Men	Women				Average
		Senior managers	Middle managers	Employees		
Hungary*	100%	not applicable	95,3%	98,3%	97,9%	
Bulgaria	100%	n.a.	76,7%	71,3%	n.a.	
Russia	100%	n.a.	n.a.	n.a.	n.a.	
Ukraine	100%	99,5%	79,3%	58,4%	59,5%	
Romania	100%	69%	83%	74%	74%	
Croatia	100%	71,3%	90,0%	81,3%	76,1%	
Serbia	100%	100%	n.a.	n.a.	n.a.	
Montenegro	100%	87%	96%	89%	90%	
Albania	100%	59,0%	101,4%	79,4%	84,2%	
Moldova	100%	58,2%	76,2%	80,9%	79,8%	
Slovenia	100%	n.a.	n.a.	n.a.	n.a.	
Slovakia	100%	100%	n.a..	n.a.	n.a.	

* Contains only OTP Bank data

Moral rewards

The members of OTP Group recognise the outstanding performance of employees and teams with numerous rewards. Group members reward their employees in various ways; overall, a significant percentage of employees are rewarded. Besides sales performance, we reward outstanding expertise, ideas and managerial performance.

OTP Bank introduced a system of customised moral rewards in connection with agile operations to encourage the transformation of our organisational culture.

OTP Gala

It is now a tradition for OTP Bank to reward the employees and teams achieving outstanding performance at our OTP Gala. In 2019, we handed out awards to the top three performers in 11 categories. We presented the candidates with inspirational video clips: in these informal, personal films, our employees and managers spoke about their work, their teams, their motivations and the secrets of their success. Nearly 6500 participants attended the event, where we also celebrated the 70th anniversary of the establishment of our bank. None of the leftover food and drink was wasted, as the Budapest Bike Mafia helped us to distribute it to homeless people.



5.3. Training and education

GRI 404 DMA, 404-2

The professional training and competency development of employees is a constant priority across the banking group. At OTP Bank, training associated with the introduction of the agile operating method was dominant, while the other group members focused on management skills development in 2019.

The Group spent HUF 2 billion on training for employees, around 40% more than in the year before. All our employees received training. They participate in the professional and other training courses necessary for their work (e.g. ethics, compliance, security, health and safety, environmental protection) and in personal and professional development training courses in line with the annual training plans. The training plans are devised with the involvement of our employees and taking the performance appraisal results into account. Training towards a degree or a certificate in competences necessitated by a current or future position requires management approval and a study agreement. Professional training for employees and the up-to-date knowledge of our branch employees is a priority for all our companies; in this document we discuss the training courses provided beyond that priority and support mainly personal skills and growth.

OTP Bank revised its basic training, primarily in order to reduce attrition in the initial period after hiring. We have reduced the amount of theory and intensified the focus on practice. We developed our methodology and improved the learning experience to make sure that the training is better aligned with the learning habits customary today. We switched to a centralised professional training system and gave our trainer colleagues various development and other support in order to improve the standard of training quality. The feedback suggests that the development we embarked on has been successful. We transformed employee orientation day training by developing a new curriculum and structure, and by testing gamification. We started to revise our mentoring system, with implementation foreseen for 2020.

One of the focal points in our strategy is to place managerial development on new foundations; an important element of this is the strengthening of a uniform management culture with a focus on people-centred management. In 2019 we elaborated four topics during our development, namely generation, growth-focused approach, coaching in management and empowerment.

The agile coaches work as efficient supporters of the agile transformation process and we are also planning to expand the range of managers to whom coaching is available.

Beyond its professional training courses, CKB Bank focuses on management training to improve cooperation and teamwork, for which it uses coaching with a Process Communication Model methodology as well as agile project management training.

OTP Bank Romania employed two strategic management development programmes in 2019. It continued its OTP New Leaders programme to develop the skills of newly appointed managers with no previous management experience, with the primary objective of reinforcing an environment of cooperation and support, and to increase the motivation and commitment of middle managers. The management received Process Communication Model training with the aim of adaptive communication and connecting with others.

Our Serbian subsidiary delivered a managerial development programme for 140 branch managers, and 43 managers and experts took part in Lean Six Sigma training helping the implementation of agile principles.

Our Albanian subsidiary provided management skills development training for managers and talented individuals.

Our Ukrainian subsidiary focused on soft skills development in its annual 52-week managerial e-learning programme. 33 employees took part in its 'Be better' programme in 2019. The programme focuses on the work-life balance and personal efficiency improvements.

GRI 404 DMA, 404-1

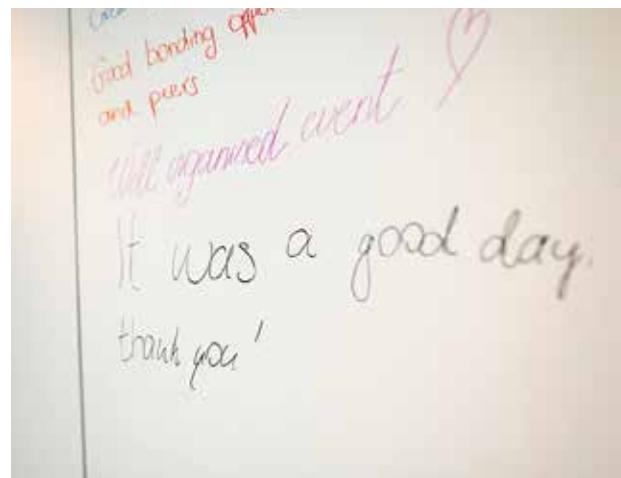
Annual training per employee (hours, 2019)	OTP Bank						OTP Group					
	Internal		External		Total		Internal		External		Total	
Senior manager	13		18		31		21		32		53	
Middle manager	79		9		88		32		13		45	
Employee	73		5		78		21		30		51	
Average	Man	Woman	Man	Woman	Man	Woman	Man	Woman	Man	Woman	Man	Woman
	74	63	21	10	95	73	23	16	17	33	40	49
Average total 2019	80						50					
Average total 2018	80						47					
Average total 2017	67						21					
Average total 2016	60						21					
Average total 2015	45						17					



HUF 2 billion spent on employee training



**1.8 million hours
of training in a year,
50 hours/person**



5.4. Involvement of employees



We are constantly working on improving our internal communication to ensure that all relevant information reaches our employees. We are committed to honest communication and welcome feedback.

OTP Intra

In 2019 OTP Bank launched a new internal communications platform called OTP Intra to serve as a single platform for sharing all the content and functions relevant to the employees; the platform is also available from mobile devices. We also launched a bi-weekly innovation survey in 2019, which is available electronically and is read by over 700 employees.

Each year we expand the number of programmes that give a wider audience an insight into the activities of our various organisations. We organised an informal event for employees to express our gratitude to them for tolerating so the inconvenience caused by the ongoing construction next door to their offices, and to strengthen their team spirit. The venue was the 12-metre deep concrete foundations of our future office building in Madarász Street. We transformed the construction site into a picnic area, where we greeted our employees with food, street music and community sports events. Our Picnic in the Pit received a silver medal at the HRKKOMM Awards.

We organised open days at the bank departments that might be of greatest interest to those working elsewhere in the bank: employees who do not meet the staff of these departments in their day-to-day work but would mutually benefit from such an exchange. During these open days, our employees learnt about organisations such as the Data Management Department, the Contact Centre and OTP LAB. The events soon became popular, and a total of 134 employees took part over the course of the year.

OTP 70

To celebrate the 70th anniversary of OTP Bank, we organised activities that reinforce the value of community. We presented image films showing a colourful character from each of the OTP Group countries. We interviewed 70 employees to record the most memorable moments they experienced at the bank. And in OTP Challange70, we encouraged the employees to represent the number 70 as creatively as they can, in teams of 7 or 70. 900 employees took part in the challenge, with 22 creative ideas.

RO OTP Bank Romania introduced a weekly online newsletter as a new information channel. The newsletter presents important corporate news, projects and internal competitions, often with video content included. Our bank launched its Corporate Insider Newsletter, in which it shares ideas and projects in the corporate business line as well as best practices demonstrated by employees. We carried on with our engagement programmes such as our monthly Hobby Café leisure / personality development workshops, the fruit sales day and in-house fairs.

RS Our Serbian subsidiary introduced an internal newsletter and magazine to inform employees better. Given the latest phase of integration, we maintained our practice of conducting satisfaction surveys every 2 or 3 months regarding the integration processes (Pulse Check).

MO CKB worked on strengthening the team spirit through more team building exercises, which are especially important during the integration process. We set up post boxes for dropping anonymous comments in order to enhance the culture of feedback. We enhanced our information provision by introducing a newsletter.

The other members of OTP Group continued to use their existing forms and channels of internal communication.

5.5. Employee satisfaction measurement

GRI 102-43, 102-44, 401 DMA, 402 DMA

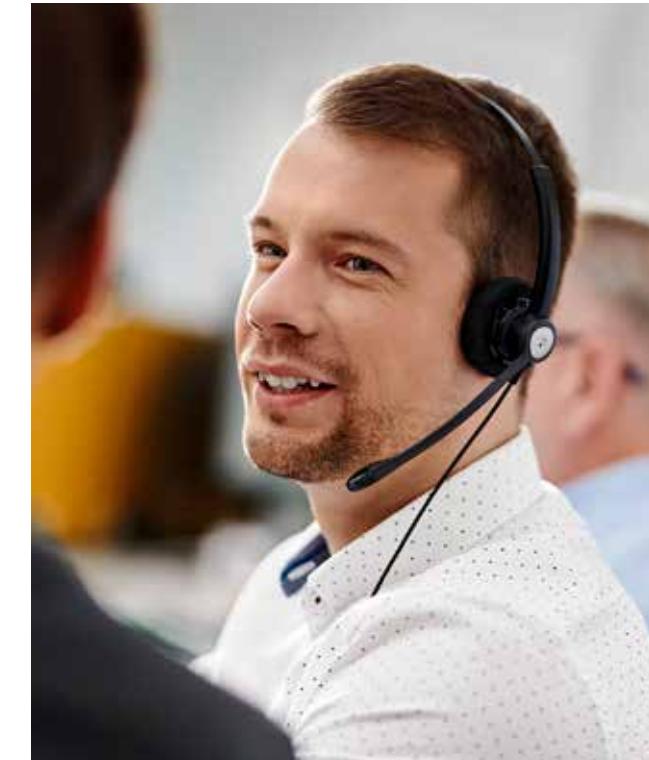
OTP Bank measured the satisfaction and loyalty of its employees in 2019. The results indicate that our bank's employee retention ability is in the optimal range. The questionnaire showed that the managers in the network and subordinates employed in agile areas were the most satisfied and committed. Branch network employees in subordinate positions showed below-average loyalty. The wide spectrum in the satisfaction levels of agile managers reveals that there remains much to do in identifying managerial roles. We also need to take action to improve the satisfaction of our employees working in the agile support areas. The feedback suggests that, rather than the nature of the work, the main factors determining the level of satisfaction are individual needs (e.g. pay, atmosphere, work tools, work-life balance, further training).

RU OTP Bank Russia also carried out its annual satisfaction survey in 2019, examining the views of its employees regarding the themes of managerial efficiency, strategy and management, inclusion and team, 'my work' and customer orientation. Employees again gave management efficiency the outstandingly highest rating (89%), rating all other topics at around 80%.

MO CKB and our Serbian subsidiary conducted a corporate culture survey, which looked at the characteristics of the existing versus an ideal corporate culture. They will implement the action plan based on the results in 2020.

RO OTP Bank Romania surveyed its employees' views regarding the services and events used by the bank, such as health insurance and the sales representatives' gala.

MB Mobiasbanca measures satisfaction every other year; the survey was not due in 2019. In 2020 it plans to add to its survey news



subjects such as support among organisations/employees and sentiments concerning the changes at the company.

HR Our Croatian subsidiary postponed its satisfaction survey to 2020 due to technical reasons.

Our HR strategy creates new foundations for employee feedback and dialogue. In 2020 we are testing a variety of measurement tools and conducting satisfaction surveys using the same methodology throughout the Group.

5.6. Health, working environment

Work-life balance

 OTP Group employees have the opportunity to improve their work-life balance mostly through flexible working time and part-time arrangements. Our Serbian subsidiary introduced flexible working hours in 2019. OTP Bank pays a monthly premium and grants days off through an allocated cumulative working time scheme for disabled employees. OTP Bank Russia grants additional days off and shorter working hours to its employees living with disabilities, and women with small children can work in a flexible arrangement.

Following successful testing, the parent bank introduced the possibility of working from home ('home office') throughout the bank; so far, employees have used this opportunity in only a small part of their working hours. Our aim is to increase the prevalence of work from home and prepare the managers for that change. At our Croatian subsidiary, home office arrangements are possible in a few areas only, due to strict legislative expectations.

403 DMA

Stress

 Several members of OTP Group provide stress management training for their employees. In 2019 all of our employees underwent individual stress checks as part of their occupational health examination. A doctor explained to the employees if there was something to be done. Stress management training is still available electronically for our employees; as in 2019, they can also attend a stress management course on the basis of their individual performance appraisal. Such development training will provide only guidance, of course; the individuals concerned will need to practice their new coping mechanisms persistently in their day-to-day work. The managers at OTP Bank, including branch managers, can attend two-day stress management courses. Of the subsidiaries, SKB Bank, DSK Bank, OTP banka Hrvatska and OTP Banka Slovensko provide stress management training to their managers. OTP Bank Romania

processed the subject of stress management within the framework of a Hobby Café workshop.

Recreation

 OTP Bank, OTP Bank Romania and Mobiabanca own several hotels, where employees with outstanding performance results can enjoy a holiday free of charge or at a reduced rate. 7% of the employees of OTP Bank and the Hungarian subsidiaries and 11% of the employees of the Romanian subsidiary benefited from a holiday with their families during the year. DSK Bank, OTP banka Hrvatska, OTP Banka Slovensko and OTP Bank Ukraine pay their employees a contribution towards financing their leisure and holidays.

Children

74% of the employees of the Group are women, and a significant proportion of our employees have young children. At any given time, we have several thousand employees on maternity leave. Parental leave is available to fathers as well, but few of them take advantage of this opportunity at the moment.

The aim of our programmes organised for the children of our employees is, firstly, to make the bank where their parents work

GRI 401-3

Employees taking parental leave and employees returning

31.12.2019

Possibilities	OTP Bank		OTP Group	
	Men	Women	Men	Women
Number of persons taking parental leave	5	907	45	5 115
Number of persons returning to the company from parental leave after its expiry	5	200	32	1 653
Percentage of returners (%)	100%	78%	89%	65%

Healthcare and occupational safety and health

 GRI 403 DMA, 403-9

Occupational safety and health

With a few exceptions, the employees of the banking group work in jobs and workplace environments where the health and safety risk is low. Nevertheless, we do our utmost to maintain a safe working environment; the low number and low severity of accidents reflects the success of our efforts. We focus on preventing and resolving the problems inherent in the nature of our operations (e.g. stress, sitting).

The annual report on occupational safety and health is signed off by the Chairman & CEO. The report also includes the results of the health and safety inspection, which is reviewed by the Common Representative Body. All employees of the Group receive health and safety training with a frequency compliant with the statutory requirements. The employees of OTP Bank take part in training once a year, i.e. more frequently than is required by the regulations. The 30 planned new defibrillators were not purchased in 2019. General first aid training was delivered in one region in 2019; the training effort will continue in 2020.

Extraordinary help

At one of the Budapest branches of OTP Bank, a customer was taken ill and fainted. A colleague, Mrs László Kalocsai gave first aid and saved the customer's life by resuscitating him before the ambulance arrived. Our employee was rewarded with a bonus trip for her actions.

 GRI 403-9

Accidents

The number and severity of accidents is low at both Group and Bank level. At OTP Bank, the rate of accidents at work⁵³ was 0.64 in 2019, which is good compared to the national statistical average

(4.4 to 5 accidents at work per 1000 employees for years now). For OTP Group as a whole, the indicator is 1.43.

Workplace accidents occurred typically while walking for work reasons or making awkward movements (sedentary work). There were no fatal accidents at work at any member of the Group. There were no accidents involving supervised employees or persons working on company premises in 2019⁵⁴.



Even in an international comparison, our accident at work rate is very low: 1.32

Workplace accidents*	OTP Bank		OTP Group**	
	2018	2019	2018**	2019**
Number of accidents	14	6	50	48
Accident rate (per 1 million hours worked)	0.96	0.38	0.86	0.78
Number of serious accidents	0	0	1	0
Serious accident rate (per 1 million hours worked)	-		0,02	-

* We present figures only from 2018 onwards due to the change in GRI methodology.

** GRI 102-48 OTP Bank Ukraine was unable to provide data and is therefore excluded from the basis figures as well. We adjusted the 2018 rate for reasons of methodology.

Note: The accident statistics are recorded using methods prescribed by law.

 GRI 403 DMA

Healthcare services

Several members of the banking group provide their employees with healthcare services beyond what is required by the law and encourage a healthy lifestyle with a variety of programmes. Healthcare services going beyond the statutory requirements include regular health checks (breast cancer screening) and health insurance. OTP Bank provides health checks and screening at the bank's events (family day, sports days), so that our employees' family members can also benefit. The range of services available did not change substantively in 2019.

 Of our new subsidiaries, OTP Bank Albania offers a wide range of healthcare services to its employees and covers 50% of the cost of their healthcare and medication.

 Mobiasbanca also provides healthcare services and contributes to the financing of employees' sporting activities.

 SKB Bank focuses on stress management and compliance with the mandatory health and safety requirements.

⁵³ The number of accidents at work per 1,000 employees

⁵⁴ Of the foreign subsidiaries, DSK Bank, Mobiasbanca, OTP Bank Romania, OTP Bank Slovensko, OTP banka Hrvatska, OTP Banka Srbija, OTP Bank Russia and OTP Bank Ukraine were unable to supply data. We do not have information on the hours to be worked, but the low number of accidents would make the rate very low in any case.

Sports

 GRI 403 DMA

Sporting opportunities contribute to a healthy lifestyle and a cohesive community and are encouraged and supported by several members of OTP Group among their employees.

In 2019 OTP Bank continued to provide opportunities and funding for:

- organising regional sports days and competitions;
- operating sports clubs – e.g. ground lease fees, competition entry fees, organising in-house competitions twice a year;
- organising team events on the employees' initiative, based on their applications for funding;
- a sports card, against a fixed monthly fee, for accessing gyms at over 500 locations in the country.

Nearly 330 employees took part by competing in one of nine sports at our three-day National Sports days, which were held again in 2019. This competition was a selection event for the Sports Meet of Hungarian Banks, where our bank was again represented by 70 employees. Thanks to their successful performance, we once more won overall first place among the 15 banks.

Our subsidiary banks also organised or took part in a number of sporting events.

 DSK Bank organised a large-scale sports day jointly with Expressbank, where a total of 300 employees of the two banks took part. The motto of the sports day, 'We build our success together', pointed beyond sports by referring to the importance of team spirit and closer cooperation. By taking part, our employees were also contributing to a good cause, since the bank gave a donation to a foundation that helps mothers with disabled children.



 In 2019 our Romanian subsidiary continued to implement a number of programmes promoting a healthy lifestyle. During the 'Health Days at Work' event, healthcare advice (on ergonomics, dentistry, nutrition etc.) was offered throughout the week to approximately 500 participants at the head office. 120 employees took part in first aid training; we held an in-house table tennis championship too.

 Our Russian subsidiary also held several events during the year to popularise a healthy lifestyle; it organised its Spartakiada sporting competition again in 2019.

 Mobiasbanca set up a fitness centre for its employees and it pays a contribution to their spending on sports.

 The employees of our subsidiary bank in Croatia took part in the sports days of Croatian banks.



2788 persons took part in own-initiative sporting events sponsored by OTP Bank

Our strategic goals

Corporate culture development at our Montenegrin, Croatian and Serbian subsidiaries

Achieve our HR strategic objectives (2021)

Conduct a group-level satisfaction survey



MINSK
2019

Valora
Válto

Voluntas

YODA

MINSK
2019

Voluntas

YODA
MINSK
2019

III.

Main areas of focus

6. Environmental protection



Commitment:

The protection and low-impact use of environmental and natural resources

Approach:

As a lender, we assist in projects supporting the protection of the environment, and we strive to use resources efficiently in our operations while also taking cost-effectiveness considerations into account.

Activity:

- Active role in government programmes to achieve environmental objectives
- Reduce paper use through digitalisation
- Rationalise business travel
- Energy-efficiency renovations and the use of renewable energy sources
- Improvements in waste management

GRI 302 DMA, 305 DMA

Environmental protection and climate change represent increasingly pressing tasks and challenges. To read about our commitment arising from our role as financial intermediaries, see the discussion of our products Section 3, and our risk management Section 4.2. The direct impacts associated with our operations are presented in this section.

For our basic principles concerning environmental protection and the fundamentals of our practice, visit our website.

We produce an annual report assessing our environmental protection activities; this report is signed off by the manager responsible for environmental protection.

Our commitments 2018	Our results 2019
Reduce paper use in internal processes (ongoing)	Implementation in progress.
Construction of OTP Bank's new head office with LEED Gold certification (2021)	Implementation in progress.

Implemented Implementation in progress Not executed

Energy

GRI 302 DMA, 305 DMA

Development projects

We use state-of-the-art technology in new construction and renovation projects, installing modern engineering solutions and energy-efficient LED lightsources.

When refurbishing the branches and head office buildings of OTP Bank, we also replace their central heating units, in which energy efficiency is the primary criterion. As part of the renovation process, we also replace the air conditioning units and take care to make sure that the new units use environmentally friendly coolants. Development projects implemented in 2019 are expected to achieve energy savings of 182 GJ. Significant energy savings were also achieved through the renovation of the head office building of our Serbian subsidiary, which also included energy efficiency work. Our Russian subsidiary introduced LED lighting in two of its head office buildings.

Renewable energy

We are intensifying our reliance on renewable energy taking financial considerations into account. Starting from 2019, we always examine the possibility of installing solar panels and heat pumps whenever a branch of the parent bank is renovated⁵⁵. In 2019 we affixed solar panels to the roof of one bank branch (with installation scheduled for 2020) and set up heat pumps at three branches. OTP Bank produced solar power of 2005 GJ and our Croatian subsidiary 329 GJ, while the central archives owned by Monicomp Zrt. used 4229 GJ geothermal energy⁵⁶.

Energy consumption

OTP Group's energy consumption⁵⁷ was 743,000 GJ in 2019, a 9% increase compared to the previous year. The main reasons for this change included the expansion of the banking group, a growth in volumes, more precise reporting and the different weather conditions. OTP Bank's overall energy consumption remained almost unchanged compared to the previous year, while per capita energy consumption fell by 5% due to the increase in our headcount.

⁵⁵ 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.

⁵⁶ We do not measure the quantity of energy produced by OTP Bank's heat pumps.

⁵⁷ Direct and indirect energy consumption.

 GRI 302 DMA, 302-1

Energy consumption within the organisation (GJ)	OTP Bank				
	2015	2016	2017	2018	2019
Natural gas	65 058	63 436	69 828	64 550*	65 594
Vehicle fuel	30 205	29 312	30 194	30 527	31 829
Other non-renewable fuel	-	-	-	285	156
Electricity	128 822	126 590	126 864	129 593	129 442
District heating	26 718	25 569	27 117	23 953	21 584
Total purchased energy	250 803	244 907	254 003	248 908	248 605
Internally generated renewable energy	1950	1950	1950	1996	2005
Total energy consumption	252 744	246 857	255 953	250 904	250 610**
Total energy consumption per employee***	31.81	31.55	32.15	29.77	28.14

*102-48 Previously incorrect data corrected.

**Deviates slightly from the figures in the Annual Report because the finalised consumption data were received at a later date.

*** Always based on the statistical headcount.

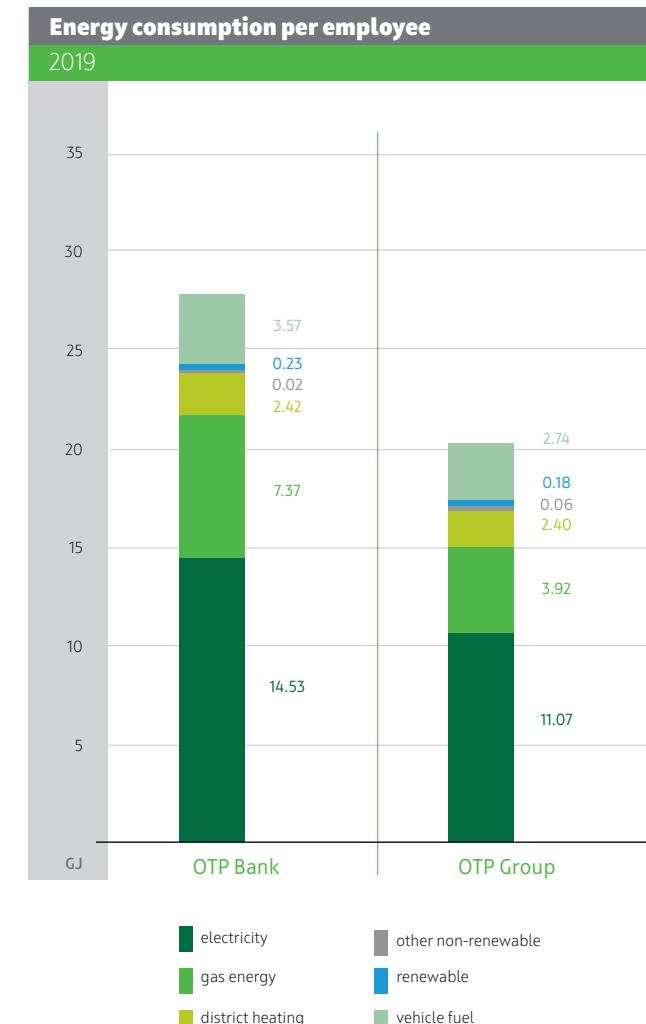
The energy consumption figures are derived predominantly from readings and calculations. Where necessary, the measured consumption quantities are converted to energy using the calorific values specified in EU regulation. Some of the solar energy is estimated based on information from the manufacturer.

Energy consumption within the organisation (GJ)	OTP Group				
	2015*	2016	2017	2018	2019
Natural gas	181 930	96 773	103 986	107 697	143 139
Vehicle fuel	138 859	93 062	130 729	96 128	99 801
Other non-renewable	582	928	133	475	2194
Renewable fuel	4	146	144	118	134
Electricity	542 943	343 953	357 612	408 100	404 040
District heating	74 272	79 661	64 317	62 637	87 574**
Total purchased energy	938 590	614 523	656 921	675 155	736 882
Internally generated renewable energy	5787	5267	6189	6443	6563
Total energy consumption	944 377	619 790	663 110	681 598	743 445
Total energy consumption per employee*	26.86	17.62	18.20	19.62	20.37

Where consumption figures were missing, we used estimates proportionate to the headcount, also referencing the own consumption figures of prior periods. The amount of energy estimated in this way represents approximately 1% of total energy consumption.

* OTP Bank Russia was unable to report data, as a result of which its consumption is estimated in proportion to its headcount.

** The district heating data of OTP Bank Russia is an actual measured figure, significantly above the estimated consumption of prior years.



GRI 305 DMA, 305-1, 305-2

OTP Group's CO2e emission (t)	OTP Bank					OTP Group				
	2015	2016	2017	2018	2019	2015 ¹	2016	2017	2018	2019
Direct (Scope 1)	5 458	5 272	6 781	6 714	6 779	18 795	11 299	15 182	14 564	18 594
emissions by vehicles	1 827	1 731	2 142	2 183	2 272	8 640	5 897	9 378	6 938	7 204
from natural gas consumption	3 631	3 541	3 898	3 628	3 686	10 155	5 402	5 804	6 053	8 044
from air-conditioning equipment	n.a.	n.a.	741	885	811	n.a.	n.a.	n.a.	1 536 ²	3 140 ²
other non-renewable energy	0	0	0	18	10	n.a.	n.a.	n.a.	37	206
Indirect (Scope 2)										
Indirect location-based	5 285	8 509	8 600	10 540	10 786	20 340	32 914	32 919	45 130	47 947
from electricity	3 936	7 265	7 281	9 374	9 912	16 590	28 959 ³	29 415	42 082	44 012
from district heating	1 349	1 244	1 319	1 166	874	3 750	3 955	3 504	3 048	3 935
Indirect market-based ⁴	n.a.	n.a.	n.a.	12 973	8 640	n.a.	n.a.	n.a.	n.a.	47 334
from electricity	n.a.	n.a.	n.a.	11 807	7 766	n.a.	n.a.	n.a.	n.a.	43 399
from district heating	n.a.	n.a.	n.a.	1 166	874	n.a.	n.a.	n.a.	n.a.	3 935
Total (Scope1+2) location-based	10 743	13 781	15 381	17 254	17 565	39 136	44 940³	48 101	59 694	66 541
Total (Scope1+2) market-based	n.a.	n.a.	n.a.	19 678	15 419	n.a.	n.a.	n.a.	n.a.	65 928
Per-capita location-based	1.33	1.76	1.93	2.05	1.97	1.11	1.28³	1.32	1.72	1.82
Biogenic emissions	0	0	0	0	0	<0.1	0.6	0.6	0.5	0.6

The figures shown are calculated from energy consumption and always on the basis of the applicable statutory regulations and the factors stipulated by the authorities and industry organisations. We calculate electricity emissions using country-specific factors. In the absence of other reliable data, we use the Hungarian emission figures in the district heating heading, except for Ukraine, Russia and Serbia. We started recording air conditioning equipment emissions due to leakages in 2017.

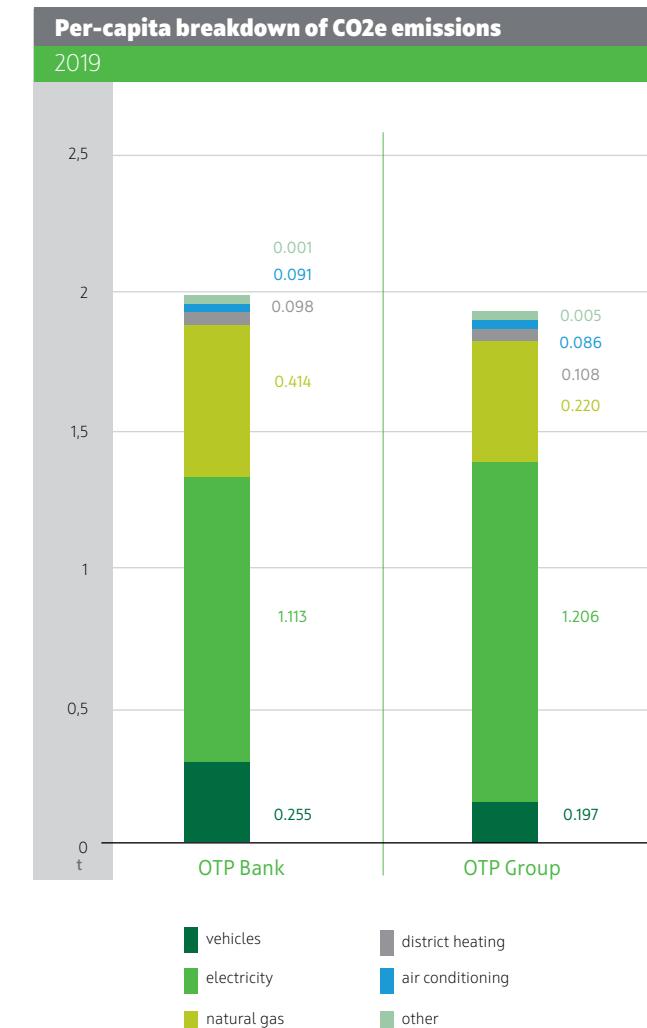
Our aim is to include all GHG's, but the district heating emission factors and the 2019 electricity factors only cover CO2. The GWP values were taken into consideration on the basis of the IPCC's 4th Assessment Report.

¹ OTP Bank Russia was unable to report data, as a result of which its consumption is estimated in proportion to its headcount.

² Estimate proportionate to the headcount, based on the figures from member companies that provided accurate data.

³ GRI 102-48 Data retroactively corrected due to calculation error.

⁴ We started calculating this figure for the CDP questionnaire; the report for 2018 did not include market-based emission data.



1.
Focus on
customers2.
Developing
financial literacy3.
Expert financial services
committed to sustainability4.
Ethical business behavior
and security5.
Responsible
Employer6.
Environmental
protection7.
Citizenship

Paper

OTP Group has made a consistent effort to reduce paper use and printing through intensifying the digitalisation process and rationalising its workflows. Nevertheless, legislative requirements and the significant expansion of our business often do not allow us to achieve this aim.

Paper use

In 2019 we expanded the range of products also available online; in addition, digital signature pads are used increasingly frequently in the branches, and there is a rising trend in the use of electronic account statements.

Nevertheless, following significant decreases in paper use over the past few years, as a realistic goal for 2019 we set ourselves the target of maintaining our earlier achievements and further expanding the use of recycled paper at OTP Bank. We achieved our aim only partly; while the use of recycled paper increased, our total paper use also rose, by 4%, compared to 2018. We managed to reduce paper use at the majority of our subsidiaries not affected by the acquisitions.

Recycled paper

 Our member companies use recycled paper to varying degrees; across the Group as a whole, we used nearly 100 tons more than in the previous year. OTP Bank ran an internal campaign to encourage its use in offices. As a result of this campaign, demand grew to such an extent that manufacturing capacities ran out, preventing additional purchases. To remedy this, we gave our supplier a significantly higher order for 2020. All the office paper used by our Serbian subsidiary and all the paper used by OTP Ingatlantizing and OTP Pénzügyi Pont is 100% recycled. Monicomp printed the account statements of the Hungarian banking group on recycled paper, while OTP banka Slovensko and Merkantil Group also used recycled paper, but to a lesser extent. Recycled paper represented 17% across the group in 2019.

E-statements



We offer electronic account statements to our customers wherever this is permitted by local legislation. We encourage their use through the applicable terms and fees. Most customers do not receive a paper statement from OTP Bank, OTP Bank Romania and, in the case of retail customers, Mobiasbanka. The number of paper statements decreased by 15% in Slovakia and 9% in Montenegro, while the proportion of customers requesting electronic statements rose by 5 percentage points in Russia.

Travel



The operations of the bank group involve significant amounts of travel and transportation even though travel rationalisation and the use of videoconferencing is common practice. In our vehicle procurement we choose cars with low fuel consumption. In 2019 we introduced group-wide carbon dioxide emission caps. Also this year, OTP Bank introduced hybrid cars as eligible in all the categories in its vehicle regulation. The bank has two electric cars in its fleet and purchased 5 hybrid vehicles in 2019. The planned electric car procurement did not take place in Hungary due to technical reasons; our Croatian subsidiary purchased one electric car. Expressbank, which became a group member in 2019, has 5 electric cars in its fleet. The parent bank's car fleet grew by 7% and the total distance travelled saw an approx. 4% increase in 2019. This is partly due to the fact that OTP Bank relocated a large number of employees during the year, and an OTP Group member company carried out the transportation. At group level, there was a 14% rise in car travel, and the total mileage travelled per person increased by 8%.

Video conferencing

Video conferencing within OTP Group is expanding year after year. In 2019 the parent bank set up 24 new premises, while our Romanian subsidiary set up 5. In 2019 our employees conducted more than 20,000⁵⁸ video conferencing meetings, equal to 18,000



more than 8,400 mature trees saved by using recycled paper



saved the annual carbon emissions of 64 persons through video conferencing

hours (around 2 years). Videoconference calls prevented the emission of 500 tons of carbon dioxide.

Cycling OTP

Bank and all our subsidiaries have bicycle storage available at one or more head office buildings. Bicycle storage is also available in the branch network, as 58% OTP Bank branches provide the facility to store bikes. In 2019 our Slovenian subsidiary increased bicycle storage capacity at its head office building, so that there are now over 100 spaces available to employees.

Waste management

Prevention

 We follow a principle of using all our equipment, devices and machines for the longest reasonably possible time. We reuse furniture and ensure interchangeability. OTP Bank, DSK Bank, OTP Bank Romania, SKB banka and OTP banka Srbija all follow the practice of donating to institutions and organizations in need any unused furniture in good condition as well as functioning computers. In 2019 the parent bank donated 327 desktop computers and laptops, CKB offered used furniture to the rehabilitation centre of addiction sufferers, and SKB banka donated 50 printers.

⁵⁸ Group-level estimate based on OTP Bank's data.

1.
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SL In order to reduce plastic waste, we installed water fountains in the head office buildings in Slovenia and the head office buildings and branches in Hungary, where customers can also access them. The decrease in PET bottle waste at OTP Bank demonstrates the success of this move.

Our subsidiaries in Montenegro and Slovakia use toner refills to reduce toner and ink cartridge waste.

Selective waste collection

BG **RO** **RS** **SK** **SL** **UA** All members of OTP Group collect and manage hazardous waste and paper containing business secrets selectively. Our Slovenian, Croatian and Romanian subsidiaries operate selective waste collection everywhere. Non-confidential paper waste, PET bottles and glass are collected selectively in the head office buildings of OTP Bank. Our Serbian subsidiary collects selectively its paper waste, both in its head office building and at its branches. There is selective waste collection in the head office building of our Ukrainian subsidiary and the Sofia and Varna sites of our Bulgarian subsidiary. Our Slovak subsidiary collects waste selectively where this is facilitated by the municipality.

Quantity of selectively collected waste	OTP Bank					OTP Group				
	2015	2016	2017	2018	2019	2015	2016	2017	2018	2019
Selectively collected waste paper (t)	303	292	277	417	809	1 046	1 303	1 496	1 445	1 323
Selectively collected PET bottles (kg)	10 302	9 966	11 580	9 998	7 929	12 023	12 526	15 289	14 348	12 613

OTP Group materials and procurement highlights	OTP Bank					OTP Group				
	2015	2016	2017	2018	2019	2015	2016	2017	2018	2019
Number of branches	386	379	374	374	370	1 328	1 315	1 497	1 423	1 732
Number of branches refurbished during the year vs. total number of branches	4%	4%	4%	3%	4%	4%	7%	12%	3%	2%
GRI 201-18 Computers (laptops + PCs) (qty)	9 000 (without laptops)			15 000	18 000	n.a.	n.a.	n.a.	45 000 ¹	51 000 ¹
Number of ATM's	1 895	1 937	1 945	1 931	1 936	3 857	3 904	4 340	4 339	5 015
Number of POS terminals	55 000	60 000	70 000	78 000	78 000	77 000	81 000	103 000	113 000	137 000
Weight of ink cartridges and toners used (tons)	7	7	9	9	8	32 ¹	37 ¹	23 ²	33 ¹	35 ¹
Amount of office paper (t)	928	838	905	685	699	3 089	2 983	2 159	1 955	2 350 ³
Amount of paper used for document sorting and packaging (t)	45	39	43	43	58	139 ⁴	107	76	116	117
Amount of indirectly used paper (t) ⁵	46	44	9	5	7	1 448 ⁴	989	484 ²	511	631

¹ estimate: prorated on the basis of actual data² decline presumably due to increased precision in data capture³ 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 the data on the amount of paper used by OTP Group is less reliable⁵ e.g. marketing publications

The ATM and POS figures also include the data from Expressbank and the new OTP banka Srbija.

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Responsible procurement

↗ GRI 102-9

Our procurement activities are primarily related to providing the conditions for, and selling, our services. Our procurement principles and expectations for suppliers remained essentially unchanged, see ↗ [our website](#) for more information.

In 2019 we introduced a new supplier assessment process at OTP Bank's IT Division. Successful cooperation is highly important in information technology, which is why we wish to intensify our partnerships and take them to a higher level. In this new assessment process, several employees take part in evaluating the performance of our partners in the previous year, and the overall result of this assessment is shared with all employees and suppliers.

In order to reduce the environmental footprint of our document management, OTP Bank issued a new regulation in 2019, according to which archived documents must be stored in paper folders in the future, as plastic folders will no longer be purchased. We have also replaced ethylene bags with paper. There is progress in our use of seals and stamps as well, where we introduced the use of recycled plastic.

As of 2019, OTP Bank is using only eco-certified hygiene products (foam soap, washing up liquid, toilet paper, hand towel).

Our strategic goals

Further reduction of the amount of paper used (ongoing)

Construction of OTP Bank's new head office with LEED Gold certification (2021)

III.

Main areas of focus

7. Citizenship



Commitment:

Support the progress of local communities and society, play a role in overcoming difficulties

Approach:

OTP Group can be truly profitable only in well-functioning, successful communities, whose emergence and growth we therefore support.

Activity:

- Identify local needs, create reliable partnerships
- Achieve real results by providing focused support able to deliver change
- Help society get involved
- Support and encourage our employees in their efforts to help

GRI 413 DMA

In delivering our financial services, our aim is to help customers achieve their goals. In our sponsorships too, we prioritise the provision of help and are committed to creating opportunities for those in need or distress. It is natural for us to contribute to the progress and development of local communities. The generation of the future is given a key role in our sponsorship; the resources invested in them can bring the richest dividends.

OTP Bank is among the largest donors in Hungary; we are constantly increasing the amounts we donate. The expertise of our collaborating partners, our long-term commitment and the focusing of our resources guarantee that we can make a genuine impact through our donations.

For several years, the focal points of our sponsorship have been consistently the following:

- developing financial literacy, attitude shaping;
- equal opportunities: helping the disadvantaged and those in need;
- sponsoring culture and the arts: creating and preserving values; and
- sports.

Our commitments 2018	Our results 2019
Develop a multi-channel donation platform at OTP Bank	The platform will be developed and launched in 2020.
Renew and reform the Prima Primissima Awards	Implementation foreseen for 2020.
Create Photo Museum (2019)	Implementation in progress.
Launch OTP Heritage website to widely promote the cultural heritage of Hungarian financial institutions	The OTPedia.hu website has been launched.
Donations to a good cause when using a Mastercard bank card for purchases (OTP Bank Romania)	The plan was implemented.

 Implemented

 Implementation in progress

 Not executed


For more details on the basic principles of our corporate social responsibility and our sponsorship programmes and partnerships, please visit our website  [Corporate social responsibility](#) or the websites of our subsidiaries.

7.1. Our citizenship programmes

The members of our banking group conduct most of their donation and sponsorship activities independently. They provide support to the best of their ability and in awareness of the needs of their local communities, with long-standing priorities. However, we worked together as a group to help the victims of the earthquake in Albania.

Together for Albania

In late 2019 a strong earthquake shook the capital and the North Eastern part of Albania. Many died in the disaster, hundreds were injured and thousands lost their homes.

As employees and customers of our Albanian subsidiary and their friends and family were among the victims of the disaster, OTP Bank donated around HUF 170 million towards damage recovery and aid for the victims. We also shared a request with all employees of the banking group and posted it to our Facebook page for customers to see how donations can be made to the International Federation of Red Cross and Red Crescent Societies. We do not know how much was donated privately, but we found that contributions rose significantly in the days after our campaign.

GRI 413 DMA

In 2019 we spent HUF 4.2 billion on donations across the group, almost one and a half times more than in the year before. The OK Educational Centre again represented the largest single item within our donations this year. 84% of donations were made by the parent company. While the donations were predominantly financial contributions, we often provided support in kind, such as donating computers and enabling volunteer programmes.

Also, some of our sponsorship activities are in support of charitable causes. In 2019 OTP Group spent HUF 2.7 billion on this purpose, of which 40% was contributed by OTP Bank. Most of our sponsorship was linked to sports (74%), while arts and culture (20%) and local communities (6%) were also significant.

Our sponsorship schemes play a key role in implementing our programmes; their professionalism and goal focus guarantee the efficient and effective use of the grants. We work with a number of non-governmental organisations on the long term, often in ways that go beyond financial donations. Besides our long-term commitments, we are open to new, innovative initiatives.

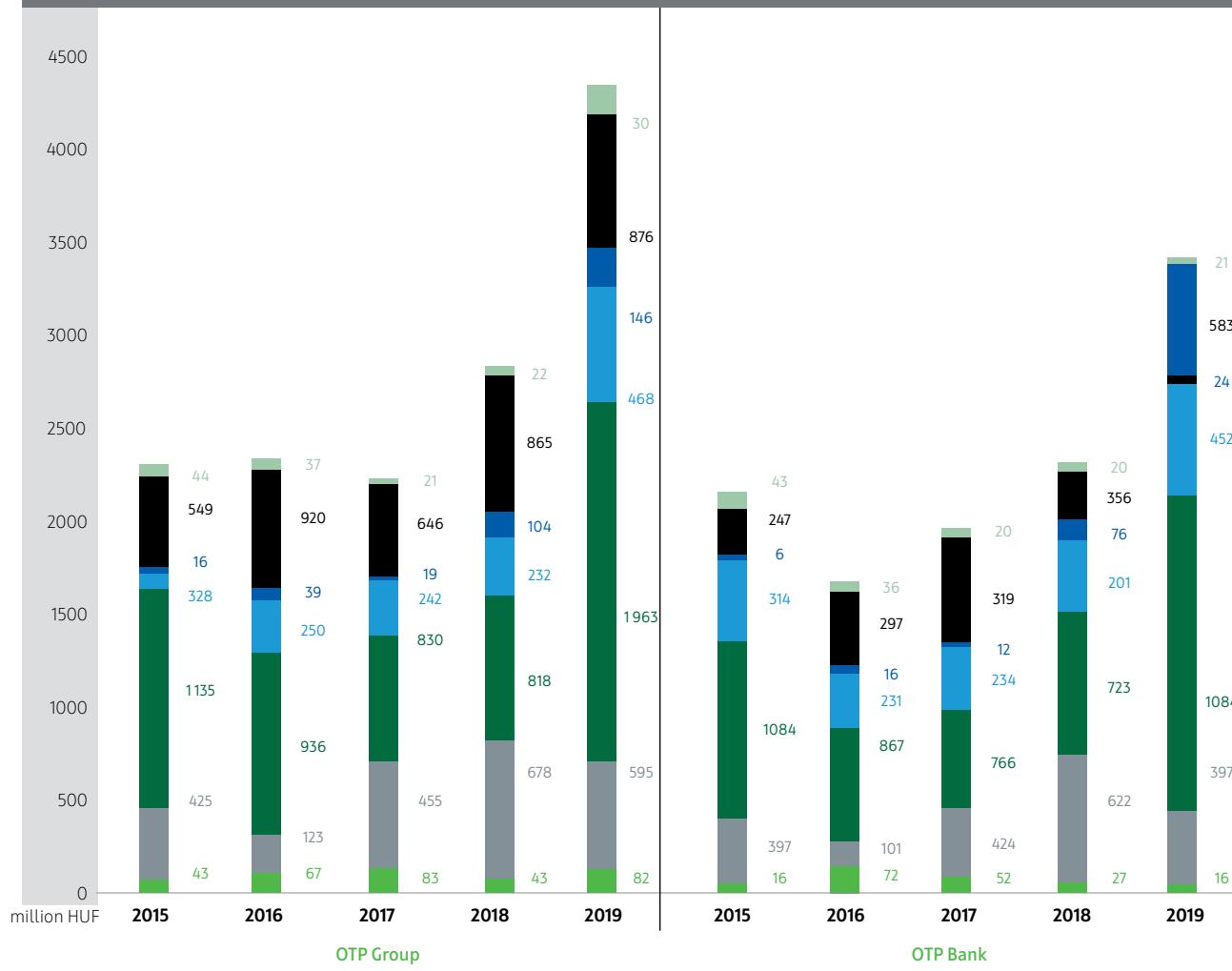


**HUF 4.2 billion
in donations across
the Group**



**327 computers delivered
by OTP Bank to those
in need**



OTP Bank and OTP Group**Donations****Creating opportunities****Humanity**

The Humanity Social Foundation⁵⁹ helps persons and families in need to resolve their healthcare, education and other welfare issues and supports institutions working with disadvantaged or ill children. Our Foundation awards its financial and non-financial grants to private individuals mostly upon applications, in addition to which it is constantly increasing the range of its support to institutions and intensifying its help through fundraising and volunteering.

Key programmes implemented:

- In our scholarship scheme, we helped finance the university studies of talented young people from disadvantaged backgrounds.
- We helped disadvantaged families pay for medicines, medical aids and medical treatment.
- We organised Christmas fundraising again in 2019, together with the OTP Fáy András Foundation, its two model schools and OTP Bank. As a result of this joint effort, 142 disadvantaged families were given 20-25-kg packages of non-perishable food and toys at three locations across the country.
- Our foundation has been helping Hungarian healthcare institutions with donations of medical devices. In 2019 it donated two medical ventilators and an airway clearance device to the Bethesda Children's Hospital.
- The foundation provides educational programmes to support the work of hospitals, child protection institutions and pedagogical services. Our donations reach a much wider audience when we partner with the institutions than if we were to make our donations directly.
- OTP Bank donated 300 scrapped but functioning desktop computers, monitors and laptops to institutions such as schools teaching disadvantaged students, children's homes and hospitals.

⁵⁹ OTP Bank exercises founder's rights over the Foundation.

- MOM Park has been organising a charitable family photo event for years now and donates the revenues to a foundation selected by it. In 2019, our foundation received the HUF 900,000 raised by the event. We donated this amount to families raising sick children, to be used for the financing of their medical treatment.
- We donated to kindergartens and organised volunteering programmes and raised funds for children's homes, maternity homes and families in need.
- In 2019 the foundation joined OTP Bank's volunteering programme, taking part as a panel member in evaluating the volunteering applications, organising events and mentoring the teams.
- The foundation also worked with the Hungarian subsidiaries of OTP Bank to organise volunteering programmes, fundraising and the renovation of a mothers' shelter.
- Besides financial support, our foundation also organises experiences for those in need: in 2019, disadvantaged primary school pupils and children's home residents visited Minipolis on two occasions, while 120 participated in the varied events of OTP Bank's Family Day.

UNICEF

We sponsored the Your Future is Up to You! programme of UNICEF Hungary. This initiative invites for some joint thinking young people between the ages of 14 and 24 who start with a disadvantage on the labour market. The teams entering the competition proposed ideas for solving the social problems of their immediate environment. Mentors helped with the development of the solutions. Besides financial donations, the trainers of the OTP Fáy András Foundation took part in preparing the candidates and delivered free finance and economics training for 10 teams in the first round and further training for those who progressed to the second.

Green Jupiter Food Truck

We also combined charitable action with a festival sponsored by the bank, where we promoted mobile payments. At these events we encourage the visitors who take part in the activities and try our services to donate a small amount (HUF 100-200) to the KézenFogva (Hand in Hand) Foundation with their mobile devices.

At 5 festivals held during the year, a total of HUF 850,000 in donations was raised for the foundation's Green Jupiter Food Truck project, which is the first mobile food truck operated by disabled persons.

Zente

Also in a break from tradition, we helped the fundraising drive for Zente, a young boy suffering with SMA. As his family was receiving donations from all over the country, the fees for sms text messages after each small sum arriving on their account would have represented a high cost for the family. But as our employees noticed this problem in time, our bank was able to waive the fee and save the parents around HUF 1.5 million.

Further donations

We carried on with our now traditional cooperation with the Hungarian Charity Service of the Order of Malta, the International Children's Safety Service, the Hungarian Riding for the Disabled Federation, Special Olympics Hungary and the KézenFogva Foundation.

OTP Fund Management also continued to participate in its ROMASTER programme. In this programme, one of our employees mentors two students of Gypsy extraction in their higher education studies and takes part in the events of the programme.

Value creation, preservation of traditions

Sponsoring culture and supporting programmes focused on the preservation and transmission of traditions continue to be important for us.

Prima Primissima

Our most significant contribution to culture is the fact that we oversee and finance the Prima Primissima Foundation and Award, which is the highest and best known non-state accolade in Hungary. The objective of this award is to preserve and support intellectual achievement in Hungary, rewarding prominent



people whose achievements, humanity and values can serve as an example for all of us. It was for the seventeenth time that these awards were collected by Hungarian intellectuals, artists, scientists and athletes in 2019.

'The growing list of Prima Primissima award winners demonstrates the extraordinary value created by Hungarian thinkers, creators and athletes, their contribution to the fostering of Hungarian and thereby universal culture. ... What matters is not how much wealth we amassed and what we achieved in life, but whom we helped, whose life we made easier and better, that is to say, how much we passed on from all that life has given us. This year's winners used their talent to serve the values of this nation as artists, scientists, educators and athletes, making its life better, its reputation brighter. ... To quote Jack Ma, the question is how humans can remain competitive in an age of digitalisation and artificial intelligence. We must reform our education so that we can teach our children how to be increasingly human in an age of machines. It is hard to be smarter than a machine but you can always be wiser than one.'

Dr. Sándor Csányi, Chairman & CEO

The planned changes in proposing and selecting nominees for the award were not on the agenda due to the death of the founder, but we intend to revise the image of Prima Primissima in 2020.

We continued to sponsor the Museum of Fine Arts and remained the title sponsor of the OTP Bank Street Music Festival in Veszprém. We sponsored the National Táncáz Festival and Fair, and we handed out the Táncáz Award and Medals for the 7th time. We are a committed sponsor of the 'Fölszállott a páva' folk talent show; our bank donated the prizes, worth a total of HUF 11 million, for the finalists and the recipient of the audience vote.

Investment in the future: talent training and role models

OTP Bank is the company most committed to the future of Hungarian football. In 2019 OTP Bank's Bozsik Programme continued and the number of its young footballers increased further. Bozsik tournaments were held in 253 districts during the year, with 3224 institutions and 118,000 young people participating. The number and proportion of kindergarten children rose steeply (45%), with the proportion of girls also increasing to a small extent (27%). Fair Play Cup, a football competition of secondary school students, continued, with 9200 players from 473 institutions taking part and girls representing 35%.

As a committed sponsor of the International Judo Federation, we believe it is especially important that we can contribute to the training of future generations and to the successes of Hungarian athletes.

To read about OTP Bank's donation and sponsorship activities, visit [our website](#).

Citizenship at subsidiary banks

OTP banka Hrvatska

- Our Croatian subsidiary plays an active role in supporting education, social assistance, the preservation of traditions, environmental protection and preventive health. Some sponsorship recipients are selected based on applications, and the recipients are mostly students. In 2019 we promoted a better society by helping a total of 52 projects nation-wide.

- We granted scholarships for a total of HUF 31 million to disadvantaged students, and also sponsored four university student athletes who achieve outstanding results.

OTP Bank Romania

- The highest priority for OTP Bank Romania is to develop financial education via the Right to Learn Foundation and the OK Educational Centre (for more details see Section 2.2).
- Our Romanian subsidiary took part in a campaign by Mastercard, in which Mastercard made a financial donation with the help of the Give Life Foundation after each purchase using their cards.
- The bank gave its used IT equipment and furniture to charity.

DSK Bank

- DSK Bank has been an SOS Children's Village strategic partner for eight years, covering the entire annual costs of two SOS families. In addition, it encourages charitable giving by employees and customers via its ATM network. Donations made at ATMs amounted to nearly HUF 110 million in 2019. Our bank was again granted the One Family award for its efforts by the Children's Villages.
- We contribute to the 'Support a dream' initiative, which helps children raised at welfare institutions in making decisions about their choice of career before their secondary school matriculation exams. We sponsored the Bulgarian Christmas initiative, which helps disadvantaged children.
- Our bank is a committed supporter of chess. We sponsored the Ivis Cup children's chess tournament and the National University Chess Tournament.
- We donate our IT equipment and furniture to schools and non-profit organisations.

OTP banka Srbija

- Our Serbian subsidiary is one of the most active donors in the banking sector of that country.
- We sponsor the Olympic Committee of Serbia under a 4-year cooperation agreement.
- We are also long-term supporters of UNICEF, the Matica srpska gallery, the Red Cross and the Bellhospice organisation.

- We give to charity our scrapped furniture and IT equipment, helping primarily schools, non-governmental organisations and the police.

OTP Bank Russia

- The bank sponsored local arts and social programmes such as the A. S. Pushkin Library of Omsk, a veterans organisation and the Museum of Fine Arts.
- We sponsored a number of events in the city of Tver, including city day, a comedy performed by students and the 'Night of Career' event, and renovated the public space outside our head office building.



CKB

- The bank has not changed the focal points of its donations.
- In line with our past practice, we donated medical equipment to hospitals, purchasing ophthalmic microsurgery equipment for the Podgorica Institute for Children's Diseases and donating a specialised hospital bed to the hospital in Risan.
- We helped educational institutions by purchasing equipment.
- We joined the environmental awareness project 'My tree' again by donating trees.
- We supported many music and arts events, troupes and stage performances (e.g. Podgorica Jazz Festival, which has a focus on advancing the careers of female performers, the Harmonika Montenegrina Festival in Podgorica, and the Princeza Ksenija Ballet School).
- In sports, we sponsored Omladinac, which is a karate club with great traditions, and the Zelani Centar in Niksic.

Mobiasbanca

- In Moldova, the main focus of our sponsorship is financial education and we provide support in the fields of healthcare and sports.
- We sponsored the Serghei Lunchevici National Philharmonic Ensemble and the National Museum of Arts.
- We made a donation to the Hope Moldova hospice.
- We sponsored the Moldova Special Olympics and the Sporter Marathon.
- We supported the Moldovan International Women's Club.

SKB Banca

- The most significant support activity of our Slovenian subsidiary is its sponsorship of the Slovenian Olympic Team. We also involved our employees in numerous initiatives (sports challenges, events).

OTP Bank Slovensko

- The bank's sponsorship is concentrated on operating the OTP Ready Foundation, supporting financial literacy.

OTP Bank Ukraine

- Our Ukrainian subsidiary focused its sponsorship on the financial education of children in 2019.
- In addition, we supported an orphanage and organised a number of charity fairs with the participation of our employees.



7.2. Volunteering

Year after year, our employees demonstrate an ever increasing willingness to act and unite around causes. Working together for a good cause was one of the important first community-building steps in the integration process at certain subsidiaries. Our employees' willingness to help is the greatest when it comes to disadvantaged persons, children, nature and the environment. OTP Group continues to provide the conditions for implementing volunteering programmes and contributes to the efforts of its employees. We encourage volunteering through organised schemes.

OTP Local Value

OTP Bank's Local Value programme, which is based on applications and centrally organised events, received an important award in 2019. The Volunteering Centre Foundation recognised our efforts with its highest, gold-level certificate, and our bank was also given the Corporate Volunteering Programme of the Year prize.

In 2019 we placed greater emphasis than ever before on knowledge sharing and the support provided to our employees; one of the Brown Bag lunchtime online presentations was also about volunteering, primarily by giving practical advice and answering the questions raised

Volunteering Ambassadors

Two employees of the Contact Centre have been consistently supporting good causes and always appear where they are needed. In just 2019, they organised and implemented 25 volunteering activities. In recognition of their commitment and efforts, we gave them the title of Volunteering Ambassadors. "Volunteering means dedication, joint thinking, a desire to help and, last but not least, openness to other people and other issues. For us, volunteering is an attitude, one that is not determined by the financial possibilities of a person but, much more so by the values, sensitivity and outlook of that individual. These are unique to each person. Wherever we go, life will always create

opportunities for volunteering. The question is whether we will grasp these opportunities or not. There are many who are ready to help but do not know how they can become involved. We can help those who are willing to help by concentrating on organising this process.'

Kornélia Pesti, Klára Kun-Nagy, Volunteering Ambassadors

As a result of the two OTP Local Value competitions, 38 teams were able to implement their proposals, so that around 500 employees helped out more than 2000 persons in need. This year we brought the Humanity Social Foundation on board in the implementation of the programme, as panel members and mentors helping the teams implement their projects.

Besides receiving support for their initiatives, our employees also had the opportunity to join in with central volunteering events.

We organised the Hungarian Food Bank's Charity Kitchen event for the second year. At the two events in 2019, around 350 employees cooked nearly 1200 portions of food, labelled 21,000 food tins and made 130 toy sets for persons in need. There was also an increase in the number of our blood donors, as 1019 employees donated 1932 times in total. We joined in with the Christmas for All fundraising drive of the International Children's Safety Service and both our employees and OTP Bank itself contributed by donating stationery kits to those in need. Our employees took part in the Together We Move programme of the KézenFogva (Hand in Hand) Foundation and in multiple campaigns and grant application programmes of the Humanity Social Foundation. The amounts we raised at our regular charity cake sales during the year were donated to the sick child of an employee, who also received the money made by collecting plastic bottle tops.

OTP Bank's Hungarian subsidiaries also took part in several volunteering actions (e.g. blood donation, donations to the Santa Claus Factory, bottle top collection) throughout the year.

Corporate Social Responsibility Award

In 2019 our Jászberény branch won OTP Bank's Responsible for Each Other Award, which recognises the team most active in working for the community. The employees of the branch volunteer

regularly, helping mostly persons in need and children. They also prioritise the financial and economic education of young people by giving presentations at schools, delivering classes during summer camps and training for parents; they help with career selection and even with finding a job. They also held several awareness-raising lectures about the protection of the environment. They believe it is important that disadvantaged children gain enriching experience, for which craft sessions and cooking together can provide an excellent opportunity.

OTP Community

RO The volunteering community of OTP Bank Romania assisted in numerous high-impact initiatives in 2019 too, continuing to focus on disadvantaged children. More than 30 employees took part in the two charity Bucharest Marathons, which was in aid of the Autism Voice non-governmental organisation. Joining a campaign of the Edulier Association, 100 employees donated fully kitted school bags to help disadvantaged children at the start of the school year. Following our campaign encouraging the use of 2% of their personal income tax, our employees gave financial help to five non-governmental organisations. We organised a charity fair where we sold products cooked or baked by our employees as well as the hand-made products of a non-governmental organisation. Our employees organised a collection of unused clothes, shoes and toys. Our bank organised blood donation events four times in 2019 too; our employees gave blood a total of 160 times.

BG DSK Bank and Expressbank employees took part in several charity events together, which also helped with team building. We worked for clearer air in Sofia when 100 employees volunteered to plant around 1000 trees in a project organised by the municipality. Employees from both banks also took part in the 'Good Hearts' charity fair, where donations were given to finance the production of electric tricycles designed specifically for disabled people. Our employees took part in three charity runs, which were in aid of the inclusion of disabled people and equal opportunities for disabled children. We held a charity lunch and fair before Christmas: by the choice of our employees, the receipts were donated to the ParaKids Sports Club, where disabled children can do sports. DSK Bank



matched the donations, so that the total contribution amounted to HUF 3 million. In 2019 our employees again took part in collecting plastic bottle tops for the manufacturing of wheelchairs.

HR Our Croatian subsidiary also has long-standing charitable traditions. 74 employees participated in the charity run Wings for Life World Run; the bank funded their registration fees, which were then donated to healthcare purposes. Our employees took part in the 'Croatian Volunteers' initiative, joining several programmes (e.g. the cleanup of Marjan forest park, assistance at the disabled athletics championship, blood donation).

RU Through volunteering, OTP Bank Russia employees made a significant contribution to the bank earning the title of 'Change Leader' for supporting local community initiatives in Tver and its neighbourhood.

RS Volunteers of our Serbian subsidiary took part in tree planting organised by the Novi Sad municipality.

MO CKB's employees have always been committed to good causes and participate in several initiatives every year. In 2019 we again organised blood donations, our employees took part in the national campaign for the reforestation of green spaces and raised funds for the Podgorica Children's Hospital.

UA The employees of our Ukrainian subsidiary participated wholeheartedly in several charity sales focused on different topics and held throughout the year.



**615 volunteers
at OTP Bank,
2 300 beneficiaries**

Our strategic goals

Launch donor platform

Establish conditions for, and start, pro bono volunteering at OTP Bank

Renew and reform the Prima Primissima Awards



Annex



OTP Bank's Standing Committees:

 GRI 102-18

Standing committees are set up within the competence of the Board of Directors.

Management Committee: The Bank's supreme managing body, the forum directly assisting the work of the Chairman & CEO. It has decision making powers concerning issues assigned to its scope of competence by the Organisational and Operational Rules, it issues preliminary position statements and performs the function of preparing decisions to be made on many of the issues submitted to the General Meeting, the Board of Directors or the Supervisory Board, along with a coordinating role in the Bank's executive management. The Committee plays a strategic role.

Asset-Liability Committee: OTP Bank Plc's management body for the highest-level issues concerning asset and liability management.

Product Development Sales and Pricing Committee: Committee responsible under its procedures for dealing with the products and services of the bank and those of its Hungarian subsidiaries sold through OTP Bank's sales channels, their normative pricing, their sale through the various other sales channels available, and major campaigns.

International Product Development, Sales and Pricing Committee: The management forum for addressing issues concerning the bank's products and services sold by its foreign subsidiary banks and their pricing and sale, as well as any differences in opinion arising between the bank's foreign subsidiary banks and OTP Bank's business units.

Work-out Committee: Regarding the enforcement of claims of doubtful recovery, it exercises the right of decision-making where such claims are included in the bank's portfolio, and the right of consent where such claims are included in the portfolios of specific Group members.

Credit-Limit Committee: The scope of its powers essentially includes the regulatory and methodological tasks of the bank and the group concerning lending and credit risk management, decisions on credit risk exposure to customers, and in the case of Group members exposed to credit risk, the exercise of the rights of decision-making and consent in respect of the duties involved.

IT and Operations Board: To provide guidance for the group's IT and non-IT investment strategy for the benefit of the prudent and safe operations of the Group. It has independent decision-making rights in the matters designated to it by the Organisational and Operational Rules and provides inputs for decisions by other bodies of the bank. It serves as the management forum for handling disagreements in IT and non-IT investment matters.

Group Operational Risk Management Committee: Monitors changes in operational risks, operational risk management and business continuity planning, and ensures that the risk management solutions and reporting lines required by law work appropriately.

Group Impairment Committee: The committee adopts decisions about issues concerning the group valuation methodology used for provisioning under IFRS 9.

Anti-Money Laundering Committee: In the event of specific money laundering risks arising, it adopts decisions about the possibility to maintain the business relationship concerned, or to approve its establishment.



Employee data

 GRI 102-8

Employees on permanent versus fixed-term contracts by region 2019.12.31.	Permanent		Fixed-term	
	%	persons	%	persons
Hungary	94.8%	10 338	5.2%	571
Russia	91.8%	9 646	8.2%	858
Ukraine	98.2%	2 857	1.8%	51
Bulgaria	92.3%	3 608	7.7%	301
Romania	97.6%	1 395	2.4%	35
Croatia	89.1%	2 010	10.9%	246
Serbia	96.0%	1 879	4.0%	78
Montenegro	87.1%	640	12.9%	95
Albania	94.2%	131	5.8%	8
Moldova	82.7%	785	17.3%	164
Slovenia	95.0%	785	5.0%	41
Slovakia	77.0%	517	23.0%	154
OTP Group	93.0%	34 875	7.0%	2 633

 GRI 404-2

Programmes in 2019 to help employees develop skills, remain in continual employment and complete their careers		
	OTP Bank	OTP Group
In-house training courses	Available	Typically available
External training or financial assistance to training	Available	Typically available
Leave of absence for studying, with job guaranteed to be reserved	Available	Typically available
Continued training for those who intend to keep on working after retirement	Not available	Typically not available
Severance pay	Available	Partly available
If the organisation provides severance pay, does it take into account the employee's age	Yes	Typically not
If the organisation provides severance pay, does it take into account the number of the employee's years of service	Yes	Partly yes
Jobseeker assistance for employees made redundant	Not available	Typically not available
Assistance during the transition to life without employment	Not available	Typically not available

Weighted average by employee headcount.

Typically not available/Typically no: available at less than 50% of the members of the Group.

Partly available: available at 51-70% of the members of the Group.

Typically available: available at 71-99% of the members of the Group.

402-1

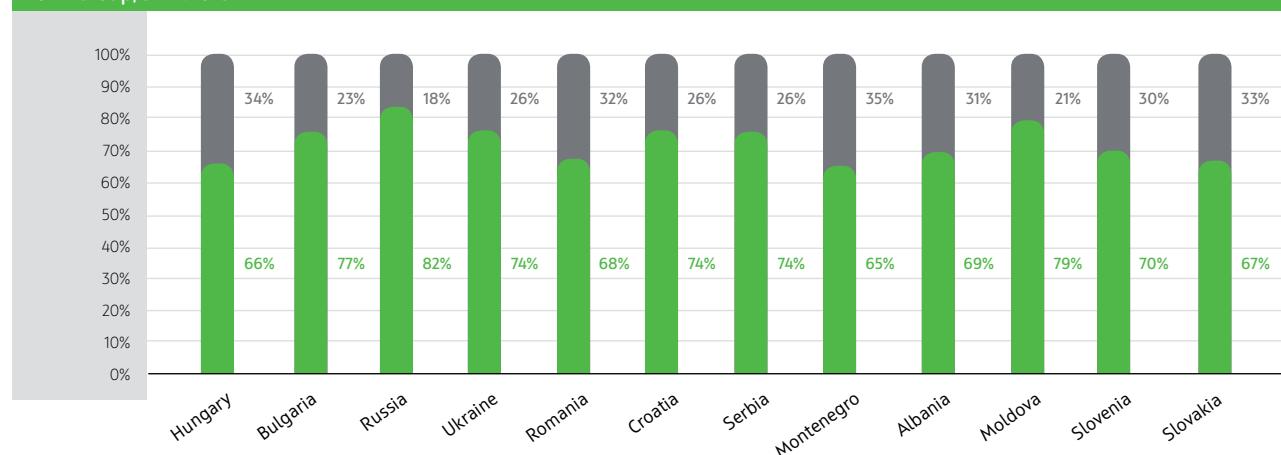
Minimum period of advance notice regarding significant organisational changes impacting employees	Minimum period of advance notice	Does the Collective Agreement set out a minimum period of notice?
OTP Bank	15 days	no
DSK Bank	no requirement in place	no
OTP banka Hrvatska	8 days	yes
OTP Bank Russia	2-3 months	no
OTP Bank Ukraine	60 days	no
OTP Bank Romania	20 working days	yes
OTP banka Srbija	8 days	no
CKB	no requirement in place	no
OTP Bank Albania	1-3 months	no
Mobiasbanca	no requirement in place	no
SKB Bank	30 days	yes
OTP Banka Slovensko	60 days	yes

401-1

Employees by age, 31.12.2019	OTP Bank	OTP Group
Under 30 years	1 453	9 959
30-49 years	5 822	21 347
Over 50 years	2 043	6 202

OTP Group employees by gender and region

OTP Group, 31.12.2019





GRI content index

The GRI content index table shows which indicators and requirements of the GRI (Global Reporting Initiative) Standards reporting standard used for this sustainability report we are reporting on and where the related information may be found.

Indicator number	Indicator description	Where to find it	Note / Reasons for omission
GRI 102: General disclosures 2016			
Organisational profile			
102-1	Name of the organisation	cover slide, website	https://www otpbank hu/portal/en/Disclaimer
102-2	Activities, brands, products and services	p. 9, website	https://www otpbank hu/portal/en/Retail https://www otpbank hu/portal/en/AboutUs/OTPGroup
102-3	Location of headquarters	p. 9-10, website	https://www otpbank hu/portal/en/Disclaimer
102-4	Location of operations	p. 10-11	15 countries, of which our Company has significant operations in 12 countries.
102-5	Ownership and legal form	Annual Report, website	https://www otpbank hu/static/portal/sw/file/Annual_Report_2019.zip https://www otpbank hu/portal/en/Disclaimer
102-6	Markets served	p. 9-11, Annual Report	The Annual Report provides more detailed information: https://www otpbank hu/static/portal/sw/file/Annual_Report_2019.zip
102-7	Scale of the organisation	p. 10-11, 70, Annual Report,	The Annual Report provides more detailed information: https://www otpbank hu/static/portal/sw/file/Annual_Report_2019.zip (loans and deposits as well)
102-8	Information on employees and other workers	p. 74, 106.	
102-9	Supply chain	p. 95, microsite	https://www otpfenntarthatosag hu/hu/konyezetvedelem
102-10	Significant changes to the organisation or its supply chain	p. 9, Annual Report	For changes in capitalisation and ownership structure, refer to the Annual Report. https://www otpbank hu/static/portal/sw/file/Annual_Report_2019.zip No major change took place in the supply chain.
102-11	Precautionary Principle or approach	p. 66, microsite	https://www otpfenntarthatosag hu/hu/felelos-szolgaltatas/etikus-uzleti-magatartas-es-biztonsag/biztonsag-es-kockazatkezeles
			OTP Bank, Merkantil Bank, OTP Lakástakarék and OTP Jelzálogbank are signatories to the Hungarian Banking Association's Code of Conduct, which is a recommendation for financial institutions regarding behaviour with customers and partners and describes ethical banking service provision, thus facilitating compliance with social norms. http://www bankszovetseg hu/Content/alapdokumentumok/Code-of-Conduct_20151021_Honlapra.pdf
102-12	External initiatives	GRI index	The Hungarian Advertising Code of Ethics was designed to serve as a collection of professional and ethical norms for entities engaged in advertising in the territory of Hungary, and to enable professional self-regulation as recognised by Parliament in the preamble to the Act on Essential Conditions of and Certain Limitations to Business Advertising and to the Act on the Prohibition of Unfair Commercial Practices against Consumers. OTP Bank is a signatory to the Code as revised in 2015. http://mrsz hu/cmsfiles/08/c1/Magyar_Reklametikai_Kodex_2015.pdf
102-13	Memberships of associations	microsite	www otpfenntarthatosag hu/static/otpfenntarthatosag/download/Szervezeti_tagsagok_2019.pdf
Strategy			
102-14	Statement from senior decision-maker	p. 7	
Ethics and integrity			
102-16	Values, principles, standards and norms of behaviour	p. 62, GRI Index, website, microsite	Code of Ethics: A standard Code of Ethics is in force at all members of OTP Group; any deviations are due to compliance with local laws. The Code of Ethics was approved by the Board of Directors. The Code is available on the websites of OTP Bank and the subsidiaries. https://www otpbank hu/static/portal/sw/file/OTP_EtikaiKodex_EN.pdf https://www otpfenntarthatosag hu/hu/felelos-szolgaltatas/etikus-uzleti-magatartas-es-biztonsag/etikus-es-atlathato-uzleti-magatartas
Governance			
102-18	Governance structure	p. 24-26, 105, website	https://www otpbank hu/static/portal/sw/file/200430_FTJ_e_083.pdf Board of Directors, Supervisory Board, executive operations management, Responsible Governance Report 30.04.2020 https://www otpbank hu/static/portal/sw/file/OTP_Bylaws_20200604.pdf
Stakeholder commitment			
102-40	List of stakeholder groups	microsite	https://www otpfenntarthatosag hu/hu/vallalati-felelossegvallalas-es-fenntarthatosag/strategia-es-a-felelossegvallalas-menedzsmentje/erintettek-es-kapsolattartas The list of stakeholders is available in the following document: https://www otpfenntarthatosag hu/static/otpfenntarthatosag/download/Kapsolattartas_modja_es_temaja.pdf
102-41	Collective bargaining agreements	p. 79, microsite	https://www otpfenntarthatosag hu/hu/felelos-munkaltato

Indicator number	Indicator description	Where to find it	Note / Reasons for omission
102-42	Identifying and selecting stakeholders	p. 17, 39-40, 83, microsite	
102-43	Approach to stakeholder engagement		https://www otpfenntarthatosag hu/hu/vallalati-felelossegvallallas-es-fenntarthatosag/strategia-es-a-felelossegvallallas-menedzsmentje/erintettek-es-kapcsolattartas
102-44	Key topics and concerns raised		https://www otpfenntarthatosag hu/static/otpfenntarthatosag/download/Kapcsolattartas_modja_es_temaja pdf
Reporting practice			
102-45	Entities included in the consolidated financial statements	GRI index , website	This Report covers the companies whose operations are relevant to social responsibility. The key members of OTP Group, including OTP Bank, all of the foreign subsidiaries and the following subsidiaries in Hungary: OTP Jelzálogbank, OTP Lakástakarék, OTP Faktoring, Merkantil Csoport, OTP Nyugdíjpénztár, OTP Egészségpénztár, OTP Pénztárszolgáltató, OTP Ingatlánlizing, OTP Ingatlan Befektetési Alapkezelő, OTP Alapkezelő, OTP Hungaro-Projekt, OTP Ingatlanüzemeltető, Monicomp, OTP Mobil, OTP Pénzügyi Pont, OTP Ingatlánpont, OTP Kártyagyártó. The entities included in the organisation's consolidated financial statements are listed in the Annual Report (Note 39) https://www otpbank hu/static/portal/sw/file/Annual_Report_2019 zip
102-46	Defining report content and topic Boundaries	p. 5-6, 17	
102-47	List of material topics	p. 5	
102-48	Restatements of information	p. 38, 85, 90-91, GRI index	Information may be restated due to changes in data collection methodology or if corrections are needed for previously disclosed erroneous information; this is noted at the relevant place within the text and in this GRI index. Restated information for 2018 (page 35): correctly, in disadvantaged regions the number of OTP Bank branches is 71 (19%) and the number of ATMs is 182 (9%).
102-49	Changes in reporting	GRI index	The range of companies covered by the report has changed.
102-50	Reporting period	p. 5	
102-51	Date of most recent report	GRI index , microsite	Our most recent Sustainability Report was issued for 2018. https://www otpfenntarthatosag hu/static/otpfenntarthatosag/download/OTP_Group_Sustainability_Report_2018_e pdf
102-52	Reporting cycle	p. 5	
102-53	Contact point for questions regarding the report	inside cover , GRI index	csr@otpbank.hu
102-54	Claims of reporting in accordance with GRI Standards	p. 5	
102-55	GRI content index	GRI index	
102-56	External assurance	p. 5, GRI Index , Certificate	Assurance on the report was provided by Deloitte Környezsgáló és Tanácsadó Kft. The assurance provider is independent of OTP Group.
List of material topics			
	The general principle we follow in respect of 103-3 indicators is to (also) use the specific indicators of a particular topic as part of our assessment, while the expected indicator data are used as the result. With other assessment methods, the presentation of the results always includes a clear reference to the method applied.		
201 Economic performance 2016			
103-1 (201 DMA)	Explanation of the material topic and its Boundary	p. 5-6, 18, microsite	https://www otpfenntarthatosag hu/hu/felelos-szolgaltatas/etikus-uzleti-magatartas-es-biztonsag
103-2 (201 DMA)	The management approach and its components	p. 18	
103-3 (201 DMA)	Evaluation of the management approach	p. 10-11, 70-71, website , microsite	https://www otpfenntarthatosag hu/static/otpfenntarthatosag/download/OTP_Group_Sustainability_Report_2018_e pdf https://www otpfenntarthatosag hu/hu/felelos-szolgaltatas/etikus-uzleti-magatartas-es-biztonsag/penzugi-stabilitas
201-1	Direct economic value generated and distributed	p. 70	
201-4	Financial assistance received from government	p. 71, website	https://www otpbank hu/static/portal/sw/file/Annual_Report_2019 zip
202 Market presence 2016			
103-1 (202 DMA)	Explanation of the material topic and its Boundary	p. 5-6, 20, microsite	https://www otpfenntarthatosag hu/hu/felelos-munkaltato
103-2 (201 DMA)	The management approach and its components	p. 23, GRI index	OTP Group has no comprehensive policy for giving preference to local residents in respect of employees and senior management.

Indicator number	Indicator description	Where to find it	Note / Reasons for omission
103-3 (202 DMA)	Evaluation of the management approach	p. 23	
202-2	Proportion of senior management hired from the local community	p. 23	Key Business Site: OTP Bank and foreign subsidiaries.
203 Indirect economic impacts 2016			
103-1 (203 DMA)	Explanation of the material topic and its Boundary	p. 5-6, 18-19	
103-2 (203 DMA)	The management approach and its components	p. 18-19, 43, GRI index, microsite	OTP Group does not employ a generic approach or objectives regarding indirect economic impacts but treats individual impacts on the basis of a strategic approach (e.g. lending, employment, financial education). In indirect economic impacts as well, we always act in accordance with the principle of ethical business behaviour. https://www otpfenntarthatosag.hu/hu/felelos-szolgaltatas/etikus-uzleti-magatartas-es-biztonsag/etikus-es-atlathato-uzleti-magatartas
103-3 (203 DMA)	Evaluation of the management approach	p. 18-19	
203-2	Significant indirect economic impacts	p. 18-20, 46, 50, 54, 56, 57	
205 Anti-corruption 2016			
103-1	Explanation of the material topic and its Boundary	p. 5-6, microsite, website	https://www otpfenntarthatosag.hu/hu/felelos-szolgaltatas/etikus-uzleti-magatartas-es-biztonsag/etikus-es-atlathato-uzleti-magatartas https://www otpbank.hu/static/portal/sw/file/OTP_EtikaiKodex_EN.pdf
103-2 (206 DMA)	The management approach and its components	p. 25, 61-63	
103-3 (206 DMA)	Evaluation of the management approach	p. 62, microsite	
205-2	Communication and training on anti-corruption policies and procedures	p. 62, 77, GRI index, microsite	https://www otpfenntarthatosag.hu/hu/felelos-szolgaltatas/etikus-uzleti-magatartas-es-biztonsag/etikus-es-atlathato-uzleti-magatartas The number and proportion of participants in orientation and training is equal to the number and proportion of new hires. Their proportion is shown on page 74. Each year the members of the governing bodies sign off on the Code of Ethics, i.e. they were fully informed. We consider commissioned agents and suppliers as our business partners; all partners currently in a contract with us were informed about the Code of Ethics at the time of contracting. We do not have reliable group-level data about the number of commissioned agents and suppliers. We commit to reporting on this indicator fully in 2022.
206 Anti-competitive behaviour 2016			
103-1	Explanation of the material topic and its Boundary	p. 5-6, microsite, website	https://www otpfenntarthatosag.hu/hu/felelos-szolgaltatas/etikus-uzleti-magatartas-es-biztonsag/etikus-es-atlathato-uzleti-magatartas https://www otpbank.hu/static/portal/sw/file/OTP_EtikaiKodex_EN.pdf
103-2 (206 DMA)	The management approach and its components	p. 25, 61-62, microsite	https://www otpfenntarthatosag.hu/hu/felelos-szolgaltatas/etikus-uzleti-magatartas-es-biztonsag/etikus-es-atlathato-uzleti-magatartas
103-3 (206 DMA)	Evaluation of the management approach	p. 63-65	
206-1	Legal actions for to anti-competitive behaviour, anti-trust and anti-monopoly practices	p. 63-65	
302 Energy 2016			
103-1 (302 DMA)	Explanation of the material topic and its Boundary	p. 5-6, 89, microsite	https://www otpfenntarthatosag.hu/hu/kornyezetvedelem
103-2 (302 DMA)	The management approach and its components	p. 26, 89-90, 92, microsite	https://www otpfenntarthatosag.hu/hu/kornyezetvedelem
103-3 (302 DMA)	Evaluation of the management approach	p. 89, 91-92	
302-1	Energy consumption within the organisation	p. 90	

Indicator number	Indicator description	Where to find it	Note / Reasons for omission
305 Emissions 2016			
103-1	Explanation of the material topic and its Boundary	p. 5-6, 89, microsite	https://www otpfenntarthatosag hu/hu/konyezetvedelem
103-2 (305 DMA)	The management approach and its components	p. 26, 89, 91-92, microsite	https://www otpfenntarthatosag hu/hu/konyezetvedelem
103-3 (305 DMA)	Evaluation of the management approach	p. 89, 91-92	
305-1	Direct (Scope 1) GHG emissions	p. 91	
305-2	Indirect (Scope 2) GHG emissions	p. 91	
307 Environmental compliance 2016			
103-1	Explanation of the material topic and its Boundary	p. 5-6, 58, microsite	https://www otpfenntarthatosag hu/hu/felelos-szolgaltatas/etikus-uzleti-magatartas-es-biztonsag/etikus-es-atlathato-uzleti-magatartas
103-2 (307 DMA)	The management approach and its components	p. 25, 61-62, microsite	https://www otpfenntarthatosag hu/hu/felelos-szolgaltatas/etikus-uzleti-magatartas-es-biztonsag/etikus-es-atlathato-uzleti-magatartas https://www otpfenntarthatosag hu/hu/konyezetvedelem
103-3 (307 DMA)	Evaluation of the management approach	p. 61-62, microsite	https://www otpfenntarthatosag hu/hu/felelos-szolgaltatas/etikus-uzleti-magatartas-es-biztonsag/etikus-es-atlathato-uzleti-magatartas https://www otpfenntarthatosag hu/hu/konyezetvedelem
307-1	Non-compliance with environmental laws and regulations	p. 64-65	
401 Employment 2016			
103-1	Explanation of the material topic and its Boundary	p. 5-6, 20, microsite	https://www otpfenntarthatosag hu/hu/felelos-munkaltato
103-2	The management approach and its components	p. 26, 73-74, microsite	https://www otpfenntarthatosag hu/hu/felelos-munkaltato
103-3 (401 DMA)	Evaluation of the management approach	7p. 4, 76-77, 79, 83, microsite	https://www otpfenntarthatosag hu/hu/felelos-munkaltato
401-1	New employee hires and employee turnover	p. 76-77	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	p. 80	
401-3	Parental leave	p. 84	Indicator reported in detail.
402 Labour/management relations 2016			
103-1 (402 DMA)	Explanation of the material topic and its Boundary	p. 5-6, 79, microsite	https://www otpfenntarthatosag hu/hu/felelos-munkaltato
103-2 (402 DMA)	The management approach and its components	p. 26, 79, 82, microsite	https://www otpfenntarthatosag hu/hu/felelos-munkaltato
103-3 (402 DMA)	Evaluation of the management approach	p. 79, 83, microsite	https://www otpfenntarthatosag hu/hu/felelos-munkaltato
402-1	Minimum notice periods regarding operational changes	p. 79, 107	
403 Occupational health and safety 2018			
103-1 (403 DMA)	Explanation of the material topic and its Boundary	p. 5-6, 84-85, microsite	https://www otpfenntarthatosag hu/hu/felelos-munkaltato
103-2 (403 DMA)	The management approach and its components	p. 6, 84-85, microsite	https://www otpfenntarthatosag hu/hu/felelos-munkaltato
103-3 (403 DMA)	Evaluation of the management approach	p. 85, GRI index: 403-1-6, microsite	https://www otpfenntarthatosag hu/hu/felelos-munkaltato
403-1	Occupational health and safety management system	GRI Index	We do not have a certified governance system.
403-2	Hazard identification, risk assessment and incident	p. 85, GRI Index	We conduct these activities based on an internal Health and Safety Regulation compliant with the law. Threats are identified through regular risk assessment. Threats and risk situations are reported by the employees mostly to the managers of the relevant organisational units.

Indicator number	Indicator description	Where to find it	Note / Reasons for omission
403-3	Occupational health services	p. 85, GRI index	They are provided in accordance with the statutory requirements.
403-4	Worker participation, consultation and communication	GRI index	We operate a health and safety joint body, which has at least one regular meeting a year, evaluating the health and safety efforts of the organisation, discussing and evaluating the actions taken, the action plans and the health and safety strategy, and defining the main directions and tasks in the internal regulation of health and safety.
403-5	Worker training on occupational health and safety	p. 85, GRI index	Health and safety training is provided in compliance with the statutory requirements; the details are set out in the health and safety internal regulations of the members of the banking group. In general, the objective of the training is to explain to employees the risk factors, the methods to protect themselves from risk, to teach them the theory and practice of safe work and the relevant rules and requirements.
403-6	Promotion of worker health	p. 85-86	
403-7	Prevention and mitigation of OHS impacts directly linked by business relationships	GRI index	We did not identify any significant negative occupational health and safety impacts associated with the operations, products or services of OTP Group directly via its business relationships.
403-9	Work-related injuries	p. 85	Our legally compliant health and safety risk assessment did not identify threats raising the risk of serious accidents.
404 Training and education 2016			
103-1 (404 DMA)	Explanation of the material topic and its Boundary	p. 5-6, 73, 81, microsite	https://www.otpfenntarthatosag.hu/hu/felelos-munkaltato
103-2 (404 DMA)	The management approach and its components	p. 73, 81-82, microsite	https://www.otpfenntarthatosag.hu/hu/felelos-munkaltato
03-3 (404 DMA)	Evaluation of the management approach	p. 82, microsite	https://www.otpfenntarthatosag.hu/hu/felelos-munkaltato
404-1	Average hours of training per year per employee	p. 82	
404-2	Programmes for upgrading employee skills transition assistance programmes	p. 81, 106	
405 Diversity and equal opportunity 2016			
103-1	Explanation of the material topic and its Boundary	p. 5-6, microsite	https://www.otpfenntarthatosag.hu/hu/felelos-munkaltato
103-2 (405 DMA)	The management approach and its components	p. 23, 26, 78, microsite, website	https://www.otpfenntarthatosag.hu/hu/felelos-munkaltato https://www.otpfenntarthatosag.hu/hu/felelos-szolgaltatas/etikus-uzleti-magatartas-es-biztonsag/etikus-es-atlathato-uzleti-magatartas https://www.otpbank.hu/static/portal/sw/file/Annual_Report_2019.zip helyes link: https://www.otpbank.hu/static/portal/sw/file/OTP_EtikaiKodex_EN.pdf
103-3 (405 DMA)	Evaluation of the management approach	p. 23, 78	
405-1	Diversity of governing bodies and employees	p. 78, website	https://www.otpbank.hu/portal/en/IR/CorporateGovernance Data on ethnic background is not listed owing to statutory regulations.
405-2	Ration of basic salary and remuneration of women to men	p. 80	
406 Non-discrimination 2016			
103-1 (406 DMA)	Explanation of the material topic and its Boundary	p. 5-6, 61, microsite	https://www.otpfenntarthatosag.hu/hu/felelos-szolgaltatas/etikus-uzleti-magatartas-es-biztonsag/etikus-es-atlathato-uzleti-magatartas
103-2 (406 DMA)	The management approach and its components	p. 25, 61-63, microsite	https://www.otpfenntarthatosag.hu/hu/felelos-szolgaltatas/etikus-uzleti-magatartas-es-biztonsag/etikus-es-atlathato-uzleti-magatartas
103-3 (406 DMA)	Evaluation of the management approach	p. 63-65	
406-1 (406 DMA)	Incidents of discrimination and corrective actions taken	p. 63-65	

Indicator number	Indicator description	Where to find it	Note / Reasons for omission
410 Security practices 2016			
103-1	Explanation of the material topic and its Boundary	p. 5-6, microsite	https://www otpfenntarthatosag hu/hu/felelos-szolgaltatas/biztonsag
103-2	The management approach and its components	microsite	https://www otpfenntarthatosag hu/hu/felelos-szolgaltatas/biztonsag
103-3	Evaluation of the management approach	microsite	https://www otpfenntarthatosag hu/hu/felelos-szolgaltatas/biztonsag
410-1	Security personnel trained in human rights policies or procedures	GRI index , microsite	https://www otpfenntarthatosag hu/hu/felelos-szolgaltatas/biztonsag 100%
413 Local communities 2016			
103-1 (413 DMA)	Explanation of the material topic and its Boundary	p. 5-6, 19-20, 43	The basic indicators in the GRI Standards (413-1 and 413-2) do not apply to OTP Group. The requirements are useful for presenting the management of the impacts of operations different from those of banking group (e.g. extraction, manufacturing); the negative impacts do not apply to a banking group in the form represented by the indicators. However, the FS13 sector-specific indicator applies to OTP Group, and we therefore report it.
103-2 (413 DMA)	The management approach and its components	p. 35, 43,	
103-3 (413 DMA)	Evaluation of the management approach	p. 46, 98-99	
FS13	Access points in low-populated or economically disadvantaged areas by type	p. 35 , website	helyett: https://www otpbank hu/portal/hu/Kapcsolat/Fiokkereso (The branch networks of foreign subsidiary banks are accessible on their respective websites.)
415 Public policy 2016			
103-1	Explanation of the material topic and its Boundary	p. 5-6, 62.	OTP Group is committed to reporting on political contributions.
103-2 (415 DMA)	The management approach and its components	p. 33, 62, website	https://www otpbank hu/static/portal/sw/file/OTP_EtikaiKodex_EN.pdf
103-3 (415 DMA)	Evaluation of the management approach	p. 33	
415-1	Political contributions	GRI index	OTP Group does not sponsor such persons or organisations.
417 Marketing and labelling 2016			
103-1 (417 DMA)	Explanation of the material topic and its Boundary	p. 5-6, 29, 36, microsite	https://www otpfenntarthatosag hu/hu/felelos-szolgaltatas/kozpontban-az-ugyfelek/korrekt-es-hiteles-tajekoztatas https://www otpfenntarthatosag hu/hu/penzugyi-kultura-fejlesztese
103-2 (417 DMA)	The management approach and its components	p. 29, 36, 44-45, 47, microsite	https://www otpfenntarthatosag hu/hu/felelos-szolgaltatas/kozpontban-az-ugyfelek/korrekt-es-hiteles-tajekoztatas https://www otpfenntarthatosag hu/hu/penzugyi-kultura-fejlesztese
103-3 (417 DMA)	Evaluation of the management approach	p. 61-62, 64-65, microsite	https://www otpfenntarthatosag hu/hu/penzugyi-kultura-fejlesztese
417-2	Incidents of non-compliance concerning product and service information and labelling	p. 44 , GRI Index	In 2019 there was no non-compliance with voluntarily accepted standards regarding information provision on, and labelling of, products and services.
417-3	Incidents of non-compliance concerning marketing communications	p. 44 , GRI Index	In 2019 there was no non-compliance with voluntarily accepted standards regarding marketing communications.
418 Customer privacy 2016			
103-1 (418 DMA)	Explanation of the material topic and its Boundary	p. 5-6, 61, microsite	https://www otpfenntarthatosag hu/hu/felelos-szolgaltatas/etikus-uzleti-magatartas-es-biztonsag/biztonsag-es-kockazatkezeles
103-2 (418 DMA)	The management approach and its components	p. 25, 61-62, 69, microsite	https://www otpfenntarthatosag hu/hu/felelos-szolgaltatas/etikus-uzleti-magatartas-es-biztonsag/biztonsag-es-kockazatkezeles
103-3 (418 DMA)	Evaluation of the management approach	p. 69, microsite	https://www otpfenntarthatosag hu/hu/felelos-szolgaltatas/etikus-uzleti-magatartas-es-biztonsag/biztonsag-es-kockazatkezeles
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	p. 69	

Indicator number	Indicator description	Where to find it	Note / Reasons for omission
A19 Socioeconomic compliance 2016			
103-1 (419 DMA)	Explanation of the material topic and its Boundary	p. 5-6, 61, microsite	https://www otpfenntarthatosag.hu/hu/felelos-szolgaltatas/etikus-uzleti-magatartas-es-biztonsag/etikus-es-atlathato-uzleti-magatartas
103-2 (419 DMA)	The management approach and its components	p. 61-62, microsite	https://www otpfenntarthatosag.hu/hu/felelos-szolgaltatas/etikus-uzleti-magatartas-es-biztonsag/etikus-es-atlathato-uzleti-magatartas
103-3 (419 DMA)	Evaluation of the management approach	p. 62-65, microsite	https://www otpfenntarthatosag.hu/hu/felelos-szolgaltatas/etikus-uzleti-magatartas-es-biztonsag/etikus-es-atlathato-uzleti-magatartas https://www otpbank.hu/static/portal/sw/file/200430_FTJ_e_083.pdf
419-1	Non-compliance with laws and regulations in the social and economic area	p. 63-65	We place in this category all proceedings other than proceedings brought due to the breach of environmental legislation.
Product portfolio (sector-specific)			
103-1	Explanation of the material topic and its Boundary	p. 5-6, 18-19, microsite	https://www otpfenntarthatosag.hu/hu/felelos-szolgaltatas/etikus-uzleti-magatartas-es-biztonsag/biztonsag-es-kockazatkezeles
103-2	The management approach and its components	p. 56, 57, 62-63, microsite	https://www otpfenntarthatosag.hu/hu/felelos-szolgaltatas/etikus-uzleti-magatartas-es-biztonsag/biztonsag-es-kockazatkezeles
103-3	Evaluation of the management approach	p. 56-59, 66, microsite	https://www otpfenntarthatosag.hu/hu/felelos-szolgaltatas/etikus-uzleti-magatartas-es-biztonsag/biztonsag-es-kockazatkezeles
FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector	p. 58-59	
SASB indicators – given the operating territory of the banking group, we do not report compliance with USA legislation and required distributions, the indicators are not comprehensive			
FN-CB-230a.1	Number data breaches, percentage involving personally identifiable information (PII), number of account holders affected	p. 69	
FFN-CB-410a.1	Commercial and industrial credit exposure, by industry	p. 58-59	We present assets by sector.
FN-CB-510a.1	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations	p. 64-65	
FN-CB-510A.2	Policies and procedures of whistleblower policies and procedures	p. 62, website	https://www otpbank.hu/static/portal/sw/file/tajekoztato_etikai_bejelentes_rendszere.pdf
FN-MF-270a.3	Total amount of monetary losses as a result legal proceedings associated with communications to customers or remuneration of loan originators	p. 64-65	

INDEPENDENT ASSURANCE REPORT

To the management of OTP Bank Nyrt.

This report has been prepared in accordance with the terms of our contract dated 30th June 2020 in order to report on the independent external party examination of OTP Bank Nyrt.'s Sustainability Report 2019 document (hereinafter "Report") presenting the non-financial performance and sustainable operation of OTP Bank Nyrt.

The responsibility of OTP Bank Nyrt's management

The Management of OTP Bank Nyrt. is responsible for the preparation of the Report in accordance with the Global Reporting Initiative (GRI) Standard, Core option, as described in the guideline to the Report.

This responsibility includes the selection and application of appropriate methods to prepare the Report and the use of assumptions and estimates which are reasonable in the given circumstances. The Management of OTP Bank Nyrt. is also responsible to maintenance of an internal monitoring system, which the management deems adequate to enable the preparation of a Report free from material misstatement, whether due to fraud or error.

The scope of the examination, its criteria and its limitations

The aim of this limited assurance engagement is to express a conclusion whether the selected sustainability performance indicators of the Report prepared for the year ended 31 December 2019 are prepared by the Management of OTP Bank Nyrt. in line with the GRI criteria and that the Report overall fulfils the criteria of the GRI in accordance Core option.

The limitations of our examination

During our examination we have not fully examined all the sustainability performance indicators and textual information stated in the Report. The scope of our examination included solely the sustainable performance indicators stated in the Report.

Our examination solely included the compliance of the data reporting procedure with GRI principles and the sample-based testing of the data sources for the selected sustainability performance indicators.

Our examination of numerical data related to OTP Bank Nyrt. included in the Report was limited to the sustainability performance indicators

- 305-1 – Direct (Scope 1) GHG emissions,
- 401-1 – New employee hires and employee turnover,
- 404-1 – Average hours of training per year per employee,
- 418-1 – Substantiated complaints concerning breaches of customer privacy and losses of customer data,
- FS13 – Access points in low/populated or economically disadvantaged areas by type.

together with the testing of the data sources. The examination of the other numerical data presented in the Report has not been performed.

We have not examined previous years' data and trends relating to the performance indicators presented in the Report.

Our report has been prepared for the Management of OTP Bank Nyrt. solely for the purpose described in the first section of this report and it shall not be used for other purposes or be published in other documents.

Our responsibility

Our responsibility is to report on the selected data and information included in the Report of 2019.

We conducted our engagement in accordance with the International Standard on Assurance Engagements 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" ("ISAE 3000"). This standard requires that we comply with the ethical requirements as well as plan and perform the assurance engagement to obtain limited assurance whether the selected information and data included in the Report of 2019 have been prepared, in all material respects, in accordance with the GRI criteria.

This standard requires us to comply with ethical requirements and to plan and conduct our work to gather limited assurance on whether the selected information and data comply with the GRI requirements from all material aspects.

We apply the provisions of the international standard on "Quality control for firms that perform audits and reviews of financial statements, and other assurance and related services engagements" (ISQC 1), and, accordingly, we sustain a comprehensive quality assurance system, including documented policies and procedures that comply with the ethical requirements, professional standards and the relevant Regulatory requirements.

We comply with the independence and other ethical requirements referred to in the Code of Ethics for Professional Accountants published by the International Ethics Standards Board for Accountants, based on the principles of fairness, objectivity, professional competence and due care, confidentiality and behaviour worthy of the profession.

Summary of the work performed

The verification process, the examination and evaluation of the Report have been prepared following the ISAE 3000 and according to the GRI Standards and its Financial Services Sector Supplement.

Procedures performed:

1. Assessment of the GRI in accordance Core level
 - Examination of the completeness and appropriate application of indicators used in the Report.
 - Definitional examination of the use of GRI indicators stated in the Report.
 - The evaluation of the Report's compliance with GRI principles.
2. Data level assessment of five selected sustainability performance indicators, providing limited assurance
 - Examination of the proper collection of basic data, examination of on-site aggregation and conversion of basic data, examination of the adequacy of data provision.
 - Checking whether the data was generated according to the definition of the respective indicator
3. To confirm and to complete the statements above, we have conducted the following interviews at the selected departments connected to the verification of the Report of 2019: Property Investments and Supply Chain Directorate, Human Resources Management Directorate, Marketing and Communication Directorate, Compliance Directorate.

In engagements providing limited assurance, the evidence-gathering procedures are more limited than for a reasonable assurance engagement, therefore, less assurance is obtained, than in case of a reasonable assurance engagement.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on our limited assurance engagement, nothing has come to our attention that would cause us to believe that the selected information and data of the Report have not been prepared, in all material respects, in accordance with Core option of GRI Standard criteria, and the Report would not comply with the GRI.

Budapest, 05 September 2020

Tamás Horváth

Partner

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