



Sustainability Report 2021

Contents

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



More information on another page of this Sustainability Report.



More information about the subject available on our website.



For additional information see the Annex.



Information relevant to specific subsidiaries and countries are marked by country codes:

AL | BG | HU | HR | MD | MO | RO | RS | RU | SI | UA

About the Report	3
Chairman's Welcome	5
OTP Group	6
1. Our Approach to Sustainability	12
2. Responsible Corporate Governance	17
3. Responsible Finance	23
3.1 Customer satisfaction	25
3.2 Responsible marketing communication, objective and clear information provision	27
3.3 Improving financial knowledge regarding banking services	29
3.4 Responsible selling	32
3.5 Accessibility of financial services	32
3.6 Development of financial literacy among the population	39
4. Financial Services for Sustainability	43
4.1 Households and residential communities	45
4.2 Micro, small and medium-sized business customers	50
4.3 Agro sector customers	52
4.4 Corporate loans with environmental benefits	54
4.5 Portfolio components by sector	55
4.6 Credit risks	57
5. Ethical Business Practice	59
5.1 Compliance and adherence to laws and regulations	61
5.2 Improvements to complaint management	65
5.3 Data protection, protection of personal data	66
5.4 Secure operation	67
5.5 Payments to stakeholders	70
6. Responsible Employer	72
6.1 Employment	74
6.2 Employee satisfaction measurement	79
6.3 Career opportunities	79
6.4 Remuneration and rewarding of employees	80
6.5 Training and education	82
6.6 Engagement of employees	83
6.7 Health, working environment	84
7. Our Direct Environmental Impacts and Awareness Raising	88
8. Community Involvement	98
Annex	106
GRI Content Index	111

GRI 102-54

About the Report

This Report is OTP Group's Sustainability Report for the 2021 reporting period. The Report has been prepared in accordance with the GRI Standards: Core option¹.

GRI 102-10, 102-45, 102-50, 102-52, 102-56

Characteristics of the Sustainability Report

Entities included	OTP Group: OTP Bank Plc. and subsidiaries consolidated under the IFRS ²
Reporting period	2021 calendar year
Time horizon of data presented	2021 and the preceding four years as possible
Reporting cycle	annual
Reporting standard	GRI Standards 2016, Core SASB ³ Commercial Banks, Consumer Finance, Mortgage Finance
Date of most recent report	report published in July 2021 for year 2020
External assurance	independent (third party) assurance; assurance provider: Ernst&Young Ltd.

GRI 102-46

Criteria applied in defining the report content and topic Boundaries:

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), information required for the SASB indicators.

GRI 103-1

We defined the material topics presented in the report in the context of executive assessment in 2014, in accordance with the criteria of the materiality principle, which we revised in 2018 based on the results of an extensive stakeholder survey ([see Sustainability Report 2020](#) p. 8). The above survey confirmed the outcome of our earlier assessment.

GRI 102-47, 103-1

List of the material topics of OTP Bank Plc.

Socioeconomic compliance	Labour/management relations
Anti-corruption	Occupational health and safety
Economic performance	Security practices
Preventing anti-competitive behaviour	Product portfolio (sector-specific)
Marketing and labelling	Employment
Customer privacy	Local communities
Market presence	Diversity and equal opportunity
Non-discrimination	Environmental compliance
Public policy	Emissions
Indirect economic impacts	Energy
Training and education	

¹ The GRI (Global Reporting Initiative) is the most widely recognised and applied sustainability reporting framework at the international level.

² Entities included in the consolidated circle under the IFRS financial statements throughout the full year of 2021, except the terminated/merging entities on which information was available at the beginning of 2022. Due to their size and activity, the latter entities exert a marginal influence on sustainability impacts and performance. List of entities: https://www.otpbank.hu/static/portal/sw/file/OTP_2021IQ_e_final.pdf pp. 53–54. The list of entities included in the 2020 report is available in the [Sustainability Report](#) p. 5.

³ Sustainability Accounting Standards Board

Report Boundary

The report Boundary extends to OTP Group except in the following cases:

- security practices: the report covers the supplier chain as well,
- Public policy and indirect economic impacts: the only entities covered are the parent bank and subsidiary banks with a significant weight within their countries: DSK Bank, OTP Bank Serbia and CKB.

Involving sustainability experts in the reporting, conducting regular benchmarking analyses, ESG assessments and monitoring the development trends in the sector on a continuous basis all serve the purpose of understanding and incorporating the sustainability context and our impacts.

In preparing for reporting in compliance with the requirements of GRI Standards 2021, we commenced the execution of the materiality review. While we modified the scope of material topics in the report for 2022 – concurrently with the transition to the new Standard –, we strive to respond to stakeholder feedback in this report already, by adjusting the structure of the report and modifying the scope of information presented.

GRI 102-10

In 2021 the scope of entities included in the report expanded significantly compared to previous years as a result of our transition to the consolidation circle. We included Group Members outside of Hungary even beyond subsidiaries; moreover, the number of subsidiaries covered increased in Hungary as well.

The list of entities covered in previous years is included in earlier [Sustainability Reports](#).

The material impacts arising from the modification of the entities covered are presented together with the relevant topics. Companies engaged in agricultural and food industry activities (NAGISZ Zrt., Nádudvari Élelmiszer Kft., HAGE Zrt.) are consolidated from 2021 from a financial viewpoint as well.

GRI 305-1, 305-2

Consolidation approach applied for the topic of GHG emissions: operational control.

We present the data in the following subsets:

- primarily: OTP Bank and OTP Group;
- breakdown by country, where required by the GRI;
- financial data: OTP Core⁴ and OTP Group.

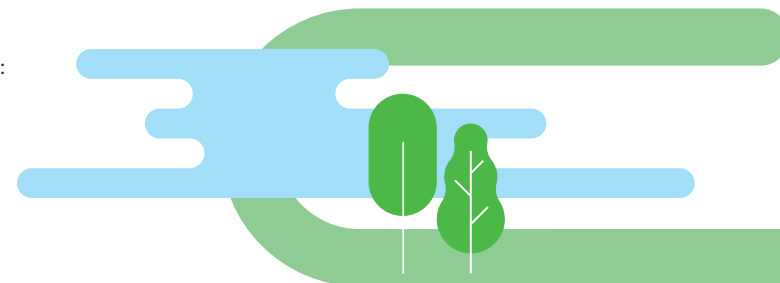
When presenting non-quantifiable information and practices, we always specify the companies to which they refer.

Further information on our sustainability performance is available on [our website](#), which presents general information on our responsible operations, their impacts and our principles.

which presents general information on our responsible operations, their impacts and our principles.

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 the Company's [website](#). The Annual Report incorporates the non-financial statement in compliance with statutory requirements. Customers can also learn about the Company's sustainability activities on the display screens located in our branches.



⁴ OTP Core is the business entity measuring the core activities of OTP Group Hungary, comprising, in 2021: OTP Bank Plc., 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 Rész tulajdonosi Programme Szervezet (OTP Bank's Employee Stock Ownership Plan Organisation), OTP Kártyagyártó Kft., OTP Ingatlanüzemeltető Kft., MONICOMP Zrt., as well as OTP Ingatlanpont Ingatlanközvetítő Kft., OTP Mobil Szolgáltató Kft., OTP eBIZ Kft. and – from June 2021 – OTP Otthonmegoldások Kft. Apart from its financial data, the Sustainability Report does not cover OTP Otthonmegoldások Kft.

GRI 102-14, 201: 103-1, 103-2, 103-3

Chairman's Welcome

Year 2021 was a dynamic and, in many regards, highly successful year. The positive connotation of the word 'dynamic' is overshadowed by the armed conflict against Ukraine at the time of drawing up the report.

Dear Reader,

In spring 2021 we had been looking forward to the end of the then year-long coronavirus pandemic; personally, I had been confident that we would leave behind the pandemic in a short time. Although this did not turn out to be the case and the whole year was accompanied by the pandemic, thanks to the efforts of co-workers and senior colleagues, we were able to respond to each wave more easily, relying on an already established routine, ensuring the safety of employees and customers and the smooth operation and service delivery of the Bank. I owe a debt of thanks to my colleagues for their responsible attitude and prudence exhibited in relation to testing, vaccinations and workplace presence, which helped to prevent the spread of the pandemic within the Banking Group.

As life just started to return to normal after the pandemic, a war broke out on 24 February 2022, which should be mentioned even if it points beyond the reporting period. Our primary concern is the safety of our local colleagues who are running the Bank despite the tragic circumstances, and keep the branch offices open wherever they can.



It is reassuring to see that, even in this situation, Ukrainian customers choose our Bank and continue to deposit their money in OTP Bank rather than taking it away from us. Meanwhile, we are also taking care of the safety and subsistence of OTP families arriving from Ukraine, and are seeking opportunities to help the colleagues who remained in Ukraine. I am proud of the helpfulness and combined community efforts of my colleagues in this area.

Looking back at the year 2021, I think it was an important event that, of all Hungarian credit institutions, OTP Bank was the first to sign the Principles for Responsible Banking – which constitute a part of the UN Environment Programme –, committing to put sustainability at the centre of our business activity. As a signatory, we strengthen our commitment to sustainable banking operation, thereby contributing to social and economic sustainability. By accepting the Principles we joined the greatest global banking community of the world with a mission to promote sustainable finance.

In 2021 we approved the environmental, social and governance (ESG) strategy of OTP Group, stating one of our main objectives, namely, 'to be the regional leader in financing a fair and gradual transition to a low carbon economy and building a sustainable future by offering balanced financing opportunities'. As part of our strategy, in respect of the operation of OTP Bank, we are aiming to achieve net carbon neutrality by 2022 and, in addition to green goals, we also defined social and governance commitments.

The implementation of the ESG strategy yielded perceivable results in 2021 already: we designed several product versions in support of the green economic transition. OTP Jelzálogbank was the first to issue green

mortgage bonds in Hungary, and we finished the integration of ESG aspects into important elements of our risk management framework. However, we still have a long way ahead until sustainability criteria are fully integrated into our operation. Our subsidiaries are formulating their own ESG strategies in 2022; we continue to expand our product spectrum, to enhance risk management, and to design the frameworks of our social and governance strategy. The administration of measurement and monitoring is also a significant task to implement.

Our commitment to the development of financial literacy is unbroken as we are convinced that it is an important prerequisite of the development of the region. The OTP Fáy András Foundation has a prominent role in the expansion of financial literacy and preparations for mindful cash handling, not only in Hungary but – through its professional guidance – in the countries of several subsidiaries. The unique methodology of the Foundation placed the youth in its focus in the past; in 2021, however, it commenced work on developing broadly available training materials with a view to developing the financial literacy and mindfulness of adults. We hope that this may elevate the efficiency of the development of financial literacy to a new level.

Please learn more about the details of our activities aimed at sustainable development in the 16th Sustainability Report of OTP Group.

Kind regards,

Dr. Sándor Csányi
Chairman and CEO

The background of the slide is a vibrant green. On the right side, there is a large, stylized illustration. It features a globe with green continents and light green oceans. Above the globe, there are concentric circles with dashed lines, resembling a target or a radar screen, with a white dot in the center and a thin white line extending from it. Below the globe, there are several stylized human figures in various shades of green and blue, some appearing to be in motion or interacting. The overall design is modern and tech-oriented.

Stability

Profitability

Growth

Innovation

OTP Group

As at the end of 2021, our Banking Group served
15.8 million customers across eleven countries.

OTP Group is a leading and dynamically growing financial service provider group in the Central and Eastern European region, with unique regional expertise and commitment. Our objective is to become one of the most successful universal Banking Groups in Central and Eastern Europe. We are a credit institution of decisive importance in Hungary, Bulgaria, Serbia and Montenegro. As at the end of 2021, our Banking Group served 15.8⁵ million customers across eleven countries.

GRI 102-2, GRI 102-6

OTP Group engages in the provision of universal financial services; its flagship organisation is OTP Bank Hungary. Through the Hungarian group members, we offer solutions for all financial needs. Economies of scale is an important criterion in all countries; however, our foreign subsidiary banks maintain different service portfolios, always aiming to leverage development potentials and responding to market conditions.

In addition to retail customers, our Group also intends to be the primary bank for enterprises and corporations. Serving agricultural companies and micro, small and medium-sized enterprises is a priority for us.

[OTP Group](#)

OTP Bank seeks growth opportunities continuously, and it has become one of the most active credit institutions in Europe in the area of acquisitions. In 2021 we signed an agreement in Slovenia on the acquisition of Nova KBM, the second largest bank of the country, and in Albania, on the acquisition of Alpha Bank Albania. The transactions are expected to be completed in 2022.

⁵ Consolidated, active customer number.

GRI 102-6, 102-7

Summary ESG data of OTP Group (2021)		
	OTP Bank	OTP Group
Percentage of women on the Supervisory Board	17%	25%
Percentage of women on the Board of Directors	9%	18% ¹
Percentage of women in senior management	0%	21% ²
Taxes paid	HUF 146 billion ³	HUF 229 billion
Corporate income tax (adjusted, paid)	HUF 40.6 billion ³	HUF 91 billion
Amount of donations	HUF 2.3 billion	HUF 2.6 billion
Number of customers – total	4.0 million ³	15.8 million
Number of retail customers	3.7 million ³	15 million
Number of corporate customers	0.3 million ³	0.8 million
Young customers ⁵	19%	11%
Micro and small enterprise assets	HUF 502 billion ^{3,4}	HUF 757 billion
Medium and large corporation assets	HUF 2,011 billion ^{3,4}	HUF 6,144 billion
Percentage of accessible branches and customer offices	99%	78%
Customer satisfaction (TRI [®] M) ⁶	69 point	varies by country
Number of participants in the financial education trainings of OK Educational Centres	20,700	24,500
Number of employees (as at 31/12)	10,078	40,315
Percentage of women	65%	71%
Female-to-male earnings ratio (in the same job category)	98.34%	91.77%
Turnover	14.3%	29.5%
Turnover (excluding agents employed)	14.3%	21.6%
Average training hours	76	47
Employee satisfaction/engagement	76%	70%
Energy consumption (GJ)	263,014	1,076,133
Energy consumption per employee (GJ)	26.73	27.3
CO ₂ emission (Scope1+2. tCO ₂ e) – location based	16,452	86,158
CO ₂ emission (Scope1+2. tCO ₂ e) – market based	14,917	87,785
CO ₂ emission per employee (tCO ₂ e) – location based	1.67	2.19
CO ₂ emission per employee (tCO ₂ e) – market based	1.52	2.23
Total paper use (tons)	978	3,313

¹ Consolidated data for the Boards of Directors of the parent bank and subsidiary banks.

² Consolidated data for the parent bank and subsidiary banks.

³ OTP Core.

⁴ Consolidated by country.

⁵ As a percentage of retail customers.

⁶ On a scale of –66 to 134 points, national data.

OTP Group

Number of branches	1,483
Number of employees ¹	40.315
Total assets	HUF 27,553 billion
Market capitalisation	HUF 4,648 billion

OTP Bank Ukraine

Number of branches	85
Number of employees	3,040
Total assets	HUF 984 Billion
Market share ⁴	4.3%

OTP Bank Russia

Number of branches	135
Number of employees	8,911
Total assets	HUF 800 Billion
Market share	0.4%

OTP Bank Romania

Number of branches	97
Number of employees	1,861
Total assets	HUF 1,438 Billion
Market share	4.2%

OTP Core² (Hungary)

Number of OTP Bank branches	356
Add'l branches/offices of Core members	36
Number of employees	10.776
Total assets	HUF 14,207 Billion
Market share ³	33.6%

OTP Bank Moldova

Number of branches	52
Number of employees	901
Total assets	HUF 311 Billion
Market share	19.4%

SKB Bank (Slovenia)

Number of branches	48
Number of employees	908
Total assets	HUF 1,433 Billion
Market share	11.5%

OTP Bank Serbia

Number of branches	184
Number of employees	2,789
Total assets	HUF 2,225 Billion
Market share	19%

DSK Bank (Bulgaria)

Number of branches	302
Number of employees	5,709
Total assets	HUF 4,627 Billion
Market share	30.7%

OTP Bank Croatia

Number of branches	114
Number of employees	2,493
Total assets	HUF 2,576 Billion
Market share	13.3%

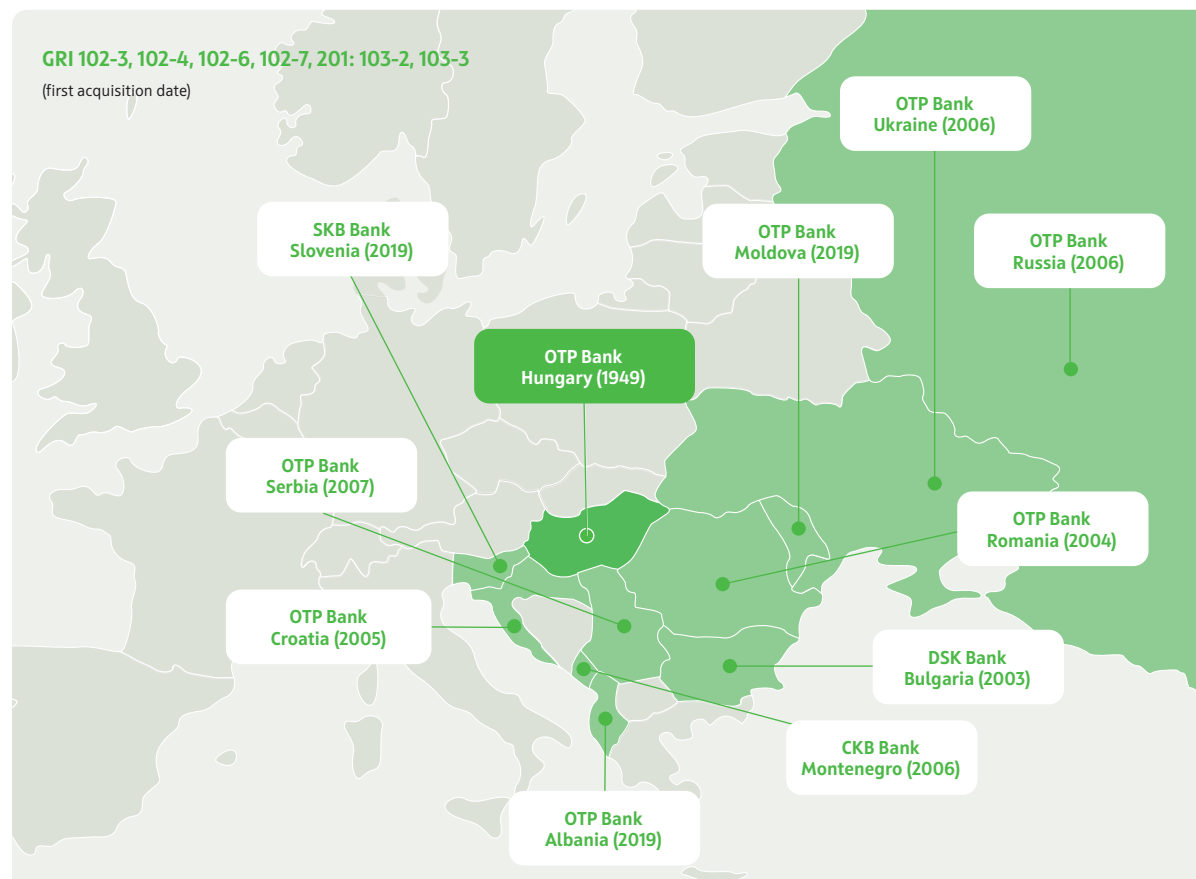
OTP Bank Albania

Number of branches	39
Number of employees	469
Total assets	HUF 351 Billion
Market share	10.7%

CKB (Montenegro)

Number of branches	34
Number of employees	518
Total assets	HUF 514 Billion
Market share	30.5%

GRI 102-3, 102-4, 102-6, 102-7, 201: 103-2, 103-3
(first acquisition date)



Data (audited, IFRS) pertaining to 31/12/2021 or 2021.

- number of total actively employed, with full-time and part-time staff combined in each case.
- OTP Core: OTP Bank, OTP Jelzálogbank, OTP Lakástakarék, OTP Faktoring, OTP Pénzügyi Pont, OTP Kártyagyártó, OTP Ingatlanüzemeltető, Monicomp, OTP Ingatlanpont, OTP Mobil, OTP eBIZ; in the case of financial data, including OTP Otthonmegoldások Kft. and enterprises engaged in Group financing. It does not include the data of other Hungarian subsidiaries.
- share of OTP Core and Merkantil.
- in each case, market share refers to the share of retail loans. The data of foreign subsidiaries are also Group-level. The definition of branches differs from that included in the Annual Report.

Our ESG ratings

OTP Group's environmental, social and governance (ESG) performance is rated by a number of agencies.

CDP Climate Change: „B-“

In 2021, as well, OTP Group participated in the environmental disclosure system of CDP. We completed the survey at the requirement of our investors and, after a minor improvement compared to the previous year, we achieved a "B-" rating once again.

MSCI ESG Ratings: „A“

In 2021 OTP Bank maintained its "A" MSCI⁶ rating. At the end of the year we scored 5.9⁷. Our bank outperformed the industry average in terms of financial consumer protection, access to finances, human resources development, privacy and data protection. OTP Bank is also included in several MSCI ESG indices, in which companies can be included based on the assessment of these criteria.

Sustainalytics ESG Risk Rating: Medium

During 2021, OTP Bank's overall risk rating was medium as in the previous year. Risk exposure to material ESG issues remained medium, but our risk management score improved and was upgraded to the strong category. As a result, our score improved and stood at 20.3⁸ at the end of 2021. Risk is lowest in the areas of business ethics, human capital and the integration of ESG criteria into finances.

FTSE Russell: 3,1

OTP Bank achieved a total score of 3.1 of the maximum 5, which outperforms both the sectoral and sub-sectoral average and falls behind the country average by 0.1 point only. Of the environmental, social and governance areas, the Bank performed the best in governance overall. It was given maximum score in corporate governance and anti-corruption, as well as labour practices.

HR HRIO – OTP Bank Croatia

Our Croatian subsidiary participated in the Croatian Sustainability Index, achieving 73% of the maximum score and outperforming the average score in all categories. The Bank demonstrated the best performance in community relations and governance.

CECE SRI EUR index

OTP Bank has been a member of the CECE Socially Responsible Investment index (formerly CEERIUS index) of the Vienna Stock Exchange since 2009; at the end of 2021 it represented the largest share in the index. Companies included in CEERIUS must satisfy sustainability evaluation criteria.

⁶ An independent company with a leading role in its segment, offering solutions such as indices and analysis tools etc. to support investor decisions.

⁷ The score ranges between 0 and 10, where 10 is the best rating.

⁸ The best score is 0, while a score below 20 represents low risk and above 40 severe risk.

Our main awards – with a focus on corporate responsibility

Mastercard

Bank of the Year, Sustainable Bank of the Year, Mobile Banking Solution of the Year, Marketing Communication Campaign of the Year, UX Solution of the Year

OTP Bank won first place in four categories at the Mastercard competition, and received the Bank of the Year award in six consecutive years. The Bank won the Sustainable Bank of the Year title in recognition of its exemplary attitude and responsible operation.

Euromoney Awards for Excellence

Best Bank, Best Bank in Central and Eastern Europe

Members of our Banking Group were selected Best Bank in their respective countries in Hungary, Bulgaria, Montenegro and Albania. In addition, OTP Bank was chosen Best Bank in Central and Eastern Europe as well.

The Banker

Best Bank in Central and Eastern Europe, Bank of the Year

At the international contest of The Banker magazine owned by the Financial Times Group, OTP Group was awarded the Best Bank in Central and Eastern Europe title. In addition, OTP won the Bank of the Year award in Hungary, Croatia, Slovenia and Montenegro.

Global Finance

Best Bank, Safest Bank, Best Financial Innovation Lab, Golden Mercury for CSR

OTP Bank, CKB and SKB Bank were chosen Best Bank in Hungary, Montenegro and Slovenia, respectively. For the third consecutive year, OTP LAB was selected once again as one of the Best Financial Innovation Labs. Our Moldavian subsidiary was awarded the Golden Mercury for CSR recognition for its corporate social responsibility, for its efforts to improve the social situation of employees and for the support provided to disadvantaged people.

Best of BSE 2021

Stock Issuer with the Highest Turnover for the Year, Issuer Transparency award, Mortgage Bond Issuer of the Year

As in the previous year, at the Budapest Stock Exchange competition the first two awards went to OTP Bank, while OTP Jelzálogbank was recognised by winning the Mortgage Bond Issuer of the Year award.

PwC

Most Attractive Employer 2021

Our Bank doubled its winning at the award ceremony of the Most Attractive Employer 2021 Award: it won first place not only in the Finance, but also in the Overall category.

iF Design Award 2021

Best Communication Design – App/Software

The award went to the 'Platypus: A Finlit Story' mobile game of the Fáy Digital Education Programme.

Privátbankár Klasszis

Best Global Equities Fund

The Best Global Equities Fund award was won, for the fifth time, by Series A of the OTP Climate Change Equities Fund of OTP Alapkezelő.

BAPRA Bright Awards 2021

Corporate Social Responsibility Campaign

Implemented in 2020, the financial literacy initiative of DSK Bank – Financial Olympics – won 3rd place at the competition of the Bulgarian Association of PR Agencies.

Effekt 2030

Community Investments Award, Outstanding Sponsor

OTP Bank won first place in the category for the effective assistance provided in the pandemic situation.

For additional OTP awards, please visit [our website](#).

GRI 203-2



13 cashless
branches group-wide



401,000 live
housing loans group-wide



HUF 229 billion
paid in taxes group-wide



~ 1,000
deposit ATMs group-wide



HUF 95 billion
worth green mortgage bonds issued



HUF 2.2 billion
allocated to employee training



99% wheelchair
accessible branches at OTP Bank,
78% across the Group



HUF 43 billion
invested in the OTP Climate Change
130/30 responsible investment fund



6,600 trees saved
by using recycled paper



24,500 adult and
student participants in the
financial education programmes
of our foundations



HUF 103 billion
in the loan portfolio allocated to
the utilisation of renewable energy



HUF 2.6 billion
billion donated by the Group



HUF 1 billion
allocated to financial education



HUF 5.5 billion
in losses prevented at OTP Bank
from bank card fraud

1. Our Approach to Sustainability



To us, sustainable, prudent and ethical operation means fair and customer-oriented service provision, responsible and transparent governance, and a responsible employer's and active social involvement. Our goal is to create an open partnership with our stakeholders based on mutual trust, facilitating the green transition of the economy and the mitigation of our negative environmental impacts.

OTP Group intends to be the regional leader in financing a fair and gradual transition to a low carbon economy and to build a sustainable future by offering balanced financing opportunities.

ESG strategy

We formulated the ESG Strategy of OTP Group with a view to achieving the above goals. The Management Committee approved our ESG Strategy in 2021. The approach of the Banking Group to the topic of ESG is threefold: we look at ESG as a responsible service provider, a responsible employer and a responsible social actor. Accordingly, our strategy includes, in addition to business opportunities, the management of relevant risks as well as social and corporate governance goals. The time horizon of the strategy covers the period until 2024: by that time, our objective is to implement the comprehensive ESG integration at Group level.

Strategic goals

Responsible service provider

Green solutions facilitating the green transition of the economy

Products and investment services to facilitate investments into the sustainable economy

Active ESG risk management

Responsible employer

Active ESG management practices in corporate governance

Strengthening employee well-being and development, diversity and employee engagement

Responsible social actor

Strongly reducing emissions from our own operation

Significant contribution to social objectives and SDGs through responsible products and services and through donations

Long-term KPIs for OTP Core

Green loans of HUF 1,500 billion in total by 2025

ESG risk appetite framework by 2022

To be defined in 2022

Net carbon neutrality by end-2022, total carbon neutrality by 2030

OTP Bank will become a member of the S&P Dow Jones Sustainability Index by 2025

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

We strive to understand the opinion and expectations of our stakeholders in relation to sustainability and other topics as well.

Also in line with the objectives of the Green Deal, the European Union defines numerous requirements and incentives regarding the corporate social responsibility and sustainability of financial institutions, at present with a focus on environmental criteria, but also with an outlook to – and preparing for – social aspects. In addition, the National Bank of Hungary (MNB) also defined as a strategic objective for the domestic financial intermediary system to support environmental sustainability on a much larger scale than at present.

Besides the regulatory environment, ESG criteria have increasingly become a focal point in investors' requirements. The objective of OTP Group is to maintain and continuously improve the ratings achieved against the backdrop of strengthening performance requirements.

As part of the materiality analysis, in the framework of group and individual interviews we involved a broad spectrum of stakeholders in 2021 in the definition of material topics to be applied from 2022. The stakeholders involved included civil organisations, organisations engaged in sustainability, the media, higher education institutions / university teachers, governmental organisations, employee advocacy organisations and representatives of our sales network. In our experience, these groups have the most relevant opinions regarding sustainability and corporate social responsibility. According to the respondents, being a market leader entails a great deal of responsibility, and they also expect OTP Bank to be an example and provide guidance in relation to sustainability. The stakeholders had a positive opinion on the sustainability reporting practice of the

Banking Group and did not identify any superfluous topics; however, they indicated that there was room for improvement in presenting OTP Bank's activity comprehensively, in a manner that supports understanding and perception.

Key sustainability topics identified during the stakeholder survey:

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

Additional important topics:

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

Compared to previous feedback by stakeholders, the environmental impacts of financing have clearly gained importance.

In order to explore stakeholders' requirements, we also analysed regular customer satisfaction measurements and the result of the group-wide employee engagement survey conducted in 2021.

Joining PRB

Our commitment to sustainability is underpinned by the fact that in 2021 OTP Bank officially signed the UN's Principles for Responsible Banking (UN PRB), the standard framework of the sustainable banking system. The Principles serve as the primary framework to ensure that banks align their strategy and practice to be consistent with the vision expressed by society for the future in the UN's Sustainable Development Goals and in the Paris Climate Agreement. Signatory banks undertake to implement their sustainability strategies efficiently, and put sustainability at the heart of their business activity.

By joining the PRB, OTP Bank undertakes to identify the most essential social, economic and environmental impacts resulting from its products and services; to formulate measurable targets, and to publicly report the impacts in accordance with the requirements of the PRB.

GRI 103-1, 203: 103-2, 103-3, 203-2 SDG

The 17 Sustainable Development Goals (SDG) formulated by the UN set up a new, universal measure for development by 2030. taking a stand for the elimination of poverty, the fight against climate change and the reduction of inequalities. As demonstrated by its sustainability focal points and objectives, OTP Group is committed to facilitate the SDGs. Our activities impact – or support the achievement of – SDG objectives and indicators⁹ as follows.



201: 103-1, 103-2, 103-3 Stability



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

Contribution: The Banking Group considers stability as one of the most important values and it does its utmost to achieve it. Its solid background is demonstrated, among others, by its traditionally high CET 1 and liquidity ratios, its prudent risk management and the low ratio of non-performing loans.

[Annual Report](#) [Chapters 5.2, 5.4](#)

201: 103-1, 103-2, 103-3 Tax payment



Impact: Through tax payment, we make a meaningful contribution to the provision of community services and the management

of social inequalities, thus ultimately to socioeconomic stability.

Contribution: OTP Group was a major taxpayer in 2021, as well, with OTP Core paying nearly 64% of our total taxes. [Chapter 5.4](#)

201, Portf.: 103-1, 103-2, 103-3 Lending, investment



Impact: Through the responsible disbursement of the funds of our deposit holders, our lending and investment activities enable purchases, consumption and capital projects¹⁰. Therefore, we have an impact not only on our customers but, indirectly, also on economic growth, the population's living standard, and the delivery of such basic needs as providing access to housing and the utilisation of natural resources.

Contribution: Our credit approval system ensures prudent lending to protect the funds of our depositors and prevent over-indebtedness. At the end of 2021, the net loan-to-deposit

ratio of OTP Group was 75%. We offer products that are aligned with the real needs and possibilities of our customers. Each member of our Banking Group considers it a priority to provide access to lending schemes supported by public and international institutions. Our contribution often exceeds our market share. In 2021 we commenced the comprehensive integration of environmental and social issues into our lending practice, and the application of the methodology of managing ESG risks in relation to the lending and monitoring processes relevant to corporate customers. We also manage sustainability risks in relation to investments. The magnitude of the impact is presented at the description of our products. [Chapters 4., 4.1, 4.4](#)

⁹ 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 case of financial institutions, which can contribute to achieving a number of goals by making the financial resources available.
¹⁰ In our Annual Report, deposits and loans are disclosed by segment (retail, micro and small enterprises, medium and large enterprises, local government).

GRI 413: 103-1, 103-2, 103-3 Access to financial services



Impact: Predicating access to our services on strict conditions serves both the stability of the Banking Group and the interest of our customers. Nevertheless, the principles of equal opportunity and social solidarity also demand that we make banking services accessible and provide the basic functions – and as far as possible, access to funds – to disadvantaged persons as well.

Contribution: Our Group has the most extensive branch and ATM networks in Bulgaria and Montenegro; thus our presence is prominent in the disadvantaged regions of these countries as well. Our retail account package with all basic functions is available without an account management fee. Our services are available for micro and small enterprises as well. We strive to provide equal opportunity in our services to persons living with disabilities.

➔ [Chapters 3.5, 4.2](#)

GRI 203, 413: 103-1, 103-2, 103-3 Improving financial literacy



Impact: Financial products and services are often complex; however, their understanding and basic financial literacy are indispensable for making sound financial decisions and achieving the defined objectives.

Contribution: We strive to use clear and plain language in all of our communications. Our training videos and calculators help our customers better understand financial services and how they work. The OK Educational and Innovation Centre and the OTP Fáy András Foundation provide free finance and economics courses in Hungary, Slovakia, Romania and Moldova, helping thousands of students and adults every year to expand their knowledge.

➔ [Chapter 3.6](#)

GRI 202, 401: 103-1, 103-2 Employment



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

Contribution: The Banking Group is committed to responsible employment, equal opportunity, the opportunity for personal growth and work-life balance; it provides equitable income that is proportionate to performance and sufficient to finance a decent living standard.

➔ [Chapter 6.](#)

GRI Portf. 103-1, 103-2 Environment



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

Contribution: We are committed to – and intend to participate in – green finance as a leading actor. We play an important role in government initiatives. In our lending, we expect utmost compliance with legislation. Our objective is to reduce the environmental impact of our operations.

➔ [Chapters 4.1, 4.4, 7.](#)

GRI 413: 103-1, 103-2 Local Communities



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

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

➔ [Chapter 8.](#)


2. Responsible Corporate Governance



We operate a corporate governance system that is in line with the internationally recognised requirements of responsible corporate governance.

GRI 102-18 Group governance

OTP Group employs matrix governance practices so that its governance can be based on standardised principles yet take local specificities into consideration. The detailed rules of group governance are defined in the Banking Group Governance Regulation. The highest decision-making bodies of group governance are the Bank's standing committees. Standing committees are set up within the competence of the Board of Directors. Other committees are set up on a mandatory basis pursuant to the Act on Credit Institutions and Financial Enterprises. Each year, OTP Bank publishes its [Responsible Corporate Governance Report](#) in compliance with all recommendations of the Budapest Stock Exchange (BSE).

The description of the ESG Committee is included under the next title. The rest of the committees are presented in the Annex. 

GRI 202: 103-2, 103-3, 405: 103-2, 103-3 Diversity

When OTP Bank delegates members to its management bodies (Board of Directors, Supervisory Board) or members of the Board of Directors and executive management (Management), it considers professional qualifications and experience, high-level human and management competencies, a varied educational background, wide-ranging business experience and professional reliability as essential factors; at the same time, OTP Bank is also strongly committed to taking efficient measures

GRI 202-2

Proportion of women and members from the local community in senior management 31/12/2021				
	Board of Directors		Management *	
	Proportion of locals** (%)	Proportion of women (%)	Proportion of locals (%)	Proportion of women (%)
OTP Bank	100	9	100	0
DSK Bank	78	22	78	22
OTP Bank Croatia	86	14	86	14
OTP Bank Serbia	38	0	83	17
SKB Bank	43	57	75	38
OTP Bank Romania	60	40	60	40
OTP Bank Ukraine	100	40	100	40
OTP Bank Russia	80	20	0	0
CKB	0	0	67	33
OTP Bank Albania	43	0	80	20
OTP Bank Moldova	100	20	100	20

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

** Citizen of the relevant country.

in corporate operations to ensure diversity, including the continuous improvement of the participation of women.

Our Company published its strategy for gender equality in 2021, in which the definition of the ratio of genders within management bodies is assigned to the Nomination Committee along with the responsibility for developing objectives and tasks for achieving the above goal. We

defined as a commitment the election of at least one female member to the Board of Directors and to the Supervisory Board.

GRI 102-18, 102-44

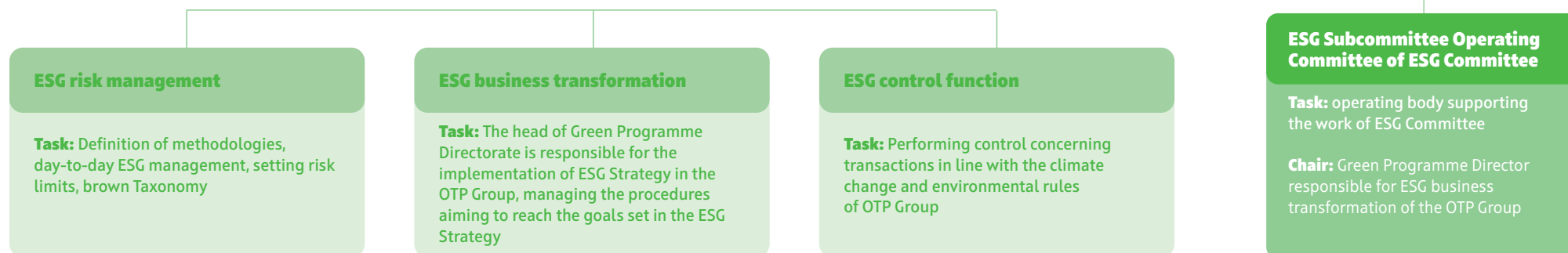
ESG Committee and organisation

The ESG Committee has worked as a standing committee of OTP Bank since 2021. The Chairperson of the Committee is elected by the Board of Directors, and its members are the Deputy CEOs and directors of OTP Bank. Its tasks are to

- identify ESG business opportunities and risks within the Bank and the Banking Group;
- formulate the strategy, plans and policies related to ESG;
- take responsibility for the setting and evaluation of ESG targets and performance.

The Committee is the body responsible for the implementation of the Bank's ESG transformation. The ESG Committee cooperates with individual functional areas of the Bank in the process of the ESG business transformation and in managing ESG risks, and represents the ambition to enforce ESG criteria in product development, pricing and planning, as well as in the corporate governance activity.

The ESG Committee established the ESG Operational Subcommittee, which meets regularly for its professional and operational support and as a pre-decision making forum. The head of the Subcommittee – who is also the leader of the ESG business transformation – is the director of the Green Programme Directorate. The three key areas of ESG integration are ESG business transformation, ESG risk management and the ESC control function.



Sustainability Performance Assessment

In respect of the performance remuneration of OTP Bank's Chairman & CEO, all Deputy CEOs and managing directors, the targets include – at a rate of 5% each – compliance-aware activity and CSR criteria, which also include compliance with sustainability criteria. Sustainability targets

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

The organisational structure and governance levels are shown on the [organisational chart](#).

GRI 103-2

The governance and regulation of individual sustainability and ESG domains are implemented as follows:

ESG / sustainability domain	Responsibility, manager	Policy	References
Compliance <ul style="list-style-type: none"> – responsible corporate governance, – non-discrimination, – consumer protection; – anti-corruption (ABC), – international sanctions requirements, – processing and protection of personal data – business ethics, conflict of interest (including the whistleblowing reporting system) – regular statutory reporting to supervisory and other government bodies 	<p>The Board of Directors and the Supervisory Board are responsible for compliance.</p> <p>Compliance officer, consumer protection officer: Head of the Compliance Directorate Manager responsible for the Bank's data processing and the protection of customers' personal data: Deputy CEO of the Digital Division and the data protection officer (reporting directly to the top management of the controller or the processor, not accepting instructions from anyone regarding the discharge of their duties)</p> <p>Ethics Committee: guidance, second-tier decision-making regarding reports on ethics-related concerns Heads of division and managers of regional profit centres</p>	<ul style="list-style-type: none"> – Compliance Policy: – 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; its Annexes: – Consumer Protection Compliance Programme – Anti-Corruption Policy – Sanctions Policy – Financing services related to the defence sector – GRI 418: 103-2 Data Protection Policy – GRI 102-16 Code of Ethics – approved by: Board of Directors 	<ul style="list-style-type: none"> reporting, monitoring, measures risk assessment data protection training fraud reporting ethical offences, training
Security <ul style="list-style-type: none"> – overall security, – cybersecurity, – protection from money laundering and terrorist financing 	<p>Responsibility for security rests with the Board of Directors and the Supervisory Board.</p> <p>Manager responsible for compliance with IT security and bank security requirements: Managing Director of the IT and Bank Security Directorate</p> <p>Anti-Money Laundering Committee: decisions on sustaining or creating high-risk business relationships within its competence</p>	<p>Security Policy</p> <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 	<ul style="list-style-type: none"> reporting, risk assessment risks training fraud
Risk Management <ul style="list-style-type: none"> – all risk types 	<p>Audit Committee and Risk Exposure and Risk Management Committee: they monitor the risk management activity.</p> <p>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.</p>	<p>Risk Assumption Strategy</p> <ul style="list-style-type: none"> – approved by: Board of Directors – defines the risk management framework and the principles and guidelines for risk assumption. 	<ul style="list-style-type: none"> rules, functions rules, practices exclusions lending policy, responsible lending operational risk assessment risks

ESG / sustainability domain	Responsibility, manager	Policy	References
	Manager responsible for risk management: Deputy CEO responsible for the Credit Approval and Risk Management Division		rules, practices exclusions lending policy, responsible lending operational risk assessment risks
Green finance	Green Programme Directorate: Supporting all members of OTP Group in taking maximum advantage of the opportunities in green financing.	ESG strategy part of the Green Finance Strategy	
Product development, sales	Product Development, Sales and Pricing Committee: adopts decisions applicable to OTP Bank and the Hungarian group members on the development, introduction, discontinuation, pricing and terms of new schemes and product variants, and on sales and incentives. Approves plans for image campaigns and for advertising specific banking schemes. International Product Development, Sales and Pricing Committee: approves the annual action plans of foreign subsidiaries.	Compliance Policy: - approved by: Board of Directors - declares that, in designing its products and services, the Bank pays special attention to the enforcement of consumer protection principles, and to reducing the information asymmetry between customers and the bank. The Consumer Protection Compliance Programme Accessibility strategy - the goal is to ensure equal opportunity in service.	objective, clear information responsible selling responsible products accessibility
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 - approved by: Management Committee - determines the medium-term areas of focus for human resource management. Diversity Policy: commitment to diversity among the members of management bodies and management. Strategy for Gender Equality Health and Safety Regulation: - approved by: CEO - uniform and comprehensive preventative health and safety strategy to implement safe working conditions that do not constitute a health risk.	turnover training income freedom of association organisational diversity reporting, risk assessment, training, accidents
Procurement/purchasing - expectation of ethical conduct, - sustainability, environmental criteria	The procurement activity is performed by the requesting organisation.	Procurement policy: - approved by: CEO - regulates the procurement process, spheres of responsibility, procurement principles; stipulates that the procurements of members of the Banking Group are supervised and coordinated by OTP Bank.	rules materials used
Environmental protection - 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: - approved by: CEO - ensures legal compliance and facilitates the consideration of environmental criteria and their integration into the Bank's business operations in order to minimise the environmental impacts of operating and maintaining the Bank's organisation; it sets out the guidelines on environmentally aware procurement.	reporting, training carbon dioxide emission

In the chapters to follow, we present our activities aimed at sustainability in the following structure:

Responsible finance

All activities which enable our customers and the population to make responsible financial decisions, to receive fair service, and to have access to financial services.

Responsible customer service

Marketing communications

Provision of information

Sales

Improving insight into and awareness of banking services

Customer satisfaction

Accessibility of financial services

Digital channels

Branches and ATMs

Serving disadvantaged regions

Accessible customer service

Development of financial literacy

General financial and financial management insight not only for customers

Financial services for sustainable development

The products presented here support the achievement of social or environmental objectives, and we also demonstrate the actions taken to ensure that these do not entail social or environmental risks.

Retail products

Corporate products

Credit risks

Ethical business practice

Back office activities which ensure that the operation of the Banking Group is ethical for our customers, for all stakeholders and for society as a whole.

Compliance

Complaint management

Safe operation, IT security

Data protection

Payments to stakeholders, tax payment

Responsible employer

Practices which serve the equal opportunity and fair employment of employees and support their development.

Environmental protection

Environmental impacts resulting from our operation and practices which are aimed at shaping society's attitude towards the protection of the environment.

Community involvement

Activities which are not closely related to our business activity but are aimed at supporting the development of society.

3. Responsible Finance



GRI 203, 413, 417: 103-1, 103-2, 103-3

Commitment:

To enable the population to acquire the knowledge required for financial well-being. To equip our customers with the conditions for responsible cash management, including accessible financial services.

Approach:

Basic financial literacy is indispensable for appropriate financial decisions, and our Banking Group plays an active role in helping to obtain that skill. Our goal is to serve customers correctly and fairly, from product offers to product sales and throughout the use of the product. Since financial services create opportunities, we consider broad-based and diverse accessibility important.

Activity:

- Responsible marketing communication
- Highly visible information in plain language
- Thorough exploration of customer situations and requirements
- Responsible selling and product offers
- Videos presenting banking products and context
- Unique trainings providing financial and financial management insight free of charge in several countries of the region
- Expanding online services
- Maintaining the option of personal customer service
- Broad accessibility of financial services

Responsible customer service can be approached from different aspects, and its implementation has numerous prerequisites. The provision of clear information and the improvement of financial awareness have been our important priorities for years. Improving financial literacy has been the most prominent, most influential corporate social responsibility of OTP Group, and we still have ample room for improvement and numerous tasks ahead of us.

In addition to creating the opportunity for quick and convenient banking, digitalisation greatly improves accessibility to services. We also need to ensure that these opportunities effectively give a chance; members of the elderly generation and socially or economically disadvantaged persons should also be able to use them – and use them well.

For more details on our principles and overall objectives, please visit [our website](#).



Our commitments 2020	Our results 2021
Nation-wide rollout of the product-neutral sales method in Hungary.	✓ The rollout has been implemented.
Introducing a loan application feature in the mobile app in Hungary.	🔄 To be implemented later.
Developing internet banking in Serbia.	✓ New digital functions have become available.
Launching a New Savings Programme at OTP Bank to promote regular, low-amount savings.	✓ The option has been implemented and it is now available.
Renewing Knowledge Bank videos.	✓ Instead of a comprehensive renewal, we decided on continuous renewal; the videos available are expanding continuously.
Implementing customer-focused financial education in Serbia.	✓ The plan has been implemented.
Ensuring that 40% of the customers requesting advisory services visit the branch by appointment.	✓ We achieved our goal; 56% of our customers visited the branch by appointment.
Receiving 75% of contact centre calls within 20 seconds.	✗ Due to the increased volume of pandemic-related administration, the value of the complex response-time indicator was 54%.
Improving the provision of personal services in the micro- and small business segments at the parent bank.	🔄 Implementation is carried over to 2022 due to the pandemic.
Refurbishing 60 branches as per the new image in the next two years in Hungary; increasing their number at the subsidiaries.	✓ All branches are being designed according to this concept.
Increasing the impact and recognition of the OK Educational Centre further (ongoing).	✓ In 2021, as well, we launched campaigns to increase recognition; new, digital training materials increase the impact.
Introducing training on career guidance and planning at the OK Centre in Romania.	✗ Because of the coronavirus pandemic, the OK Centre received fewer students, and for this reason, the training was postponed.
Implementing the FinLit Tales programme in Slovakia.	🔄 The content has been prepared, introduction is expected in 2022.
Developing a programme on financial basics for orphaned children in Russia.	✗ The programme has not been implemented.

Implemented
 Implementation is in progress
 Not implemented

3.1. Customer satisfaction

GRI 102-43, 102-44

Customer satisfaction is a material and indispensable element of responsible service provision; however, responsible and sustainable operation necessarily points beyond the activities aimed at the improvement of satisfaction.

Customer focus is a strategic objective of our Banking Group, and we strive to implement this objective in designing both our products, and our high quality and skilled services aligned with expectations.

We research the requirements of our customers in numerous ways; we continuously survey their feedback in relation to a product, a service or a factor, and integrate it into our developments. We measure the satisfaction of our retail customers in a uniform manner at Group level, using the TRI™ methodology. At some subsidiaries, this is supplemented by the NPS methodology.

TRI*M

TRI*M gauges the overall satisfaction and loyalty of our own customers as well as customers of all of our major competitors, along with the main factors for satisfaction. Information is also analysed by customer segment (e.g. career starters, juniors, premium customers). We perform one measurement per year per country on a representative¹¹ sample of 1,000 persons.

In 2021 OTP Bank's customer retention score increased by three points to 69¹². Satisfaction also increased, albeit to a lesser degree, among our competitors. The average TRI*M value of competitors was 77 points. In 2021 OTP Bank's result improved in the areas of general elements (e.g. accuracy, reliability, complaints handling, information provision)

and banking services. Compared to competitors, the Bank performs the best in the area of general elements, internet and mobile applications and accounts.

The highest performance was achieved by our Albanian subsidiary; its performance improved year-on-year and surpassed the average of competitors significantly. Overall satisfaction is still well above the regional average in Bulgaria; satisfaction with DSK Bank was at the same high level in 2021 as well. The perception of the performance of our Slovenian subsidiary remained far above the average of competitors. Perception of our Bank – and also that of our competitors – moderately declined in Montenegro. The Bank's performance remained essentially at the same level in Moldova. Satisfaction decreased in the case of our Croatian and Serbian subsidiaries.

Our in-depth analysis of the reasons revealed that some of the customers who became OTP Bank's customers through our acquisitions had a negative experience of the bank integrations. In 2021 we measured the perception of the Russian subsidiary for the first time using this methodology. We compare the performance of Russian, Ukrainian and Romanian subsidiaries to the typically outperformed secondary banks as based on their profile, these banks are typically not main banks. Satisfaction with main banks significantly increased among Romanian customers. The low customer retention of the Russian subsidiary can be attributed to the fact that the Bank is solely a secondary bank for customers. Satisfaction with our Ukrainian subsidiary is at the same level as that of the secondary banks.



¹¹ Based on distribution by age, sex, education, municipality type, region. Exceptions include Moldova, Ukraine and Russia, where all respondents live in towns or cities. Online interviews were conducted in Croatia, Romania, Serbia, Slovenia, Ukraine and Russia. In Hungary respondents were surveyed online or over the phone, in all other countries there were personal interviews.

¹² The TRI*M score can range between -66 and 134 points. From 2020, the survey is conducted online in Hungary, and the methodology of the survey also has an impact on the result.

BG RU UA Our Bulgarian and Russian subsidiaries use the Net Promoter Score methodology to assess customer satisfaction. Our Bulgarian subsidiary measures customer satisfaction in branches with this methodology, and its result improved further to 68¹³ points in 2021. Our Russian subsidiary recorded a lower score, but the 12 points achieved shows some improvement over the previous year nevertheless. The performance of the subsidiary is significantly influenced by the fact that, focusing on consumer credit, the Bank is typically a secondary bank for customers.

SQM

OTP Bank measures Service Quality Management (SQM) in retail branches by contacting customers online¹⁴. Surpassing our target, service quality was almost 87% in 2021. In the second half of 2021, we also conducted the survey – as a pilot – among corporate customers.

OTP Startup Partner Programme

The goal of OTP LAB – the innovation hub of OTP Bank – is to develop the banking products and services of the future using expert colleagues, startups, corporations building on innovative technologies and educational institutions. Year after year, in the framework of the OTP Startup Partner Programme, we are seeking cooperating partners along the lines of the arising innovation needs. Bank managers, professional mentors and external experts lend their support to participating companies in perfecting their products in a 12-week intensive programme. Primarily, startups with validated products or in the scaleup phase can participate in the programme, getting an opportunity to create a mutual cooperation with OTP Group.

The contest announced in spring 2020 was conducted fully online. We selected the 15 pilot projects implemented jointly with members of the Banking Group from 469 startups of 51 countries. Of the 16 projects, 5 were given an opportunity for long-term implementation. By the end of 2021, we started to use 2 of these, one – [DSK Home](#) – with DSK Bank and the other – [Mentessa](#) with our Serbian subsidiary.

RS Under the [Gamechanger](#) programme, our Serbian subsidiary supports local startups independently as well, in 2021 explicitly seeking solutions in order to facilitate the green transition.

3.2. Responsible marketing communication, objective and clear information provision

GRI 417: 103-2

Responsible communication is an important cornerstone of correct customer service. As digital services are gaining ground, it becomes even more important to ensure that the information and the information materials posted on online platforms are accurate, understandable and clear so that they support customers in making informed decisions to the greatest possible extent.

Compliance

The control of marketing activity is implemented under the Consumer Protection Compliance Programme launched by OTP Bank in 2021; the campaigns, the advertising materials published and commercial communication are commented on by the consumer protection domain. The programme expresses our key ambition to provide all required information to customers in order to enable them to take recourse to the most suitable service.

In our credit communication we present realistic goals and do not incite customers to engage in irresponsible spending and unnecessary borrowing.

It is important to us to take action for responsible communication even beyond legal requirements. OTP Bank is a member of the Advertising Self-Regulatory Board, and a signatory of the Hungarian Code of Advertising Ethics and the 'Embracing human dignity and diversity in ads' initiative. Our principles will be laid down in our Responsible Marketing Policy, the development of which was commenced in 2021.

¹³ On a scale of -100 to +100.

¹⁴ All branches are measured either on a semi-annual or on a quarterly basis. The number of questionnaires depends on the frequency of transactions in the preceding period.

#canbediverse campaign

HR Our Croatian subsidiary launched a brand image campaign with the motto #možeidrugачije (#canbediverse), formulating strong, motivating messages to customers in order to encourage them to express their diverse talents, and to make their personal goals, professional ideas and dreams come true. The campaign supports diversity, equality and inclusion.

Plain language

In 2021 we issued the Tone of Voice Manual for foreign subsidiaries as well. The Manual provides guidance regarding the communication style of OTP Group. Our websites, customer information documents, marketing materials, e-mails and letters to customers, as well as our system messages are all prepared in accordance with the requirements of plain language in communication. In 2021 we modified several standard form packages of the Bank to reflect the requirement of plain language.

During the year, about 180 employees completed the 'Basics of Plain Language' training in OTP Bank; in addition, we developed the second, advanced module of plain language communication trainings. Our objective for 2022 is to repeat the communication style survey conducted in 2018 and, based on the results, we will consider whether the review of the Tone of Voice Manual is in order.

GRI 102-44, 417: 103-2, 103-3 Feedback

In our customer satisfaction surveys we also examine opinions regarding our information provision. It is an important feedback that the transparency and understandability of the online platforms of the Bank represent above-average importance for the customers of OTP Bank, and in this regard, they consider the Bank's performance adequate. The transparency and understandability of the mobile application or the understandability of account statements or our letters were a less important aspect for respondents; at the same time, our performance is either average or good in these areas as well. Our customers expect to gain better information on all costs arising and on the parts written in small print. Customers perceive the performance of OTP Bank in information supply to be on par with its competitors.

Several subsidiaries created various practices in 2021 which are intended to help customers obtain and navigate through information.

Facilitating comparability

BG Our Bulgarian subsidiary compared online and offline services on its website, describing which activities can be performed on which channel (online, over the phone or offline) and indicating the advantages of each channel.

ME CKB produced information brochures for several products in order to enable customers to gain a clearer understanding of the products, their purposes and the conditions of their use.

RO Our Romanian subsidiary modified credit card statements to

ensure that customers clearly understand the transaction cycle and the amount payable.

Integration

At the beginning of the year, our Serbian subsidiary created a separate microsite for the customers of the two merging banks – Vojvodjanska banka and OTP banka Srbija a.d. Beograd – to present the changes resulting from the integration. Obviously, customers also received personalised, written information. After the integration, the Serbian subsidiary made specific efforts to ensure that the messages sent to customers were written in plain language.



3.3.

Improving financial knowledge regarding banking services

Financial awareness became even more important during the pandemic. The youth, families and even the elderly generation are facing challenges that can only be managed by having some financial skills. In the past year we produced information documents providing general and specific financial information about numerous topics. We are making these documents available to our customers and, as far as possible, to the entire population.

The OTP Self-provision Index¹⁵

The value of the Self-provision Index remained stable throughout 2021 with no significant changes resulting from the drawn-out impact of the COVID-19 pandemic. On a scale of 100, its value dropped by 1 point compared to the previous year, which corresponds to the 2019 result.

In the past decade we observed that attitudes toward self-provision tend to change slowly, whereas the population reacts quickly to abrupt impacts.

Possibly because of the pandemic, Hungarian households have become more aware and more prudent: in 2021 37% of the respondents admitted to pay more attention to their spending, and even their attitude to self-provisioning improved somewhat.

40% of the respondents have savings, which is the same ratio as recorded one year earlier. On the other hand, it is a positive trend that the percentage of households who perceived a worsening in their financial position dropped to 27% from 35%, and a much higher rate – 11% vs. 2% – perceived an improvement compared to the previous year. 62% of the respondents did not perceive any change in their financial position.

The importance of savings and to save money has appreciated. Of those who were adversely affected by the pandemic, 18% felt it important to have savings. 5% of the respondents claimed to have started to save money in response to the pandemic, and another 7% planned to invest in a savings product. Based on the responses, the new investments commenced in response to the pandemic are typically life insurance products, time deposits or building society savings. Health fund savings and unemployment insurance should also be mentioned among the plans.

83% of the respondents survived the difficult months by restraining their expenses; 57% had to use their home savings, while 20% had to use their money market savings product. A relatively high percentage, 18% of the Hungarian population accumulated larger or smaller amounts of money as a result of travelling less or being unable to participate in programmes due to the restrictions.

Knowledge Bank

The acquisition of basic financial concepts is supported by the animation videos posted on the Youtube channel of the OTP Knowledge Bank. The online series of videos presents the operation of a financial product or service in an easy-to-comprehend and illustrative manner with examples shown. The renewal and expansion of the content is continuous; in 2021 the new internet and mobile banking functions of OTP Bank were in the focus. During the year, 38 short films dedicated to general financial education were available. They were supplemented by videos specifically presenting the services of OTP Bank. The short films with general content were viewed 60.000 times in total.

Educational chatbots

Our customers are given an opportunity for initiating chat conversations both on the website and on the internet bank portal. In order to provide prompt assistance we automate frequently arising topics, and the automated chats have also been expanded to responsible financial behaviour. The chatbots provide simple access to thematically structured contents and downloadable documents.

Personal Finance Manager – OTP Bank's new internet and mobile banking solution

Thanks to innovations such as the Personal Finance Manager (PFM) function of the new mobile bank, our customers can easily and transparently monitor their daily and monthly expenses. The PFM was developed after a preliminary analysis of market and customer requirements, in view of statistical analyses, with the involvement of the stakeholders and the addition of joint tests with customers. The application automatically categorises expenses, and classifies them into the correct expense categories defined on the basis of user requirements – for example, accounts, shopping, transportation. In that way, the user only needs a glance at the diagram to see the status of his or her expenses in the given month. We continuously enhance the function based on customer feedback received since the introduction of the application, paying special attention to options supporting the development of financial awareness.

Junior Next

The OTP Junior Next application of OTP Bank went live in 2020. Its primary purpose was to improve the financial awareness of young persons of 16–24 years of age, and to ease their career choices in an innovative way. The success of the service is still unbroken, as demonstrated by the more than 50 thousand registered users and the high feedback values of the web stores where the application can be downloaded. We are developing together with our users; we monitor feedbacks through the app, as well, to ensure that the contents produced are aligned with the requirements of the target group and are as useful as possible. The most popular functions of the application include future planning guidelines and the calculator

designed to support the accomplishment of savings goals. It was exclusively through the application that young persons could register for the one-month Student Work Programme of OTP Junior. As new functions, in 2021 we added voluntary job and internship opportunities to the application, and we also launched the Newsfeed function, which contains continuously refreshed articles and videos for improving financial awareness.

OTP Business Café

We opened the virtual café of OTP Bank in 2021 for small entrepreneur customers, assisting in their financial decisions through informative and thought-provoking professional presentations. The lecturers of the online series of events arranged every two months were business line managers or their employees, depending on the specific topic; in addition, professionally renowned guest lecturers were also invited.

Websites with dedicated educational contents

HR RO RS UA Some of our subsidiaries created a separate subpage on their websites to transfer basic financial insights, explaining in detail the bank's products, providing useful, practical advice and pointing out financial interrelationships. They publish information documents and thematic contents continuously; in addition, they try to convey their messages to the population at large through the media and on the platforms and at the events of their partners.

HR The subpage of our Croatian subsidiary's website is called 'Finance for 5'; it processes financial topics affecting pupils, students, employees and pensioners not only in a plain language but also aligned with life situations.

RS The [website](#) of our Serbian subsidiary has a dedicated page to help visitors make responsible financial decisions. The understanding of bank products and financial services is facilitated by contents such as the 'Lexicon of financial terms', 'The advantages of electronic and mobile banking', or 'Five reasons for digitalisation for small and medium-sized enterprises'. Besides permanent content, visitors have access to current topics and financial information.

In 2021, we launched a universally available blog to explain the basic concepts of insurance products and to describe the products offered by us. The blog is published regularly on the OTP Osiguranje [website](#) and on its corporate LinkedIn page.

Financial planner

OTP Bank's online Financial Planner is still available free of charge on the Bank's [website](#) to facilitate more aware financial management. The digital planner proposes savings portfolios aligned with the goals of the Bank's customers, presenting their advantages in a transparent manner. The simplified version of the Financial Planner is also available to persons who are not OTP Bank customers.

www.azenzovom.otpbank.hu

We post useful savings information on OTP Bank's subpage throughout the year. In line with the trends, we also produced our first podcast, which is available in the online media and on the website. We are planning to publish additional educational contents in 2022.

RO OTP Asset Management Romania rejuvenated its [website](#) completely in 2021 to reflect customers' interests more comprehensively. A financial calculator was made available on the platform to help define ideal savings amounts and portfolios; moreover, a financial profile creator application shows the risk levels tolerated by the investor. The company is among the first in Romania to support customers through such a tool. An employee of the Romanian subsidiary presented to the public the principles of stable investments and the key financial markets of the world in a podcast.

GRI 418: 103-1, 103-2

Go cashless responsibly – security awareness

During the pandemic, cashless transactions proved to be a safer solution from a health perspective as well. Since the growing use of digital channels increased the number of fraud attempts; members of our Banking Group considered it a priority to draw the attention of customers and the population to the information necessary for safer banking.

OTP Bank launched several awareness raising campaigns on its website, at the branches, and in the social, electronic and public media to convey its warning messages to the broadest possible range of audiences. Anti-phishing efforts represented a separate topic in the OTP Podcast, and we produced a quiz – an attitude-shaping short movie – engaging a number of influencers.

BG DSK Bank has stepped up the communication of its 'Keep Calm on Internet' campaign on its social media sites, demonstrating the main aspects of safe online banking in a simple and easy-to-understand form. The campaign provided an answer to such practical questions as how to create a secure password, whether it is safe to use the Wi-Fi network for online banking, what to do if you are a victim of phishing.

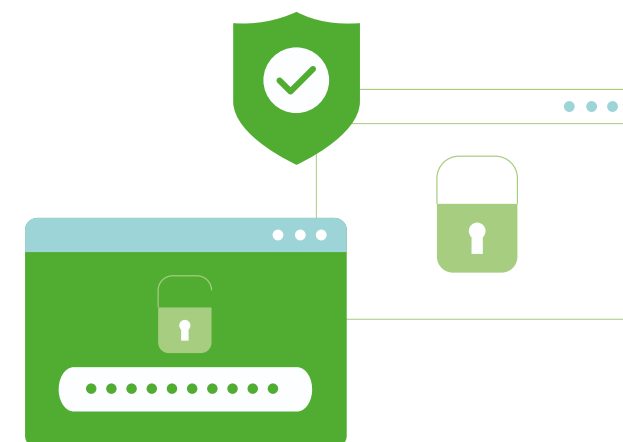
In addition to encouraging the use of digital channels, at the presentation of examples the bank is very careful to draw attention to the importance of avoiding fraud. The subsidiary also produced an educational video in relation to the mandatorily introduced safety measures such as 3D secure codes and static PINs, and sent out text and Viber messages to customers in this regard. The bank is planning to carry out a new communication activity on online platforms in 2022, using social media posts and reminder messages.

UA In order to improve the financial literacy of the population, OTP Bank Ukraine joined the national information campaign promoting cashless payment, communicating the messages of the campaign actively on all platforms. The campaign was dedicated to payment options, account opening, bank cards, online banking and the associated advantages, placing special emphasis on security issues.

- As part of the #ShahraiGoodbye ('Goodbye Crook') campaign, the bank called attention to the basic safety rules of cashless and online payment.
- Under the #KnowYourRights information campaign, the bank focused on the rights and obligations associated with the use of financial services.

SI SKB Bank cooperated closely with the Slovenian Bank Association in the field of improving financial literacy. They focused their attention on nudging customers to digital channels during the pandemic crisis, primarily by encouraging them to use ATMs and contactless cards. In addition, the subsidiary regularly communicates messages to customers on cybersecurity.

AL MD ME RO RS Similarly, our Serbian, Montenegrin, Moldavian and Albanian subsidiaries regularly publish educational and awareness raising information on their respective websites and social media sites on safe banking, the most frequent methods of cyber fraud and on the ways in which customers can defend themselves. Our Romanian subsidiary prepared written information and a video in relation to 3D authentication.



3.4. Responsible selling

It is an important criterion of customer focus to recommend and sell products that fit customers' life situations and needs, and help achieve their financial goals.

Our sales process is aimed at exploring and serving true customer needs and accordingly – and also in compliance with statutory requirements – our management's performance assessment does not encourage misleading sales. In order to reflect consumer protection considerations, we also use qualitative criteria besides our quantitative sales target assessments.

Product-neutral sales

In order to bring to the fore customer interests on an even larger scale, in 2020 we tested a fully product-neutral engagement system at OTP Bank. In this method, all affected products are essentially calculated into a single sales indicator; therefore, while we recognise sales, we eliminated the product focus. It is a very positive result of the change that new sales situations emerged with a focus on customer needs, reducing the stress involved in customer service. Based on the favourable experiences, starting from 2021 we apply this method nationwide.

ME Comprehensible products

Our Montenegrin subsidiary set the objective to avoid complicated language and structures when it designs new products so that it becomes easier for customers to select the products that best suit their situation and needs..

3.5. Accessibility of financial services

Remote access through digital channels

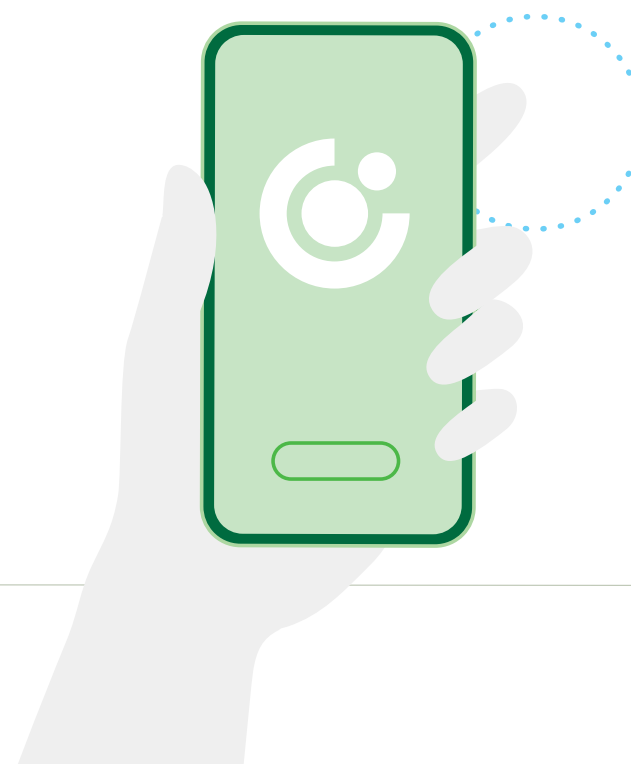
For years, we have assigned priority to expanding the functions of electronic channels and promoting their use; indeed, their use increased spectacularly during the period of the pandemic. In this chapter we present our solutions and developments which contributed to expanding the opportunities for access to digital services through digital channels.

Products that can be requested digitally

In 2021 we made available even more products without the need for personal visits to the branch:

- personal loans can be applied for fully online;
- the Minimum account can be requested via VideoBank;
- by opening a Selfie account two retail accounts (Junior 18+ and Aktiv) can be opened through the mobile bank, fully online.

As a pilot project, we also made housing loan applications available through the VideoBank; consequently, the whole process can be completed online – branch visits are only needed for signing the contract. For 2022, we are planning to introduce the option of opening securities accounts online and via VideoBank.



BG HR Retail customers are now enabled to open bank accounts online also at the Bulgarian and the Croatian subsidiaries. By the end of 2021, 1,200 customers took recourse to this option in Bulgaria.

RO At our Romanian subsidiary, micro, small and medium-sized enterprises were given access to online account opening in the case of 11 packages.

MD Personal loans can be now requested online through the website of our Moldavian subsidiary. Our goal is to introduce digital access to retail loan products at almost all subsidiaries by 2022.

MD Through its new mobile bank, our Moldavian subsidiary is the first in the country to provide the means for personal and corporate banking in a single application. Since its introduction, the app has been used by 47 thousand customers.



26%
the number of digitally active retail customers rose by one fourth at OTP Bank in the span of two years



1.6 million
OTP Bank customers use the mobile banking solution, twice as many as two years earlier



75%
the mobile bank is used by three fourth of the customers of our Russian subsidiary

POS

It facilitates the quicker and simpler use of portable POS terminals that the device can be installed in Hungary independently from 2021. The terminals are delivered by delivery service in operational condition; merchants can install them themselves. During the year, we delivered 3,000 terminals in this way.

Also from 2021, a single terminal can serve more than one merchant in the same store. This development enables cashless payment at lower costs with easier handling.

RO Our Romanian subsidiary introduced the SoftPOS service, which enables card acceptance from Android mobile phones.

Platforms supporting real estate purchases

BG The DSK Home digital platform was designed, in conjunction with DSK Bank, by an enterprise selected under the OTP Startup programme. The homepage assists customers during the whole process of real estate purchases with personalised real estate offers, market analyses and online appraisals.

HR The new Evomedoma application of our Croatian subsidiary simplifies the search for real estate for purchase or rental purposes. From the ads available in the market, the application selects those that suit the search criteria, and shows the cheapest one to the user. Besides the app, the evomedoma.hr portal also remained available. Through its articles, the portal gives advice, among others, on house purchases and renovations.

Remote expert from home

The remote expert system operating in branches for years has now become accessible from home. The purpose of the system is to provide a highly experienced, expert colleague to serve the customers of smaller branches through video link in the case of certain products. Upon its introduction, our customers are able to receive personalised, professional information without the need to make an appointment in the branch. Based on the first experiences, customers provided expressly positive feedback on the new option.

BG E-tickets

In 2021, DSK Bank and its subsidiary, DSK Mobil implemented a joint development, which enables the population to purchase public transportation tickets electronically on the vehicles and at the underground gates, whereby public transportation has become simpler both for locals and for tourists, which contributes to reducing the use motor vehicles. The tickets can be purchased by contactless Visa and Mastercard cards. The popularity of e-tickets is demonstrated by the fact that almost 900 thousand purchases have been made since their introduction.

Contact Center

The number of calls received in the Contact Center remained high, for the most part, as a result of the pandemic and the moratoriums adopted in response. A large number of inquiries were received by the Contact Center in relation to the two-factor identification introduced for online purchases. Because of the increased number of calls and unscheduled system shutdowns, we were unable to meet our goals at OTP Bank regarding response times and the percentage of lost calls (when the customer disconnects the call even before it is routed to the call centre employee). The percentage of lost calls was 17%, while the value of the response time complex indicator was 54%. All of our subsidiaries have defined a target for the percentage of lost calls, and 6 subsidiaries were able to achieve their targets.



900,000

electronic ticket purchases for public transportation in Sophia with the solutions of DSK

Caring Employer Programme

OTP Bank created the Caring Employer Programme for its corporate partners and employees. Under the programme, our financial experts provide information on financial services at the workplace, in a manner pre-agreed with the employer, in person or online. We also provide an opportunity for acquiring basic financial insight free of charge, which facilitates responsible financial decisions. In 2021 we reached around 20 thousand employees at more than 500 locations under the programme. For more detail about the programme, please visit [our website](#).

In-branch and ATM service

In 2021, OTP Group awaited its customers in almost 1,500 branches in 11 countries of the region as we are convinced that, even with the gaining ground of digital services, branches remain important locations of customer service. In 2021, the persisting pandemic and the proliferation of digital channels both contributed to the year-on-year decline in the number of customers visiting our branches. During 2021, we introduced numerous new solutions to make our services available to the broadest possible spectrum of customers.

GRI FS13 The Banking Group has the largest branch and ATM network in Bulgaria and Montenegro, and the availability of branches is outstanding in Hungary, Serbia and Moldova. Due to the integrations, our streamlining efforts in Bulgaria and Serbia resulted in the closure of a large number of branches.

Innovation branch

In the dedicated branch of OTP Bank we continuously seek and test innovations to simplify and digitise processes for our customers so that we can provide services that suit customer requirements even better.

Digitalisation Mentor Programme

The use of online channels is not easy or self-explanatory for all of our customers. We launched a mentor programme to help these customers acquire the appropriate skills and insights. In any branch, our employees can present the use of new internet banking platforms and various applications, as well as their advantages, using dedicated educational tools, laptops and tablets.

Videobank in branches

Through the in-branch VideoBank service, customers can contact branch employees online. Based on the positive experiences of the pilot period, we are planning to roll out the service nationwide in the MSE (micro and small enterprise) segment, as well as in the retail, premium and real estate advice segments.

In the corporate sector, as a pilot, we enabled the customers of the South Transdanubian Region to be served directly through remote access by account relationship managers.

Remote expert customer service system

The objective of the system is to enable the population in small regions across the country to receive high-quality service from our professional and highly-experienced employees in the branches. In a dedicated meeting room, customers are served by a call centre employee via video link. The nationwide rollout of previously commenced developments increased the roles and responsibilities of remote experts in relation to loans backed by real estate collateral. In addition to receiving and pre-recording transactions, this channel is used for loan assessment and the entire process of approval, as well as the disbursement of the loan and/or subsidy. The positive reception is demonstrated by the fact that our customers took recourse to remote experts in 6,000 cases, and we concluded twice as many contracts as in the previous year..



1,800
real estate loan contracts
through remote experts



56% of customers
make an appointment for
the consultation

Cashless branches

Regarding in-branch banking services, our goal is to achieve that the advisory functions become dominant; this is the area where the expertise and presence of our employees truly create value. In the case

of cashless branches, the advisory role is in the foreground in any event, which ensures a more focused customer service. In order to achieve our goal, we expand the number of cashless branches continuously. In such branches customers can complete cash-related transactions through smart ATMs. In 2021 we opened three new cashless branches in two towns in the countryside and one in Budapest; consequently, the number of cashless branches rose to nine in Hungary.

RO RS We also opened a new cashless branch at each of the Serbian and Romanian subsidiaries.

Booking appointments

With predictability in mind, an important objective for 2021 in advisory services was to serve as many customers as possible at pre-arranged times. We outperformed our targets: 56% of customers made appointments before visiting the branch to receive advisory services. Most members of the Banking Group¹⁶ make appointments available; in 2021 our Slovenian subsidiary also placed special emphasis on the use of appointments.

Waiting times

In order to meet our waiting time targets over the long term, we launched a dedicated project in 2021. Our goal for 2022 is to call 80% of our customers to the service counter within 15 minutes, and to call 90% of customers to the counter within 10 minutes at the most. In 2021, we served 64% of customers within 10 minutes, which falls behind our goals and the results of previous years.

At our foreign subsidiaries, creating and maintaining a safe environment amid the COVID-19 pandemic were given a higher priority than the reduction of waiting times. Due to the irregular

customer handling methods (e.g. waiting in line outside the branch) waiting times increased at several subsidiaries. At the same time, we implemented a number of new developments, which contributed to the reduction of waiting times after the pandemic as planned.

RS As a pilot, in one of the branches of our Serbian subsidiary we introduced a "fast-track" counter, where customers can complete transactions that take less than 3-4 minutes. As a result of this development, waiting times declined and customer satisfaction increased in the branch.

RO It is another new development that the queue management systems of the Romanian subsidiary send a warning to branch employees after a waiting time of 5 minutes.

UA The Ukrainian subsidiary integrated waiting time requirements into the incentive system of branch employees.

ME In order to speed up customer service, our Montenegrin subsidiary serves corporate customers at a dedicated counter from 2021.

RU From the beginning of 2021, account opening is a faster process for small enterprises at our Russian subsidiary. The subsidiary also reduced the scope of documents required for the account opening to the minimum, which helps simple administration and the account can be used as early as the day of the application.

Convenience features

We try to make the time spent in the branch more comfortable or useful with numerous services¹⁷ even during the waiting time and the administrative processing. While they are waiting, our customers have already had access to our WI-FI network¹⁸ at other members of the Banking Group. In addition, phone chargers are available to customers at all of our consulting desks in Hungary and in the 'Digital Ambassador' branch of the Ukrainian subsidiary.

Wherever technically feasible, we installed water fountains in our larger branches in Hungary.

AL MD RO RS UA Water fountains are available in all branches of the Albanian and Moldavian subsidiary, 90% of the Ukrainian and Romanian branches and, since 2021, also in almost all branches of the Serbian subsidiary.

Although kids' corners were still less in use during the pandemic, new play areas were created in two branches in Albania and 4 branches in Croatia.



13

cashless branches group-wide

Deposit ATM

In addition to strengthening the advisory function of branches, we are expanding the solutions that support convenient and simple transaction execution; thus we increased the number of deposit ATMs further within OTP Group.

In Hungary, the number of such ATMs increased moderately to 269, while the number of smart ATMs rose to 147 in Bulgaria, 26 in Serbia, 48 in Croatia, 82 in Slovenia, 97 in Romania, 116 in Ukraine, 9 in Montenegro, 17 in Albania and 52 in Moldova. The number of such terminals is still 182 in Russia. In Serbia, 35 deposit ATMs are available specifically to small and medium-sized enterprises (SMEs). In addition to deposit ATMs, contactless ATMs are becoming available on a larger scale: in Hungary, 45% of the ATMs support this functionality, and their number is increasing constantly in Romania.

In 2021, it became possible to pay utility bills through ATMs in Slovenia, while Ukraine introduced the options of loan repayment and purchases in foreign currency.



~ 1,000

deposit ATMs group-wide



¹⁷ Kids' corners were removed for the period of the pandemic.
¹⁸ Available in Hungary, Bulgaria, Serbia, Romania and Ukraine.

GRI 413: 103-2, 103-3, FS13

Disadvantaged regions

Owing to its extensive branch network, compared to competitor banks, OTP Group provides greater access to the population of disadvantaged regions in several countries for handling finances in person.

Access points in disadvantaged regions ¹⁹		
	Branch	ATM
OTP Bank – Hungary²⁰		
Number of access points (as a % of the total number of access points)	68 (19%)	187 (10%)
Number of new access points (as a % of all new ones)	0 (- ²¹)	4 (10%)
Number of terminated access points (as a % of total terminated)	1 (17%)	1 (2%)
Change from the previous year	-1%	2%
DSK Bank – Bulgaria		
N/A – there are no disadvantaged regions defined		
CKB – Montenegro		
Number of access points (as a % of the total number of access points)	0 (0%)	3 (3%)
Number of new access points (as a % of all new ones)	0 (-)	0 (-)
Number of terminated access points (as a % of total terminated)	0 (-)	0 (-)
Change from the previous year	--%	-%
OTP Bank Romania		
Number of access points (as a % of the total number of access points)	42 (43%)	42 (28%)
Number of new access points (as a % of all new ones)	0 (-)	0 (-)
Number of terminated access points (as a % of total terminated)	0 (-)	0 (-)
Change from the previous year	-%	-%
OTP Bank Croatia		
Number of access points (as a % of the total number of access points)	20 (18%)	30 (6%)
Number of new access points (as a % of all new ones)	0 (-)	2 (15%)
Number of terminated access points (as a % of total terminated)	0 (-%)	6 (19%)
Change from the previous year	-%	-12%

	Branch	ATM
OTP Bank Serbia²²		
Number of access points (as a % of the total number of access points)	9 (5%)	42 (14%)
Number of new access points (as a % of all new ones)	N/A	N/A
Number of terminated access points (as a % of total terminated)	N/A	N/A
Change from the previous year	N/A	N/A
SKB Bank – Slovenia		
Number of access points (as a % of the total number of access points)	15 (31%)	16 (20%)
Number of new access points (as a % of all new ones)	0 (-)	0 (-)
Number of terminated access points (as a % of total terminated)	0 (-%)	0 (-%)
Change from the previous year	-%	-%
OTP Bank Russia²³		
Number of access points (as a % of the total number of access points)	13 (10%)	9 (5%)
Number of new access points (as a % of all new ones)	0 (-)	0 (-)
Number of terminated access points (as a % of total terminated)	0 (-%)	0 (-%)
Change from the previous year	8%	13%
OTP Bank Ukraine²⁴		
Number of access points (as a % of the total number of access points)	2 (2%)	26 (16%)
Number of new access points (as a % of all new ones)	0 (-)	4 (36%)
Number of terminated access points (as a % of total terminated)	0 (-)	0 (-)
Change from the previous year	100%	63%
OTP Bank Albania		
N/A – there are no disadvantaged regions defined		
OTP Bank Moldova – Moldova		
Number of access points (as a % of the total number of access points)	5 (10%)	5 (3%)
Number of new access points (as a % of all new ones)	0 (-)	0 (-)
Number of terminated access points (as a % of total terminated)	0 (-)	0 (-)
Change from the previous year	0%	0%

¹⁹ Sub-regions and districts defined as such under the laws of each country, determined according to social and demographic indicators, and indicators related to housing and living conditions, the local economy and labour market, infrastructure and the environment.

²⁰ At this time, the branches/offices of OTP Ingatlanpont, OTP Pénzügyi Pont, OTP Merkantil and OTP Faktoring are not present in disadvantaged regions.

²¹ None, not applicable.

²² Figures are not comparable to those of the previous year due to the integration and the different methodology.

²³ The classification methodology has changed.

²⁴ The classification methodology has changed.

Accessible customer service for disabled persons

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 2021, we served customers primarily relying on our previously introduced and applied accessible assets, expanding the range of accessible branches and ATMs.

We assist our customers with reduced mobility as follows:

- Physical accessibility is provided in all branches in Hungary, with one exception²⁵. One branch in Slovenia and two branches in Romania are not accessible. With the exception of the Serbian and Albanian subsidiaries, more than 50% of the branches at our subsidiaries are wheelchair accessible. At the level of the Banking Group, the percentage of the branches accessible to customers with reduced mobility rose to 78%.
- We also strive to make ATMs wheelchair accessible.
- The OTP Bank website supports one-handed use.

We assist our blind and visually impaired customers as follows:

- There is a tactile push button on all branch ticket dispensers at the parent bank to enable our visually impaired customers to signal their arrival. A tactile strip helps locate the push button

and navigation is assisted with Braille signs. The same solution is available in almost all branches of our Russian subsidiary.

- Tactile guide strips are available in 134 OTP Bank's branches, while all of our Russian branches have a tactile sign at the entrance.
- Almost all of our ATMs feature Braille script at Group level. The number of ATMs equipped with text-to-speech software increased at OTP Bank: 910 terminals (48%) switch to speech mode automatically when earphones are plugged into the device. Some ATMs of our Moldavian subsidiary also provide audio assistance.
- Text-to-speech software supports the use of OTP Bank's website content, and accessibility to digital platforms is provided at most of our subsidiaries as well.

We assist our hearing impaired customers as follows:

- In Hungary, KONAKT Interpreter Services can be used by customers in 167 branches; this service enables a sign language interpreter to assist with administrative tasks in the branch through live video chat. This option is available to customers in 28 branches of our Serbian subsidiary.
- 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.
- 35 branches of the Serbian subsidiary have employees with sign language skills.
- The parent bank adds transcriptions to all new video contents.

HR Our Croatian subsidiary installed the Omoguru widget (mini app) on its website, which helps customers suffering from dyslexia and reading difficulties understand the content of the website.

At OTP Bank, we are planning to hold job-specific sensitivity trainings in 2022, specifically addressing situations that may be encountered by branch employees during customer service. In addition, we deploy mystery shopping to examine the quality of service provided to customers living with disabilities.



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

25

Accessibility is not feasible at this branch due to the listed building regulations and the characteristics of the building and its environment (there is a significant height difference between street level and the branch floor level, connected by stairs).

3.6.

Development of financial literacy among the population

GRI 417: 103-2, 103-3

It can be said of all countries where OTP Group is present that there is still room for improvement regarding financial literacy and financial awareness. We facilitate the expansion of the population's financial literacy through numerous programmes and using the most diverse tools possible. The [OTP Fáy András Foundation](#), plays a key role in these efforts; the Foundation exerts a notable impact on both the national and the international levels.

OTP Fáy András Foundation

The purpose of the Foundation is to improve the financial literacy of the population – primarily primary school and secondary school students and young adults. It conveys financial knowledge and insight via in-person trainings and digital courses applying a practice-oriented, experience-based training methodology.

Once again in 2021, the activity and results of the Foundation were significantly influenced by the COVID-19 pandemic; however, most scheduled programmes were implemented nevertheless. The OK Educational Centres continued to provide stopgap training to students, and the Foundation took a big step forward in the area of adult training as well, by developing its Financial Basics Programme.

Fáy Digital Education Programme

As a result of the pandemic, educational institutions continued to express an increased interest in – and need for – digital training materials. The Digital Training Programme launched in 2020 was perfected by the spring of 2021.

- We developed almost 30 hours of training material. Besides contents promoting financial literacy, educational materials were prepared with a view to developing other social competencies in such topics as 'Media Consumption Awareness', 'Digital Threats, Financial Predators', 'Practical Insight into Student Work'.
- We continuously renew our trainings using innovative technologies, and refresh them based on the feedback received.
- We organised an e-learning competition entitled 'Winnings from Knowledge', where we awarded the most active schools and classes in the form of money for classroom expenses.

The training materials of our digital training portfolio are still available in a 3+1 format to primary and secondary school students on the [Fáy Digital Remote Training Portal](#) and can be mixed freely at the user's discretion. A classroom version of our financial education mobile application is also available, offering trainers / teachers a truly stimulating option to spruce up the training material and make it interactive.

The Fáy Digital Education Programme is supported by 18 remote learning videos, 28 live online broadcasts (streamed lectures), 30 e-learning training materials, and the Platypus: a FinLit Story financial education application.

As part of the digital programme, we laid the foundations of the online career school programme, which is a series of online, interactive, group training programme for secondary school students. Scheduled for 3 occasions, the programme touches on such topics as self-awareness, vocational guidance, labour market insight and communication as well.



6,500

Training for 6,500 students in the form of e-learning and remote learning



11,000

student attendees at streamed lectures

Adult training – Financial Basics Programme

Developing and testing the Financial Basics Programme represent a milestone in the Foundation's life in the field of adult training. Available free of charge and without a training background, during the training users acquire the most necessary personal cash handling, financial management and general economic skills, and also acquire the appropriate cash handling behaviour.

The training programme was developed based on the professional guidelines of the Organisation for Economic Cooperation and Development (OECD). The programme consists of six main topics and 22 sub-topics, which are broken down further to 52 micro-topics. Aligned with contemporary training trends, the training material contains diverse substantive, video and interactive elements. The programme provides extremely broad-based and comprehensive knowledge from the overview of payment methods and cash movement to the skills required for everyday finances, also touching upon the topics of risk mitigation and security or the role of economic operators and regulations.

After successful completion, participants receive a certificate.

During the initial, pilot period of the programme, the e-learning training material was completed – in part or in full – by 740 persons in the span of two months.

Additional programmes

Even beyond the training programmes, the Foundation supports the improvement of financial literacy through various tools. In 2021, as well, the Foundation implemented the in-service teacher training programme organised in conjunction with the Eötvös Loránd University, and the renewed Teachers' Club continued to arrange professional presentations and events. Under the Foundation's national attitude-shaping and awareness-raising programme, short videos were played 400 times on national commercial television channels featuring topics such as home improvement, starting a business, data security and donations.

OK Educational Centers in Hungary

The training courses of the Foundation are held in OK Educational and Innovation Centres in Budapest and in Nyíregyháza, which also apply the latest technologies such as AR, VR, robotics. The Romanian and Moldavian centres also apply, in part, the training methodology developed by the Foundation, which maximises its impact on an international scale. For the most part of the year, the Hungarian Training Centres were unable to receive groups for in-person training due to the pandemic. 2,500 participants attended the training in a classroom setting.

As a result of our new cooperation with the Roma Education Fund, 22 young Roma students with fresh scholarships also attended our half-day finance and economy training. Besides the trainings, the Centre provided the venue for the annual SAPHYR project, which is aimed at the improvement of the training and employee skills of the Roma youth.

OK Educational Centre in Romania

The activity of the Romanian OK Educational Centre was also influenced by the pandemic; for this reason, in-person training was implemented on

a far smaller scale than in previous years. A total of 940 students attended the trainings of the Centre. The Financial Fitness educational programme for adults also continued with the attendance of around 500 persons at 49 events. The Centre's objective is to promote the programme within the Romanian Banking Group and among the employees of the cooperating partners of OTP Bank Romania.

The OTP Bank Romania Foundation has contributed to several projects during the year. Under a strategic partnership with the Free Trade Union Federation in Education (FSLI), it developed in conjunction with the FLSI the national digital programme entitled 'Online Lesson'. The purpose of the training is to improve the digital skills of teachers, and the practical application of the skills acquired in planning, enhancing and implementing online lessons. In 2021 more than 500 teachers attended the training.

Backed by EU funding, the 'Manager in Action' project was launched in 2021. Apart from the Foundation, the Bucharest Academy of Economic Studies and the Romanian Management Consultancies Association (AMCOR) acted as project partners. Our Foundation undertook the role of project leader and content creator and as such, it developed a complex training material with an economic profile for students studying at the faculties in order to facilitate the practical utilisation of the theoretical knowledge acquired at the university. The purpose of the project is to arrange work experience for 284 students studying economics.

OK Educational Centre in Moldavia

During the year, more than 2,500 participants attended the trainings of the Centre in more than 30 locations of the country, under the auspices of 22 national and international partnerships. Both adults and students participated in the trainings. The building of the Training Centre was opened in August in a creative and inspiring environment, equipped

with new spaces and technologies and numerous training rooms facilitating interactive learning. For the first time in 2021, the Centre organised a 'Summer Camp – OK' for children. The Centre opened a new training room in August in support of interactive learning in a creative and inspiring environment. The purpose of the OK Foundation for Financial Education is to build further partnerships and to roll out financial education programmes nationwide.



In-person education through the OK Educational Centres



2,500
Training for 2,500 students
in Hungary



1,300
Training for 1,300 adults
and students in Romania



2,500
Training for 2,500 adults
and students in Moldova

Finlit Tales

Supported by an EU grant, in conjunction with the Slovakian Constantine Philosopher University (Nitra) the Foundation created interactive, attitude-shaping folklore presentations for Hungarian and Slovakian schools. Intended for the primary and secondary school generation, the stories combine the wisdom of folklore tales with cultural diversity and 21st century financial competencies. Although the programme was tested in 2021, due to COVID-19 restrictions, the performances could not take place; they will be presented in 2022.

Additional programmes aimed at improving financial literacy

As active participants in local initiatives we advance the cause of financial education through additional independent programmes. Our Banking Group cooperates with numerous educational institutions (universities, secondary schools, summer camps), contributing to the expansion of the basic financial skills of the youth and – in the case of specialised education – to increasing the level of skills among students.

AL HU MD RS Money Week

In 2015 Hungary joined the European Money Week initiative, which is held concurrently in almost 30 countries across Europe. As was the case with many events in 2021, the Money Week event

was held in a digital environment. Under the programme, 108 volunteers of OTP Bank held online classes.

The popularity of Money Week in Hungary is demonstrated by the fact that around 170 thousand students of more than 1,000 schools joined the series of programmes in the framework of 12,000 special classes with the participation of 700 volunteers. In 2021, practical skills were put at the heart of the programme with the 'Family Budget' and the 'Innovate – be Smart in Starting a Business!' themes.

Between 2015 and 2021 a total of 472 volunteers gave lectures at the event, more than a half of them in the past two years.

RS Our Serbian subsidiary joined the series of events in 2020 for the first time. On the occasion of Money Week, the Bank organised awareness-raising contests on its Instagram and Facebook pages. Filling out a quiz, students gained information about the history of the financial sector, and had an opportunity to expand their knowledge in digital banking. The subsidiary also organised a training workshop for small and micro enterprises to present the most useful e-banking functions and their practical advantages in order to improve all aspects of the business and to mitigate risks.

AL Our Albanian subsidiary supported the programme organised by the Albanian Banking Association in the form of sponsorship; university students were invited to process the following theme: 'Impacts of the COVID-19 pandemic on the economy and personal finances'.

MD Our Moldavian subsidiary joined Money Week through its OK Educational Centre. 7 educational institutions participated in the Financial Education Marathon, and numerous articles were published on responsible cash management on the website and on social media sites. A number of contests were arranged for children.

Money Masters

OTP Pension Fund joined the online financial contest launched by the Hungarian Association of Pension and Health Care Funds. Secondary school students prepared for the contest from a complex knowledge repository covering numerous fields of financial literacy; consequently, in addition to acquiring the basic concepts of funds, they also obtained useful financial knowledge. Our Subsidiary gave out the special award with the accompanying HUF 100.000 grant to Gundel School, the institution registering the highest number of contestants (272).

HR UA Students in the branch

Several of our subsidiaries receive student groups in their branches and office buildings on a regular basis, with a view to drawing their attention to the importance of responsible money management in the framework of presentations and programmes. In addition, students are given an opportunity to gain an insight into the operation of the bank. Traditionally, our Croatian subsidiary hosts children on the occasion of the World Savings Day, and our Ukrainian subsidiary organised a 'branch tour' in its Podil branch for interested youngsters.

Lectures, trainings

'It could be Easier' Programme

OTP Bank participated in the HTTP Foundation's 'It could be Easier' programme for helping the unemployed. The purpose of the Foundation is the broadest possible dissemination of marketable IT skills. Under the auspices of the joint programme with Microsoft and Trenkwalder, the Foundation and its partners compiled a free, online training material consisting of three parts in order to help the unemployed in job seeking and finding a job, and they also provide

assistance in acquiring the knowledge required for handling personal finances. OTP Bank also provided own resources and support for the implementation of the programme. In 2021, a total of 1,626 persons attended the training; the number of persons mentored amounted to 140. The training material can be acquired within a fixed period either by learning independently or learning in 10–12-person groups supported by mentors. The mentors are experienced IT trainers, HR experts and financial experts.

HR ME The experts of CKB participate in the implementation of university case studies, and give lectures to Montenegrin university students. In 2021, as well, our Croatian colleagues held numerous educational workshops in elementary and secondary schools in Zadar.

MD Our Moldavian subsidiary joined the 'Financial education – personal, social and economic benefits' campaign initiated by the National Bank of Moldavia and the National Committee on Financial Markets. They presented several educational videos during the campaign.

RS In cooperation with the Novak Djokovic Foundation, our Serbian subsidiary supported the 'Entrepreneur School' project aimed at micro, small and medium-sized enterprises. Representatives of the bank held two workshops, presenting financial solutions which contribute to expanding financial and digital skills in the most vulnerable segment of the economy that was hit the hardest by the coronavirus pandemic. The interactive workshops were held online.



4 member companies
joined the European Money
Week initiative



24,500 adult
and student participants in
the financial education
programmes of our foundations

Strategic Goals

Further expansion of digitally accessible product

Review of the Tone of Voice Manual defining
our communication style with customers

Improve waiting times at the branches of OTP Bank

Disability themed sensitivity training at OTP
Bank and mystery shopping in branches

Expand educational contents on our websites

Increase the reach of the financial educational
programmes focused on adults

Improve the financial awareness of
disadvantaged households

4. Financial Services for Sustainability



Commitment:

Supporting the long-term sustainable progress of society and the economy

Approach:

In an ethical way, our products help the implementation of financial objectives, access to basic needs, and the achievement of social and environmental objectives.

Activity:

- Ethical and fair product design
- Active role in national and international programmes to achieve social and environmental goals
- Supporting the transition to green economy and a low-carbon economy
- Products tailored to individual characteristics for vulnerable social groups (among others, the youth and pensioners)
- Serving the financial needs of small and medium-sized businesses at a high standard of quality
- Strict, conservative risk management
- Integration of ESG risk management

OTP Group aims to service the financial needs of all customer segments. Our products help achieve financial well-being and a healthy financial status. We offer products with preferential terms and/or adapted to the special needs of various social groups and corporate segments. Our goal is to offer products in all business lines that support the importance of the protection of the environment and the fight against climate change.

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

Our commitments 2020	Our results 2021
Implementing the ESG project in order to improve the ESG performance of OTP Group.	✓ The project was implemented successfully.
ESG-based risk assessment of our investment funds.	✓ Implemented in accordance with statutory requirements.
Providing energy and SME development finance opportunities under cooperation agreements.	✓ The programmes have been commenced.
Financing green technologies at our Serbian subsidiary to reduce air pollution.	✎ Implementation is delayed.
Implementing the medium-term agricultural strategy, including the development of green financing solutions and services.	✎ The implementation of the strategy continued, the design of green financing solutions is beginning from 2022.
Introducing a standardised group level credit approval system within three years, involving four key subsidiaries.	✎ Implementation continued.
 Implemented  Implementation is in progress  Not implemented	

4.1. Households and residential communities

In 2021, the range of products tailored to the needs of the youth and the elderly expanded further; numerous preferential housing schemes were available at our member companies. An increasing number of products support the energy efficiency projects of households and the use of renewable energy sources.

Young people

OTP Group pays special attention to young people even through its products. At Group level, 11% of our customers (1.6 million customers) are below 26 years of age, and they are offered preferential schemes in 9²⁶ countries. The selection of products varies from country to country. It includes account packages, savings for children, overdraft facilities, bank cards and student loans. Some of our subsidiaries (e.g. CKB) provide preferential terms for accounts held for the receipt of scholarships. At the end of 2021, almost 800 thousand customers took recourse to [Special products](#) at the members of OTP Group.

HR Our Croatian subsidiary designed two new lending facilities in 2021 for students in tertiary education. One of the schemes is a loan intended to cover everyday expenses arising for students – housing,

utilities, meals –, while the other scheme can be used to finance the education itself. Since their introduction, 42 students have taken recourse to the lending schemes in a total amount of HUF 117 million.

SI In 2021, SKB Bank transformed its previous products to packages, offering a Youth Package and an ISIC package to its customers. The packages include account management, the use of digital channels, credit cards, preferential ATM use and additional benefits.

The elderly, pensioners

The number of pensioner customers typically surpasses that of younger customers at the banks of OTP Group. Tailored to their needs, special products are available to this customer segment in Bulgaria, Serbia, Croatia, Montenegro, Albania and – since 2021 – Ukraine.

UA In conjunction with Visa, OTP Bank Ukraine introduced a unique service for customers with new pensioner cards. The 'Lesyk from OTP' chatbot is available 24/7 to help customers complete everyday chores. Through the automated system it is possible, among others, to call a taxi, to register at a hospital or to inquire about the opening hours of administrative or official institutions. For an extra fee, customers can also order medication or free vision screening through the Liki 24 website. During the year, almost 10 thousand customers applied for the bank card.

BG DSK Bank created a new product package for pensioner customers. Among others, the Flexi scheme supports preferential cash withdrawals from ATMs, and it does not charge any fee for in-branch services.

Confidence offer

In the case of specific retail payment account packages, in 2021 OTP Bank waives the account management fee for 4 months for customers receiving jobseeker's allowance, thereby helping them to cope with their life situation.

Basic payment accounts

Our banks operating in EU Member States offer the EU basic payment account to retail customers; in addition, we offer minimum packages to customers who need a limited range of services. While the accessibility of such accounts is important as they provide access to basic financial services, their actual use has been low for years: only a few hundred persons take recourse to them per bank.

Baby loan

The popularity of the subsidised loan offered in Hungary to families planning to have / expecting children remained unbroken since its start in 2019. It is an important feature of the maximum HUF 10 million interest-free loan that the outstanding debt on the loan will convert into a non-repayable state subsidy if minimum three children are borne during the term. The contracts concluded in 2021 amounted to a total of HUF 232 billion even despite the slight decline in applications; the market share of OTP Bank rose by 0.5 percentage points. Available until the end of 2022, the scheme is expected to raise significant interest.



42%
market share for Baby Loans

OTP Regular Savings Programme

Regular savings are an important pillar of self-provisioning and financial well-being. OTP Bank launched its regular savings programme with that in mind in 2021. Under the programme, the intended amount is invested monthly in the selected investment fund by way of a single order. An educational video was also produced for the programme.

ME Under its 'Rising Star' programme, our Montenegrin subsidiary introduced a long-term savings option for persons under 18 years of age. The product enables regular, automated savings from the parents' account as well.

Access to real estate, modernisation

GRI 203-2 Members of the Banking Group play an important role in the implementation of housing goals primarily through mortgage loans²⁷. At the end of 2021, the number of housing loans outstanding at OTP Group amounted to around 401 thousand, new loans stood at 57 thousand. Besides Hungary and Bulgaria, Serbia, Slovenia and Croatia contributed the most to house purchases and renovations. We provide predictable loans in consideration of the debt service capacities of our customers, and promote the use of energy-efficient solutions.

Certified Consumer-friendly Housing Loans

In Hungary our customers took recourse almost exclusively to Certified Consumer-Friendly Housing Loans in 2021 as well (95% of new contracts). These loans are available for interest-subsidised housing loans or for purposes such as home purchase, home enlargement, modernisation or renovation.

The number of new housing loan contracts rose by around 40% year on year. The interest in real estate loans was outstanding in the first half of the year and the number of applications subsequently declined. In Hungary²⁸, the number of housing loans outstanding stood at 223 thousand at the end of the year.



401,000
live housing loans at Group level



34,000
new housing loans in Hungary

Subsidised Housing Loans

Besides the Family Housing Allowance (CSOK) scheme that has been available in Hungary for years, in 2021 a new Home Renovation Loan became available, along with its product version involving a grace period. The Home Renovation Loan is a preferential-rate, interest-subsidised loan product for those raising at least one child. The available loan amount is maximum HUF 6 million. Under the grace period version, customers are only required to pay interests during the grace period. The Government intends to phase out several schemes in 2022. Under the schemes, we concluded more than 16 thousand new contracts during the year in an amount of around HUF 130 billion.

For the most part (58%), we supported the purchase of used homes through the loans and the non-refundable state subsidies; renovation and modernisation represented 17%, construction and enlargement 14%, and new home purchases 11%.



57% market share in
Hungary within subsidised
housing loans

HR From 2021, our Croatian subsidiary offers a state-subsidised loan scheme for supporting first home purchases. OTP Bank participates in the sale of the preferentially priced product at a higher rate than Croatia's market share. In 2021, 825 customers took recourse to the product in a total amount of HUF 5.7 billion.

In November 2021, joining the scheme launched by the Government, a decision was adopted on the bank's participation in the structural rebuilding of condominiums damaged by the earthquakes of 2020. The programme offers two solutions for the reconstruction: the project can be carried out independently, or organised by the Government. In both cases, the purpose is to minimise the financial burden of homeowners during the construction. The Croatian bank undertook to conclude 50 loan contracts in 12 months, in a total amount of HUF 7.1 billion.

RO In Romania, our subsidiary offered the state-subsidised mortgage loan in 2021 as well; this preferential loan is intended to support the first home purchase of young customers. The bank exhausted – and even expanded – the facility allocated to it originally, but the new credit product had a minor weight within new mortgage loans.

²⁷ OTP Bank Russia does not offer mortgage loans.

²⁸ OTP Core and OTP Ingatlanlizing

UA In Ukraine, a Government initiative aimed at the easing of mortgage financing – ‘Available Mortgage 7%’ – was launched at the end of 2021. Our subsidiary was also a participant in the scheme. The maximum amount of the state-subsidised loan is around HUF 28 million, and the sizes of the real estate purchased are capped. In 2021 we disbursed 8 preferential loans in a total amount of HUF 70 million.

MD The preferential mortgage loan offered under the ‘First Home’ scheme is also available at our Moldavian subsidiary. In 2021, 926 customers were granted the loan in a total amount of HUF 4.1 billion.

ME The key objective of the Montenegrin ‘1000+ Apartments’ project is to provide housing for disadvantaged or vulnerable social groups through a preferential-rate loan. The programme was restarted at the end of 2020, and the bank was ready to receive and assess loan applications during 2021. During the year we concluded 139 contracts and disbursed HUF 2.5 billion to customers in total.

Prompt appraisal

In 2021 OTP Bank launched its prompt appraisal service, which enable appraisals to be conducted without an on-site inspection for properties specified in legal regulations. The service is a more cost-efficient and faster solution both for customers and for the Bank, and the value of the property is available as soon as the loan application is submitted.

Personal Loan for Renovations

Launched in 2021, this product serves as a pre-financing for the home renovation subsidy available in Hungary, and our customers were keen to take recourse to the product for this purpose.

Condominiums

OTP Bank continues to play an important role in serving the financial needs of condominiums. In relation to condominiums, as well, contact was largely restricted to the online space during the pandemic, and the pandemic also restrained the size of the projects.

OTP Condominium grant

Almost 1,400 – a record number of – applications were received in response to the grant announced by OTP Bank in 2021 for the remodelling of condominiums, roughly the same number for the two categories announced. Under the grant, we supported 20 housing communities by HUF 15 million in total. For their decision, judges considered the extent to which the implementation of the grant serves the interests of the community, the high-quality repair of the condominium’s close environment and the amount of joint work invested by the homeowners in the planning and the execution process. In the ‘Home in the Future’ category we supported projects aimed at the safety and protection of homeowners and energy-efficiency renovations. In the ‘Home in the Community’ category we supported projects designed to improve the efficiency and environmental awareness of the operation of condominiums and housing cooperatives and to enhance shared spaces.

Condominiums in and outside of Budapest represented roughly 50% of the winners each, and there were recipients in both categories from all regions. Apart from eliminating accidents and maintaining the good condition of the condominiums, an increasing number of housing communities sought a solution for improving the efficiency of the building. Several winning projects were aimed at the creation or renewal of green areas, and a condominium won the grant for installing an electric charging station. Due to the prominence of environmental goals, the categories announced in 2022 will also put them in focus.



Almost **39,000**
condominium customers at OTP
Bank, 46 thousand group-wide

ESG Environment-friendly use of energy

Green Bond issuance

As part of its Green Strategy, OTP Jelzálogbank (OTP Mortgage Bank) strives to make its lending conditional upon – to the greatest possible extent – property-related purposes progressing towards sustainability, the purchase of energy-efficient properties, or performing energy upgrades on properties. Our goal is to increase the share of green loans within new disbursements.

Based on the recommendations of international organisations, we formulated the definition applied for identifying property-related purposes progressing towards sustainability, which determines the rating of financed properties based on energy efficiency. Retail mortgage loans are considered green loans where, based on its energy efficiency rating, the property serving as collateral falls into the best 15% of the total property portfolio of the country.

Besides green mortgage products, we can significantly contribute to the achievement of environmental goals by the targeted expansion of the mortgage programme, and therefore, we created the green mortgage bond framework. We defined the process of appraising and registering green collateral, the use of the funds and the reporting commitments.

Building on the green mortgage bond purchase programme of the National Bank of Hungary, the Bank was the first to issue green mortgage bonds in the Hungarian market. The value of securities issued in two rounds during the year amounted to a total of HUF 95 billion;

thus the Company was able to provide financing – in addition to the previously disbursed green loans – for the loans disbursed after the issuance. It is our priority to issue green mortgage bonds continuously in the future.

Jelzálogbank discloses the data expressing the key financial and environmental impacts of the mortgage bonds (allocation report) on an annual basis. The first, 2021 report is presented together with the Company's [annual report](#) Green mortgage bonds account for 51% of the HUF 185 billion principal amount of the Company's outstanding green loans recorded at the end of the year. The HUF 95 billion-worth mortgage bonds saved 45 GWh (163 thousand GJ) in energy consumption and around 10 thousand tons in CO₂e emission.

We draw the attention of investors and customers to the sustainability aspects associated with housing loan disbursements. We supplemented the loan application documents with an information note in this regard, and created a special menu option on the website of our company.

Our participation in the Energy Efficient Mortgages Initiative assisted us in the bond issuance, and enabled us to gain insight into international good practices and share experiences.



HUF 95 billion
Green mortgage bonds issued in a total amount of HUF 95 billion

FGS Green Home Housing Loan

The programme of the National Bank of Hungary was launched in 2021 Q4 in Hungary. It enables customers to apply for a preferential (max. 2.5%) fixed-rate loan for the purchase or construction of newly built residential property with an energy efficiency rating of at least BB and a primary energy consumption threshold of 90 kWh/m² per year. Under the programme, the MNB provides refinancing funds to credit institutions at an interest rate of 0%. Launched with an initial facility of HUF 200 billion, the programme was received enthusiastically. In 2021 we concluded 700 contracts for a total amount of HUF 20.1 billion, of which HUF 4.9 billion was disbursed by the end of the year. By the time the Sustainability Report was prepared, it had been disclosed that the facility would be raised by HUF 100 billion. The funds still available were distributed by the MNB between the banks participating in the programme; our market share of the total allocation will be 57%.

MFB Pont

We continued to operate 167 MFB Points in 2021 as well (46% of our branches) to intermediate the products of the Hungarian Development Bank (MFB), which include EU-refinanced and MFB's proprietary products. Schemes designed for the retail and corporate clientele were also available at MFB Points.

The loans available to individuals, condominiums and housing associations are intended specifically for environmental protection purposes: we offer the EU-refinanced interest-free loans until the end of 2022 for energy efficiency and renewable energy consumption projects under the Széchenyi 2020 programme. In 2021 we contracted for and disbursed 1,805 loans for a total of HUF 5.9 billion. Between 2017 and 2021 we granted loans under this scheme at a total value of HUF 41.9 billion.

HR The preferential loan granted for the purchase of environment-friendly and electric vehicles remained available at our Croatian subsidiary in 2021. The loan is offered under a partnership agreement with the EU and the Environmental and Energy Efficiency Fund. The scheme was used by 3 customers in 2021, in an amount of HUF 14 million in total.

AL ME CKB and OTP Bank Albania offer green loans in conjunction with the EBRD (European Bank for Reconstruction and Development) under the Green Economy Financing Facility (GEFF). In Montenegro CKB is the only bank where this particular scheme is available. The purpose of the product is to encourage the implementation of energy efficient solutions on residential properties. In Montenegro, 100 customers applied for the loan in 2021 at a total value of HUF 159 million. By the end of the year the loans outstanding amounted to HUF 140 million. The Albanian subsidiary disbursed 9 loans at a value of HUF 31 million, and outstanding borrowing stood at HUF 27 million at the end of the year.



HUF 20 billion
Contracted amount of HUF
20 billion under the OTP FGS Green
Home Housing Loan scheme



HUF 6 billion
Loans amounting to HUF 6 billion
for household energy efficiency via
MFB Points

Responsible investment service

In this chapter we present how sustainability criteria are upheld in relation to our investment services and the responsible investment products offered to customers.

Integration of ESG Sustainability risks

Effective from 2021, the SFDR²⁹ Regulation of the European Parliament and of the Council lays down numerous requirements for companies providing investment and insurance advice and portfolio management services. In order to ensure compliance, we commenced a project at the end of 2020, which we closed in 2021 after successful implementation. In accordance with the statutory requirements, all group members concerned have developed a sustainability risk management policy for investments; consequently, sustainability risks are now assessed in the decision-making procedures of investment advice and portfolio management activities, and customer information is supplemented with the relevant information.

Members of the Banking Group published on their websites the statements on the integration of sustainability risks and on the principal adverse impact of investment decisions on sustainability factors (PAI). Even beyond legal requirements, we publish the sustainability risk rating calculated by the Bank in the information documents containing the product features of investment funds, which facilitates customers' understanding and assists them in making an informed decision.

In compliance with the requirements, from the end of 2022 we will provide publicly available information on the adverse impacts of the portfolios managed in the framework of our portfolio management services on sustainability factors.

Demand for Investments for Environmental Purposes

The MiFID³⁰ framework is aimed at the protection of the interests of investors and high quality service provision to customers. To ensure that we offer products that best suit the customer's needs, we request our customers to fill out a fitness test, in which we assess the customer's financial skills, investment targets, risk-bearing capacity and financial and income position. The fitness test already includes an optional answer that states a preference for sustainability³¹, and from early 2020 investments serving environmental and climate protection purposes can also be selected as investment targets. In line with European Union legislative provisions and the MiFID2 amendment, from August 2022 we will also assess the sustainability preferences of our customers in the fitness questionnaire, and in the context of our investment advice and portfolio management services we will primarily offer corresponding products and services to them.

As regards investment advice, in designing the product selection we already introduced – in 2021 – the consideration of sustainability criteria in relation to investment funds. The plans of OTP Bank include the creation of portfolios promoting sustainability targets.

Responsible Investment Funds

The objective of the OTP Climate Change Equity Fund of OTP Alapkezelő (OTP Fund Manager) is to provide an opportunity to invest at the global level in the shares of companies that may benefit from the directives, legislation and changes in economic policy that are aimed at reducing climate change impacts. During 2021, as well, we promoted the Fund through PR appearances, calling attention to responsible investments. At the Klasszis awards of Privátbankár.hu,

the Fund won its category for the fifth time in 2021, earning The Best Global Equity Fund 2021 award.

In 2021, the Fund's assets grew by around HUF 12.2 billion year on year, its net asset value amounted to HUF 43.6 billion at the end of the year.

The Fund is not distributed only by OTP Bank; therefore, it is available to any other customers.

In 2021, we commenced the modification of the Fund Management Policies of the OTP Climate Change Equity Fund and the OTP Omega Fund of Funds in order to bring them in line with the criteria of a fund that promotes environmental or social characteristics, or a combination of those characteristics, as provided in Article 8 of the SFDR ('light green fund').

In 2021, all investment funds and portfolios in the management of OTP Alapkezelő Zrt. complied with Article 6 of the SFDR; they were non-ESG funds.

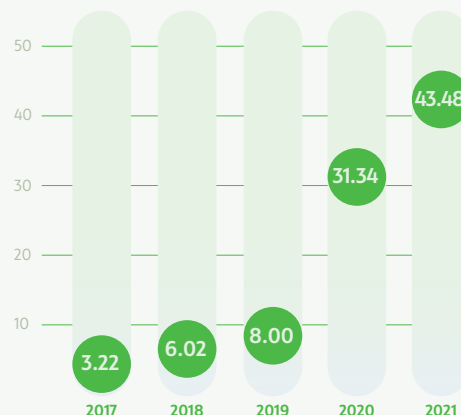
RO Our Romanian asset management company, OTP Asset Management Romania also applied in 2021 for the authorisation of the compliance of OTP Innovation Fund with Article 8 of the SFDR. Since in Romania this is one of the first ESG fund authorisations, the supervisory procedure was delayed and the authorisation is expected to be granted in early 2022.

BG Some of the mutual funds of Schroders Investment Management distributed by our Bulgarian subsidiary are specifically aimed at investing in the transition to renewable energy sources and adjustment to or prevention of climate change.



HUF 43 billion
invested in the OTP Climate Change 130/30 investment fund in 2021

Assets managed by the OTP Climate Change 130/30 Fund HUF billions



4.2. Micro, small and medium-sized business customers

Serving the financial needs of small and medium-sized businesses remained an important objective in 2021. In several countries, state subsidies assisted the segment in getting access to preferential funding.

In 2021, the loans extended by the Hungarian OTP Group to micro and small-sized enterprises rose by 26% year on year, in which our active participation in the Government's programmes – such as FGS Go! and Széchenyi Card Go! – was an important contributor. OTP Bank was the first bank to make available in the market the preferential loan aimed at micro, small and medium-sized enterprises with a broad range of eligible purposes. Through the programmes, OTP Bank and Merkantil Bank contracted for the disbursement of a total of HUF 990 billion. By the end of 2021, our market share was 28% in the FGS Go! and around 50% in the Széchenyi Card Go! schemes. Periodically, we also offered our own schemes with preferential terms to micro and small-sized enterprises.

GRI 203-2 MFB Points

Of the products sold to enterprises through MFB Points (see also [MFB Points](#)), the Quick Restart Interest-Free Loan was the most prominent product in 2021. As a result, despite the depletion of funding by the end of the EU planning cycle, the number and amount of contracts to produce a work concluded at MFB Points were both outstanding: we concluded 4,300 contracts at a value of HUF 74.6 billion in total. In relation to the transition to a low-carbon economy, only 3 contracts were concluded in 2021 at a value of HUF 69 million. (Due to the exhaustion of the facility, the programme was suspended earlier).

RO Our Romanian subsidiary was a partner bank in Government initiatives aimed at assisting SMEs and small enterprises and sole proprietors in the HoReCa sector. The Bank extended loans covered by state guarantee, and transferred non-refundable aids to those eligible.

SI For humanitarian organisations, our Slovenian subsidiary waives commissions; therefore, the sponsors can execute credit transfers without having to pay the transaction fee.

OTP Hungaro-projekt

Our grant applications consultancy company serves the SME sector primarily. Grant applications consultancy was clearly the most decisive activity for the Company as the new European Union budget cycle started in 2021. 90% of the clientele comprised agricultural companies, and the vast majority of the applications submitted were related to the objectives of the rural development programmes (e.g. precision farming, improvement of crops storages, plantation). We

submitted a total of 265 applications for our customers during the year. They represented a total amount of HUF 156.9 billion, and the grants requested amounted to HUF 78.2 billion.

OTP Consulting Romania

Our Romanian subsidiary is also engaged in grant application consultancy and project management. During the year, we completed our joint project with the Romanian Chamber of Commerce, which supported young and local entrepreneurs through trainings. The budget of the project was almost HUF 4 billion. From the start, the three projects created a total of 370 jobs.

New, multiannual EU-funded projects were also commenced in 2021 with the participation of the Company. The purpose of the two-year-long AID4NEETs project was to assist young unemployed persons in the North-Eastern and central part of the region. The programme pays special attention to equal opportunity; there are minimum criteria for participating women, the Roma, the population of regional areas and persons with disadvantaged backgrounds. Two other projects were aimed at the encouragement of students to start a business in the least developed seven regions of the country. Under the project, the target is to create 130 new jobs altogether.

Partnerships

Our subsidiaries cooperate with numerous international institutions in support of the SME sector.

ME The EU Micro Loan for Working Capital of CKB contributes to the funding of micro enterprises. This financing is provided through the EU guarantee for debt financing under a partnership agreement with the Union Program for Employment and Social

Innovation (EaSI) of the European Investment Fund. At the end of 2021, our subsidiary recorded HUF 3.7 billion in the active loans of 851 customers.

RS From 2021, our Serbian subsidiary also participates in the EaSI guarantee programme, under which we disbursed 776 loans in the amount of HUF 2.7 billion. Through key professional partners, the Bank provides preferential financial and business development advice to customers participating in the programme.

MD The EU4business EBRD loan, a joint initiative of the EU and the EBRD (European Bank for Reconstruction and Development) continued to be available at our subsidiary bank. 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 29 loans for a total of HUF 1.5 billion under the scheme in 2021; at the end of the year the total portfolio comprised 35 customers and HUF 1.7 billion.

Within the EU4Business scheme, from 2021 a separate loan product facilitates the application of green technologies specifically; customers can take recourse to the loan for environmental projects at a rate of 70%.

The Bank signed another agreement with EBRD on the preferential loan supporting the competitiveness of the SME sector (EaP SMEC scheme). During the year we extended loans to 20 customers in an amount of HUF 2.6 billion.

Our subsidiary was also taking part in the InnovFin programme established by the European Commission and EIB (the European

Investment Bank), which was concluded in 2021. In 2021 16 customers took recourse to the guarantee for a total loan amount of HUF 1.3 billion. At the end of the year we had active contracts with 129 companies, and the amount of loans secured by the guarantee was HUF 11.2 billion.

The Fruit Garden scheme of EIB was available with unchanged conditions in 2021 as well. During the year we extended loans to 13 customers in an amount of HUF 502 million; at the end of the year, the number of active customers participating in the scheme was 73, and total loans amounted to HUF 2.4 billion.

The Loans for Young Entrepreneurs scheme was also available at the subsidiary. 25 new customers took recourse to the preferential loan during the year in an amount of HUF 312 million; at the end of the year we recorded 76 active customers, and loans outstanding amounted to HUF 662 million.



HUF 990 billion
preferential loans extended to the
Hungarian SME sector

Portfolio

The venture capital fund manager invests in early stage, growth stage and expansion stage startups. Its portfolio also includes companies whose activity contributes to social or environmental objectives.

Novakid is a training platform, which enables children between 4–12 years of age to acquire native-level English language skills anywhere in the world. The children process the training material with the help of native language teachers, using exclusively the English language.

OneSoil developed mobile phone and web applications available free of charge for farmers, which allow for the observation of arable lands and the analysis of their data via satellite images. The applications may improve the efficiency of the use of materials and the application of precision farming techniques.

Packhelp is a company supporting the packaging material purchases of online merchants. The company pays special attention to the purchase of sustainable materials and the broad-based availability of recyclable packaging materials. The paper used by the company for manufacturing packaging materials is FSC certified only. In addition to gradually phasing out plastic and single-use goods, the company strives to educate consumers about the various reuse options of the packaging. An important element of its mid-term strategy is the purchase of materials from sustainable sources and the promotion of recyclable and reusable product packaging. In cooperation with One Tree Planted, the Company planted 13,500 trees, which is more than the wood used for producing the packaging material it uses.

4.3. Agro sector customers

Agricultural companies are linked to sustainability from several aspects. Agriculture plays an important role in the achievement – or lack thereof – of sustainable development; in addition, the sector has an important function in the development of rural regions. Moreover, agro businesses are, in many cases, family-owned, micro or small-sized enterprises. In order to foster the implementation of green agriculture objectives, in 2021 we designed a new product version for OTP Bank customers.

In 2021 we commenced developing the framework necessary to identify the share of agro loans serving environmental purposes; it will be introduced in 2022. Given that a high percentage of European Union funds also serve environmental purposes, in this chapter we present the services we developed for the use of such funds and the services created for agricultural small producers and businesses.

Among others, the Rural Development Programme constituting Pillar 2 of the Common Agricultural Policy also supports environmental purposes such as the support provided for precision developments for the digital transition of the economy, for the development of the water management sector, or for the transition to organic farming. In 2021, OTP Bank financed 70 transactions

under the Rural Development Programme, amounting to HUF 27 billion³²; moreover, Merkantil Bank financed agricultural machinery projects in excess of HUF 10 billion under the programme.

In all other countries concerned – Bulgaria, Croatia, Romania, Slovenia – we actively joined the financing of Rural Development Programmes through various credit products and individual transactions; at this time, however, it is not possible to separate them.

Green Corridor

In 2021, as well, our Green Corridor service was available to give OTP Bank customers access to pre- and co-financing; the service supports the utilisation of the funding by offering a simplified borrowing process. We give a bank guarantee for drawing down the subsidy advance, pre-finance the remaining amount of the subsidy, and extend an investment loan to cover any gaps in own funds; the loan is offered against a low own funds requirement and attractive collateral terms. In 2021, 10 new contracts were concluded under the Green Corridor service in a total amount of HUF 1.9 billion. The closing balance was HUF 5.4 billion at the end of the year.

Subsidy Factoring

OTP Bank uses the form of factoring for the pre-financing of location-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 35 grant titles in 2021. With this product, our customers can access funding within just a few days, at conditions that they can meet more easily. The closing balance of

the factoring portfolio was HUF 18.6 billion before the payment of pre-financing.

GRI 203-2 In Hungary, subsidies for a land area of almost 1.2 million hectares are credited to the accounts held with OTP Bank; our employees assist in their utilisation.



1.2 million
Subsidies for a land area of 1.2 million hectares are received by farms through their accounts held with OTP Bank



4,600 small producers and prime producers received EU grants and agricultural loans through OTP Bank in 2021

BG HR RO Double SAPS

The pre-financing of land-based subsidies is the key agricultural product of all of our banks operating in EU Member States, except Slovenia. One of the significant advantages of this service is the fact that a single application and credit approval process is now sufficient for the two-year pre-financing of EU direct subsidies, which has halved administrative costs. Our plans include putting in place conditions for the pre-financing of direct grants in Slovenia as well.

Development Projects at the Subsidiary Banks

Several member companies of OTP Group provide a special product package to small businesses and producers in the agro sector in the framework of cooperation with the Government or with the European Union.

RS OTP Bank Serbia offers micro loans in cooperation with the Agroinvest micro-financing institution. Under the scheme, Agroinvest undertakes guarantees to secure the loans. In 2021 we extended more than 1,300 loans at a value of HUF 732 million.

ME We brought in line the availability of credit introduced for agricultural small producers in 2020 with the demand. The product is backed by EIF guarantee. The product is also available to individual producers with cash transactions; while the transactions cannot be tracked on bank accounts, the product can still provide evidence for the success of their business activity. The Bank's employees also assist them in drawing up business plans. In 2021 we disbursed HUF 120 million – 23 loans –; the closing balance of the portfolio was HUF 102 million at the end of the year.

MD Our Moldavian subsidiary introduced a new concept for financing agricultural businesses under the AgroFabrica project. Credit approval is supported by the Cash-flow linked Agriculture Risk Assessment (CLARA) application of the International Finance Corporation (IFC). In a period of four months, we disbursed loans in a total amount of HUF 266 million.



HUF 850 million
provided to small agricultural producers in loans at our subsidiaries in 2021

4.4. Corporate loans with environmental benefits

GRI 203-2

In 2021, OTP Bank designed four new product types in corporate lending, fostering renewable energy production, electro-mobility, green agricultural objectives (see in the previous chapter) and the implementation of high energy efficiency corporate property investment. Our subsidiaries will prepare their green finance strategies in 2022.

With regards to project financing, our Group has given high priority for years to projects aimed at the utilisation of renewable energy sources; therefore they represent a high share in green lending.

Renewable energy

In 2021 contracts were concluded for 8 new project financing loan in an amount of HUF 81.5 billion at the level of OTP Group, which represents a sharp increase compared to previous years. The projects are implemented in Hungary, Bulgaria, Romania and Croatia. The projects created renewable capacities of 1,175 MW;

the financing, however, is not only provided by OTP Group in some cases. The project financing portfolio linked to renewable energy projects amounted to HUF 84.2 billion at Group level at the end of the year, of which the share of OTP Bank was HUF 57.8 billion.

BG DSK Bank is a significant financier in the field of wind and solar energy capacities primarily. 28% of the country's wind power (198 MW) and 12% of its solar power (147 MW) was produced with the Bank's participation. At the end of 2021 the portfolio included 20 solar power plants.

The total renewable energy portfolio of OTP Group was HUF 103.5 billion at the end of 2021.

Green Office Buildings

Our portfolio includes several environmentally rated (green) buildings. The majority of the buildings are rated BREEAM Excellent and LEED Gosee Building 15 at Business Park Sofia – which has been in the portfolio of the Banking Group for years – was completed in 2021 and achieved the highest rating in its category (LEED Platinum). At the end of 2021, our green property projects amounted to HUF 212.4 billion at Group level.

BG The Regional Urban Development Fund manages European Union funds within the Regional Development and Growing Regions Operational Programmes. The subsidiary provides financing through the Fund for improving the energy efficiency of public buildings (e.g. community centres, stadiums, swimming pools, historic buildings) and for purchasing transportation vehicles in the larger cities of Bulgaria and in Northern Bulgaria. In 2021 the Bank commenced the financing of 25 new projects in the amount of HUF 16.7 billion. At the end of 2021, the total portfolio comprised 69 projects with a closing value of HUF 14.8 billion.

E-mobility

Merkantil Bank designed a new product version for its corporate customers, involving the lease of new electric vehicles. The product was extremely popular among customers; at the end of 2021 the total use of the product amounted to HUF 2.9 billion.

RO The lease company of our Romanian subsidiary enabled companies to purchase electric or hybrid passenger cars at preferential terms for a period of two months. During the campaign, we concluded a total of 35 lease contracts in 2021.



4.5. Portfolio components by sector

GRI 102-6, FS6, FN-CB-410a.1

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

and Technical activities are low-risk activities. The risk rating of activities in the rest of the sector groups ranges from low to high.

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

Micro and small enterprises / Assets by sector, on-balance sheet exposure to own customers without leasing and consolidation, 31/12/2021³³

	Hungary	Bulgaria	Croatia	Serbia	Russia	Ukraine	Slovenia	Romania	Montenegro	Albania	Moldova
Agriculture, forestry, fishing	6%	20%	17%	2%	1%	0%	2%	6%	4%	4%	30%
Mining and quarrying	0%	0%	0%	0%	0%	0%	0%	0%	1%	0%	0%
Manufacturing	9%	13%	8%	25%	10%	2%	20%	12%	11%	18%	12%
Electricity, gas, steam and air conditioning supply	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%
Water supply; sewerage, waste management and remediation activities	0%	0%	1%	0%	0%	0%	0%	0%	0%	0%	1%
Construction	18%	5%	6%	9%	10%	0%	15%	12%	9%	3%	3%
Wholesale and retail trade; repair of motor vehicles and motorcycles	28%	26%	13%	35%	58%	3%	22%	30%	32%	23%	31%
Transportation and storage	6%	10%	5%	9%	9%	0%	13%	10%	13%	3%	6%
Accommodation and food service activities	4%	3%	8%	4%	2%	0%	7%	5%	13%	35%	3%
Information, communication	3%	1%	1%	2%	3%	0%	2%	2%	2%	1%	1%
Financial and insurance activities	0%	0%	0%	0%	0%	0%	0%	1%	0%	0%	1%
Real estate activities	7%	2%	1%	1%	3%	0%	1%	2%	2%	0%	3%
Professional, scientific and technical activities	5%	4%	3%	6%	1%	0%	10%	8%	5%	1%	2%
Administrative and support service activities	4%	1%	31%	3%	2%	0%	3%	4%	3%	2%	0%
Education	1%	0%	1%	1%	0%	0%	0%	1%	0%	1%	0%
Human health and social work activities	1%	4%	2%	2%	0%	0%	3%	4%	1%	3%	1%
Arts, entertainment and recreation	1%	0%	1%	0%	0%	0%	0%	0%	0%	0%	0%
Other services	5%	1%	2%	1%	1%	0%	1%	1%	3%	5%	1%
Activities of households as employers; undifferentiated goods for own use	0%	0%	0%	0%	0%	50%	0%	0%	0%	0%	0%
Not classified	0%	0%	0%	0%	0%	29%	0%	1%	2%	0%	5%
Total (HUF billions)	502	75	48	48	2	3	20	20	5	21	12

Medium and large enterprises / Assets by sector, on-balance sheet exposure to own customers without leasing and consolidation, 31/12/2021³⁴

	Hungary	Bulgaria	Croatia	Serbia	Russia	Ukraine	Slovenia	Romania	Montenegro	Albania	Moldova
Agriculture, forestry, fishing	6%	4%	4%	6%	1%	17%	1%	15%	2%	1%	8%
Mining and quarrying	0%	1%	0%	8%	0%	0%	0%	0%	0%	0%	0%
Manufacturing	11%	29%	14%	21%	30%	26%	26%	14%	4%	19%	20%
Electricity, gas, steam and air conditioning supply	6%	7%	5%	13%	0%	1%	7%	4%	0%	18%	0%
Water supply; sewerage, waste management and remediation activities	0%	1%	1%	0%	4%	0%	1%	1%	0%	0%	0%
Construction	4%	4%	14%	7%	4%	0%	1%	13%	9%	13%	2%
Wholesale and retail trade; repair of motor vehicles and motorcycles	17%	23%	10%	19%	32%	40%	18%	18%	29%	29%	42%
Transportation and storage	5%	6%	6%	3%	1%	5%	14%	4%	1%	1%	2%
Accommodation and food service activities	3%	7%	10%	1%	0%	0%	2%	4%	18%	5%	1%
Information, communication	0%	2%	2%	7%	1%	4%	6%	1%	6%	5%	2%
Financial and insurance activities	7%	1%	2%	3%	10%	0%	4%	6%	2%	0%	5%
Real estate activities	13%	10%	1%	4%	9%	5%	3%	13%	0%	0%	4%
Professional, scientific and technical activities	2%	3%	3%	1%	8%	0%	3%	4%	1%	0%	1%
Administrative and support service activities	2%	1%	1%	1%	0%	0%	1%	2%	1%	1%	0%
Public administration and defence; compulsory social security	4%	1%	21%	3%	0%	0%	10%	1%	26%	0%	3%
Education	0%	0%	0%	0%	0%	0%	0%	0%	0%	2%	1%
Human health and social work activities	0%	1%	2%	0%	0%	0%	2%	1%	0%	2%	2%
Arts, entertainment and recreation	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Other services	1%	0%	1%	0%	0%	0%	0%	0%	0%	3%	0%
Not classified	13%	0%	0%	1%	0%	0%	0%	0%	0%	0%	5%
Total (HUF billions)	2,011	948	721	806	127	352	332	457	193	128	71

4.6. Credit risks

The design and sale of responsible bank products are closely related to the management of the risks associated with lending in the interest of both debtor or deposit holder customers and of society and the environment.

The negative economic effects of the coronavirus pandemic were still strongly perceivable in the first half of 2021, and they also affected the repayment of loans. State programmes and, once they expired, our own programmes were designed to address payment difficulties. Thanks to the rapid and dynamic growth of the economic environment, the ratio of non-performing loans continued to decline in 2021: by the end of the year, it dropped to 5.3% from 5.7 year on year.

State Moratoriums

In the first half of the years, all countries in which OTP Group has a presence (except Ukraine and Moldova) made available moratoriums; however, by the second half of the year the option to enter these programmes remained available only in Hungary and Montenegro (until 31 August). Few customers took recourse to the temporary suspension of payments; in 2021 Q3 less than one percent of the loans – excluding Hungary – participated in the moratorium in terms of volume. In Hungary, 24% of the portfolio was involved in the moratorium by the end of September 2021, and this percentage declined to 4% from November 2021.

Debtor Protection Programmes

Taking into account the expiry of the moratoriums, at Group level we reviewed and modified the processes of debtor protection solutions with a view to assisting their use. In some countries, customers opted for the use of debtor protection programmes instead of the moratoriums in order to achieve an appropriate payment schedule for their loans. Payments were eased both for retail and for corporate customers. In some sectors, we supported customers in financial difficulty by way of guarantee programmes; in addition we also performed a thorough monitoring activity. In each individual case we do our best to ensure that delinquent customers are able to settle their debts as soon as possible.

HR Our Croatian subsidiary adopted measures to ease the loan repayment of victims of the 2020 earthquake in the Sziszek-Monoszló region. Our customers received, inter alia, a payment moratorium; they were given an option to restructure their loans, and the Bank waived the default interest on their delinquent amounts.

Certified Consumer-friendly Credit Products

The MNB introduced the Certified Consumer-Friendly Housing Loan classification in 2017, and in recent years, these schemes have come to the foreground. In 2021, as well, our customers took recourse almost exclusively to Certified Consumer-Friendly Housing Loans. In order to mitigate credit risks for our customers, in 2021 the Bank decided to terminate the sale of variable-rate property loans in Hungary.

OTP Bank was the first in the market to introduce the Certified Consumer-Friendly Personal Loan on 1 January 2021. By increasing comparability and defining the pricing structure, the framework contributes to mitigating the customer risk arising from the complexity of the product. The product

met with significant demand during the year, and the certified scheme accounted for almost a half of personal loans.

Management ESG risks

The integration of the management of environmental, social and governance risks is indispensable for the achievement of the goals set in our ESG Strategy. In 2021, we continued the development of ESG risk management policies in order to comply with the obligation of integrating ESG factors, legal obligations and the MNB's green recommendation.

In the corporate business line we introduced the Lending and monitoring ESG risk management framework in relation to banking and leasing risk acceptance, and commenced its group level rollout. During the lending activity, the purpose of ESG risk management is to identify and mitigate the risks arising from environmental, social and governance factors.

The process of ESG credit risk assessment consists of screening based on the exclusion list, and the ESG risk classification of customers and then transactions. The detailed rules of the process were laid down in internal regulatory documents.

1. The ESG exclusion list contains activities and behaviours that, due to their disputed nature or effects, cannot be reconciled with the core principles of OTP Group, the protection of human rights and the promotion of sustainable development.

Among others, the list contains the following exclusions:

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

The full content of the ESG exclusion list is laid down in the Bank's prevailing internal regulations.

In our customer relations we define as a minimum requirement our customers' compliance with the relevant environmental and social laws and rules, and the existence of the applicable licences and authorisations.

2. The Sectoral ESG Risk Heat Map contains the ESG risk scores of the economic activities identified on the basis of Level 4 NACE codes. The classification was performed in accordance with the methodology of the EBRD, but OTP Group defined four ESG risk categories.

3. The ESG risk scoring of customers and transactions is performed in consideration of the Sectoral ESG Risk Heat Map and transaction-specific characteristics. The customer's main business activity is the basis of his or her risk score. In some cases, in order to determine the risk score we analyse the customer's ESG awareness and preparedness through questionnaires.

The ESG lending appetite is determined by the Bank's and the Banking Group's Risk Appetite Statement and their Credit Policies.

GRI 102-18 The internal reporting of ESG credit risk exposure will be carried out in 2022.

In accordance with the MNB's Green Recommendation, we continue to integrate ESG factors into the rest of the portfolio and the eligible collateral. In relation to ESG risks, we are planning to develop lending guidelines at a later date in regard to certain customers, sectors and locations. As regards our exposure to ESG credit risks, as part of the Risk Appetite Statement of the Bank and the Banking Group, the ESG credit risk limits or statement are approved by the Board of Directors of OTP Bank. The Board of Directors is informed of the result of the alignment with the approved risk appetite and in the future, as part of the portfolio report, the exposure to ESG risks.

Workout

In unfavourable cases, the lending process may result in debt management. In the case of corporate loans, we consider the further utilisation of collateral in accordance with its original function.

Strategic Goals

Develop green financing plans at subsidiaries in 2022

Availability of green products in all segments in the case of OTP Core by 2025

Introduce a simplified overdraft facility for municipalities in small villages

Green bond issuance at OTP Bank in 2022

Regular green mortgage bond issuance

Develop certified green investment funds in Hungary and in Romania in 2022

Develop a green investment portfolio offer at OTP Bank

5. Ethical Business Practice



Commitment:

Strengthening confidence in the reliability and integrity of the banking system; ethical and safe operation.

Approach:

We build the processes supporting our business activities, the control and feedback systems in a way that ensures that our customers and all of our stakeholders can be confident in our Banking Group. We take care not to contribute to objectives breaching the law or the values upheld in society.




Activity:

- Full compliance with laws and regulations
- A consumer protection activity focusing on preventing the violation of customer interests
- Fair complaints handling
- Reliable, continually improving security systems, protection

GRI 205, 206, 307, 406, 410. 417, 418, 419: 103-1, 103-2, 103-3

We are confident that the trust of our customers and society can be gained and retained by correct and reliable business conduct. With that in mind, we are committed to compliant, ethical operation and transparency, and we consider it important to apply robust systems to ensure that our Banking Group does not serve activities that breach any statutory provisions.

For our core principles and comprehensive objectives³⁵ relating to compliance and security, see [our website](#).

Our commitments 2020	Our results 2021
Completing the replacement of OTP Bank's credit approval system in 2021.	 The replacement continued but has not been completed.
Compliance with ESG requirements.	 All requirements were met by the Banking Group within the time limit.
Group level survey of the implementation of the compliance policy.	 The survey has been implemented.
Developing a cybersecurity strategy.	 The strategy for the parent bank has been completed; for subsidiaries, it will be approved in 2022.
Applying the Standardised Measurement Approach (SME) for the calculation of the capital requirement for operational risk from 2025.	 We are preparing for the application of the new methodology; its scheduled introduction has been postponed.
 Implemented  Implementation is in progress  Not implemented	

5.1. Compliance and adherence to laws and regulations

We consider it a fundamental principle to adhere to the law, international standards and norms and ethical requirements. In 2021, launching the Consumer Protection Compliance Programme and making the governance system of compliance a group level endeavour were in our focus.

GRI 205-2 Under our group level compliance policy, we must place emphasis on the prevention of breaches of compliance at all times. When an action or incident constituting a breach nevertheless occurs, we take appropriate and effective measures in order to address it. The Head of Compliance reports on compliance quarterly to the Bank's Board of Directors, and annually to its Supervisory Board. Through annual compliance training we ensure that the compliance expertise of our employees is up-to-date at all times.

After the introduction of the uniform compliance policy, we assessed compliance with the policy at all foreign subsidiaries in 2021, and identified the directions for improvement. We define the uniform minimum standards to meet at Group level and the areas where we expect the subsidiaries to apply the same practice group-wide. We are planning to complete the implementation by 2023.

In 2021, we supplemented our policies pertaining to sanctioned and sensitive transactions in relation to arms manufacturing and trade. We launched a project to ensure legal compliance in relation to related parties, the first step of which was the formulation of definitions pertaining to private individuals and enterprises. The project is expected to be implemented in 2022.


Assessment of compliance risks

During the compliance risk assessment performed annually in two separate cycles, we did not identify any high risks in 2021 that would require group level action. The assessment of ethical risks is also part of the risk assessment process. The result of the assessment is forwarded to the Group Operational Risk Management Committee and it is also a part of the annual Compliance Report. Where high-risk areas are identified, we expect the relevant functional areas to draft and implement action plans. Starting from 2021, the assessment system of compliance risks is supported by an IT application.

Compliance Officer Network

We extended the compliance officer network at Group level in 2021, defining the scope of the persons partaking in the network along with their competencies and tasks, and prepared a plan for the implementation of the latter.

Consumer Compliance Programme

The  [Consumer Protection Compliance Programme](#) launched in 2021 by OTP Bank summarises the processes and controls that ensure compliance. It was an important step forward in 2021 that the process is now supported by an IT system, strengthening transparency and retrievability.

GRI 415: 103-2, 103-3 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.

In 2021 we commented on the drafts of the financial omnibus act and on the drafts of MNB recommendations through the Hungarian Banking Association. In addition, we forwarded around 20 independent proposals for legislative amendments partly through the Banking Association, and partly directly to the relevant ministries.

Foreign subsidiaries are also members of local banking associations, while our Croatian subsidiary participated in public consultations organised by advocacy organisations.

GRI 102-9 Supplier screening

In 2021 we extended the annual supplier pre-screening to all procurement areas if the value of the procurement is expected to exceed HUF 1 million gross – or, in the case of IT procurements, HUF 3.6 million. From 2022, we are planning to introduce the broad-based pre-screening system at some of our foreign subsidiaries as well. The pre-screening system requires that the supplier has no public debts and that it complies with statutory requirements regarding health, security and environmental protection.

Our procurement activities are primarily related to providing the conditions for and selling our services. Our procurement policy stipulates the requirement of the responsible and ethical conduct of suppliers. During 2021, OTP Bank worked with 4,032 suppliers. The procurement strategy assigns special significance to sustainability considerations. Our goal is to maintain business relations only with suppliers and entrepreneurs that undertake environmental and social responsibility in compliance with Hungarian and international treaties, standards and laws. The environmental aspects of procurements are listed in the Bank's Environmental Policy. Details on our procurement principles are available on [our website](#).

GRI 102-16, 205: 103-2, 103-3, 205-2, 406: 103-2, 103-3, 406-1, 415: 103-2, 103-3, FN-CB-510A.2

Code of Ethics and whistleblowing

The basics and principles of ethical business conduct is summarised in the Code of Ethics. 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 time limit from starting to work. Both the Code of Ethics and conflict of interest are part of the annual compliance training; the acquired knowledge is verified by testing.

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 on the parent bank's website in a separate document entitled ['OTP Bank Plc.'s whistleblowing system'](#). These reports can be written in the official language of the particular country.

During 2021, there were a total of 75 instances of reports across the Group to the ethics whistleblowing line, almost twice as many as in the previous year. The indication of ethical issues increased sharply at our Ukrainian subsidiary; however, in none of these cases did the ensuing investigations qualify the notification an ethical case. Including cases carried over from previous years, a total of 83 reports have been closed, of which only 22 cases were qualified as ethical issues. Ethical offense was established in 8 cases, of which two occurred at OTP Bank, two at DSK Bank, one at OTP Bank Serbia, one at OTP Bank Romania, and two at OTP Bank Russia, which means that none of the member companies had a large number of cases. In addition, three cases of abuse were reported to our Romanian subsidiary, of which two were found substantiated. The employment contract of the abuser was terminated.

Four cases at OTP Bank and one case at DSK Bank involved discrimination. All five cases were investigated by the Company but none of them was found substantiated.

Proceedings by authorities and other legal procedures

The MNB completed several consumer protection and supervisory procedures at OTP Bank and its Hungarian subsidiaries in 2021. The fines imposed by the MNB in relation to 10 consumer protection procedures amounted to a total of HUF 12.5 million. In addition, fines were imposed upon the conclusion of two supervisory procedures. The Bank received a fine of HUF 9.5 million as a result of the thematic audit on post-contractual disclosures involving 10 banks. A total fine of HUF 64.7 million was imposed on the ten financial institutions. The rest of the consumer protection fines amounted to a few hundred thousand forints each, typically as a warning to fully comply with the complaints handling practice. In one case, a HUF 5 million fine was imposed due to the non-compliance of the data supplies submitted to the MNB. 291 consumer protection procedures were concluded at OTP Bank Serbia; the procedures were initiated by customers at the National Bank of Serbia, as an objection against the way in which the lending rates were charged. The procedures were concluded without sanctions³⁶.

Members of the Banking Group were imposed the following more substantial fines: DSK Bank was imposed a fine of HUF 22.7 million for violating the tax law; in the decision concluding the MNB's comprehensive audit, OTP Alapkezelő was fined by HUF 5.9 million; OTP Faktoring received a respective HUF 5 million fine for the violation of consumer protection and data protection rules.

GRI 206, 307, 417, 419: 103-2, 103-3, 206-1, 307-1, 417-2, 417-3, 419-1, FN-CB-510a.1, FN-MF-270a.3

Administrative and other legal procedures closed in 2021							
OTP Bank							
	Number of closed proceedings	Amount of fines paid (HUF millions)	Number of procedures closed with fines	Number of procedures closed with non-financial sanctions	Number of procedures closed in the framework of conflict management procedure	Number of procedures dismissed/closed without a sanction	Number of procedures converted into court procedures
violation of competition rules*	0	0	0	0	0	0	0
violation of consumer protection rules	19	12.5	10	0	0	9	0
violation of rules on equal opportunity	0	0	0	0	0	0	0
supervisory procedures	5	5	2	0	0	3	0
violation of taxation rules	0	0	0	0	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	1	0	0	0	0	1	0
other procedures that may result in the imposition of fines**	0	0	0	0	0	0	0
Total 2021	25	17.5	12	0	0	13	0
Total 2020	26	16.1	9	13	0	4	0
Total 2019	33	136.2	14	15	0	4	0

* Also includes breaches of antitrust and anti-monopoly rules. One competition law procedure is pending against OTP Bank.

For 2020 data, see [Sustainability Report](#) for 2020.

For 2019 data, see [Sustainability Report](#) for 2019.

For 2018 data, see [Sustainability Report](#) for 2018.

For 2017 data, see [Sustainability Report](#) for 2017.

Administrative and other legal procedures closed in 2021							
OTP Group							
	Number of closed proceedings	Amount of fines paid (HUF millions)	Number of procedures closed with fines	Number of procedures closed with non-financial sanctions	Number of procedures closed in the framework of conflict management procedure	Number of procedures dismissed/closed without a sanction	Number of procedures converted into court procedures
violation of competition rules*	0	0	0	0	0	0	0
violation of consumer protection rules	344	16.2	31	1	1	302	9
violation of rules on equal opportunity	18	0	0	0	0	18	0
supervisory procedures	39	28.0	14	10	0	8	7
violation of taxation rules	8	23.2	6	2	0	0	0
violation of environmental protection rules	2	0.9	2	0	0	0	0
violation of marketing communication rules	9	1.3	9	0	0	0	0
violation of information provision rules	8	0.2	8	0	0	0	0
violation of marketing communication and information provision rules	0	0	0	0	0	0	0
violation of data protection rules	8	5.0	1	1	0	5	1
other procedures that may result in the imposition of fines	16	1.6	3	0	0	13	0
Total 2021	452	76.4	74	14	1	346	17
Total 2020**	168	83.3	66	19	18	50	15
Total 2019	2,521	265.4	71	317	5	2118	10

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

** Excluding the figures of the Ukrainian subsidiary, which was unable to provide data.

For 2020 data, see [Sustainability Report](#) for 2020.

For 2019 data, see [Sustainability Report](#) for 2019.

For 2018 data, see [Sustainability Report](#) for 2018.

For 2017 data, see [Sustainability Report](#) for 2017.

5.2. Improvements to complaint management

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

We prepare a report (typically semi-annually) on complaints and their handling, which is received by the top managers of our member companies. In order to prevent complaints, we assign great significance to the continuous training of our employees. In Hungary, we strive to investigate complaints faster than prescribed by legislation, and we aim to reduce response times. We resumed our practice of complaints-related satisfaction measurement – as it was postponed in year 2020 due to the pandemic –; the relevant data will become available in early 2022. We commenced preparing our foreign subsidiaries for their own satisfaction measurement.

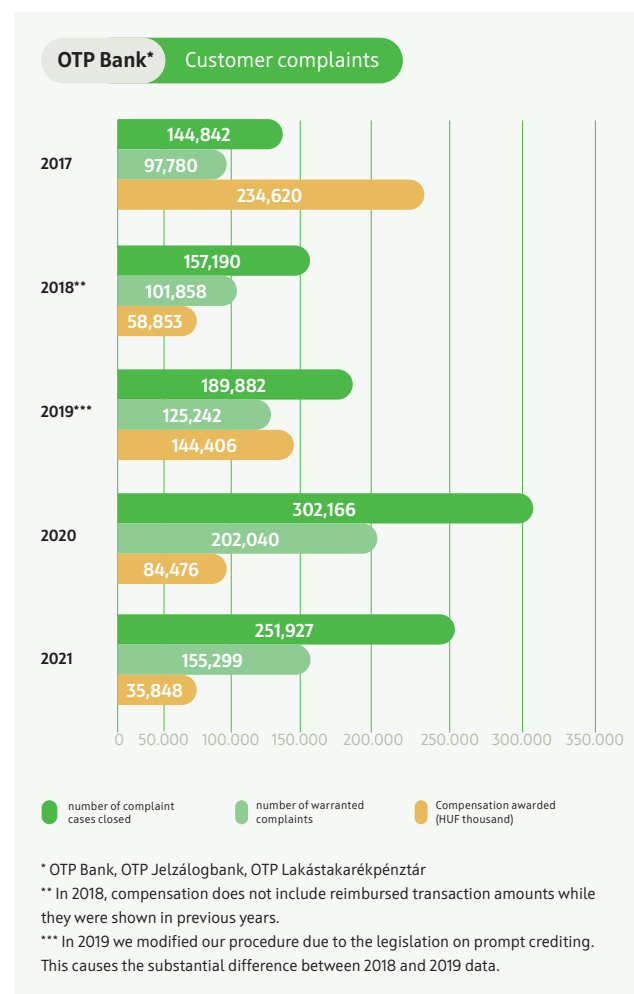
The reduced number of complaints at OTP Bank can be partly attributed to the fact that we introduced numerous complaint types that can be resolved immediately, and that we introduced – also with a view to ensuring legal compliance – the 3DS security authentication procedure.

In 2021 143 cases of OTP Bank discussed before the Financial Arbitration Board (FAB) were closed. An arrangement was reached in 26 cases, 35 cases were withdrawn and 82 cases were closed for other reasons. All 16 FAB cases involving Merkantil Bank were closed with an arrangement.

Our subsidiaries also enhance their practices continuously in order

to improve complaint management; the deepening of employees' competencies is supported by trainings and consultations. Measures aimed at the improvement of processes were intended to increase customer experience and to reduce response times.

RU Our Russian subsidiary raised the percentage of complaints assessed within 5 days to 97%.



Complaints handling procedures and definitions are being standardised across the Group and as a result, the data content of complaints handling gradually become more consistent. However, as cultural attitudes and financial literacy differ from country to country and shape customers' complaint reporting habits, customer complaints data from different subsidiaries are not comparable.

Customer complaints					
	OTP Group				
	2017	2018**	2019	2020	2021
Number of complaint cases closed	N/A	N/A	N/A	589,000	513,000
Number of warranted complaints	N/A	N/A	N/A	358,000	274,000
Compensation paid (HUF million)*	339	170	367	188	131
Amount of compensation per warranted complaint (HUF)*	3,000	1,100	2,300	500	480

* OTP Bank Croatia and OTP Bank Russia were unable to provide compensation figures.
** In the case of OTP Bank, reimbursed transaction amounts are excluded from the compensation total in 2018.

Typical complaints, questions

Other than complaints related to the moratorium, unapproved payments were the most typical complaints at OTP Bank in 2021.

BG Most inquiries received by our Bulgarian subsidiary – other than those related to everyday finances (card receipt, transaction fees, etc.) were related to the payment moratorium.

RS Complaints arising from the integration dominated the complaints received by our Serbian subsidiary.

HR Customers mainly inquired or submitted complaints to our Croatian subsidiary about the GDPR, the fees of external payments, debts and collections..

SI The most frequent customer inquiries at our Slovenian subsidiary were related to the 3DS confirmation of online transactions or the new fees associated with their accounts, but COVID-related questions were also typical.

RO Our Romanian subsidiary received by our Romanian subsidiary affected the management of current accounts, problems related to ATM/POS terminals, or the fees of certain packages, current account transactions or card use.

RU At our Russian subsidiary questions and requests related to delinquent loans were the most dominant during the year.

ME Account management fees comprised the most typical complaints at our Montenegrin subsidiary in 2021.

5.3. Data protection, protection of personal data

GRI 418: 103-1, 103-2, 103-3

Data protection and the protection and confidential processing of the personal data of customers are a basic and indispensable condition for the reliability of the Banking Group.

The protection and processing of personal data are also a part of our Compliance Policy, in which the regular assessment of risks and the maintenance and improvement of awareness are also discussed. The Banking Group applies the most modern solutions continuously for data processing and data security and in order to prevent data leaks. Data protection governance tasks at most Hungarian subsidiaries have been performed by the parent bank since 2021; this improves the efficiency of the implementation of data protection tasks and standardises the process.

At OTP Group banks, dedicated data protection officers and data owners are responsible for ensuring compliance with the data protection requirements (e.g. supervising personal data processing, principle of data minimisation, the processing of high-risk data). We naturally provide our customers with complaint handling channels for the event of fraud suffered as a result of the data sharing

practices of OTP Group, while suspected ethical offenses (including human rights offenses) can also be reported via our whistleblowing system.

Of the justified data protection complaints received from external parties at OTP Group, 273 complaints involved OTP Bank Croatia, where personal data were disclosed to unauthorised persons due to the negligence of branch employees. The personal data breach detected at DSK Bank also affected around 700 thousand personal data items. The case was investigated with the involvement of the police and other authorities. No fine was imposed on the Bank but it had to inform all customers concerned, and it was required to improve its security measures.

GRI 418-1, FN-CB-230a.1

Abuse of personal information										
	OTP Bank					OTP Group				
	2017	2018	2019	2020	2021	2017	2018	2019 ¹	2020	2021
number of substantiated complaints by external parties	14	0	0	3	0	15	11,035 ²	33	20	277
number of complaints by regulatory authorities	2	0	0	6	0	2	15	23	35	22
number of breaches of customer privacy ³	8	6	0	0	0	35	44	1,045	29	61
data were stolen ³	0	0	0	0	0	0	0	1	2	17
number of times data were lost by the organisation ³	0	0	0	0	0	0	1	1	2	0

1 The Ukrainian subsidiary was unable to supply data.

2 99% are complaints associated with OTP Bank Russia.

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

5.4. Secure operation

Safe and secure operation is a priority for out Banking Group. With that in mind, we assess and manage operational risks and any risks that may jeopardise our business. We also ensure that we are strongly protected against fraud attempts. Information and cybersecurity has become an increasingly important issue in the operation of the Company.

IT, Cyber and Bank Security Framework

The IT and Bank Security Directorate reports annually on the security situation to the Board of Directors and Supervisory Board. It is a fundamental principle of OTP Group that the primary purpose of our measures is to prevent and inhibit security incidents. The principles and main guidelines concerning security at the Bank are set out in the Security Policy. The Information Security Policy defines, inter alia, the theoretical objectives and application areas of information security, the principles of risk assessment, the requirements of compliance and those of the security awareness training, and also declares the Bank's commitment to the continuous enhancement of the information security management system. The Policy was approved by the Head of the Group Governance and Operations Division. The details of risk management are determined by the Information Security Policy. We review our risk analysis at least once every two years. In the case of newly introduced systems, before going live we conduct an annual

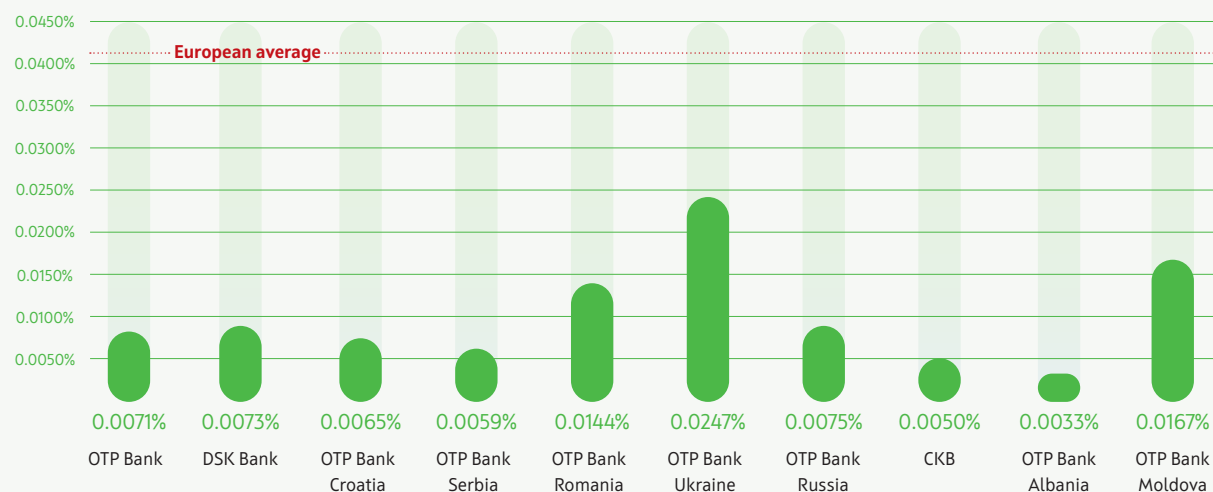
vulnerability test for IT systems classified into the two highest-level security classes; moreover, vulnerability tests are performed on a weekly and/or monthly basis for the supporting operating systems. Our independent organisational units vested with audit rights conduct an internal audit on compliance with IT security objectives, the implementation thereof, and the successful adoption and maintenance of the requirements. IT security also includes cybersecurity. In 2021 we commenced the development of the group level Information Security Policy and the group level Cybersecurity Strategy. Cybersecurity considerations have been also integrated into the Strategy of the Digital Division.

Development Projects

In 2021, our projects focused on the cybersecurity centre, the central log analysis system, authorisation management and virus protection, with special emphasis on the acquisition of the required professional competencies. In addition, we improved the efficiency of customer communication in relation to the detection of suspected fraudulent transactions. In continuation of our projects designed to step up our efforts to prevent credit fraud, we have put in place a framework which ensures that fraud and/or abuse against our customers can be fully recorded and reported.

Bank card fraud

Compared to turnover, 2021



Data are not available at SKB Bank.

IT fraud and attacks

Compared to previous years, there was a sharp increase in 2021 in phishing and denial-of-service attacks across the Group. In order to counteract the latter, we introduced a new, cloud-based protection system. Attacks involving deception or psychological pressure (social engineering) were also frequent. Over-the-phone phishing – ‘Vishing’ – has become dominant at OTP Bank.

Our Banking Group has experienced numerous card-related attacks; in these cases the sharing of important information was extremely helpful in the prevention of fraudulent transactions. The number of successful card fraud cases has been kept low continuously, which demonstrates that our systems operate effectively. The ratio of bank card fraud to turnover is significantly lower than the European average published by Mastercard (for OTP Bank it is 0.0071% and the consolidated ratio of subsidiaries is 0.00986%, while the European average stands at 0.0414%). In the case of OTP Bank we were able to prevent bank card fraud of HUF 5.5 billion.



HUF 5.5 billion
in losses prevented at OTP Bank
from bank card fraud



0.0071%
the incidence rate of fraud with
own-issued bank cards in proportion
to total turnover at OTP Bank is
significantly lower than the European
average published by Mastercard
(0.0414%)

Additional security events

In 2021, white-collar crime resulting in substantial losses for customers or for our Company showed a declining trend at OTP Bank and most of our subsidiaries compared to the previous year.

The most frequent incidents involved fraud or money laundering at OTP Bank and credit fraud at foreign subsidiaries. ATM robberies also took place at some subsidiaries. Fraud incidents by employees were also typical at some subsidiaries. They were followed by the termination of all employees concerned with criminal reports filed.

Our continuous developments, more efficient action on the part of employees and tighter controls play an important part in reducing the number of criminal incidents.

Losses expected from the detected criminal activities amounted to HUF 447 million in the case of OTP Bank and HUF 2.3 billion at Group level. The amount of loss prevented was HUF 457 million at OTP Bank and HUF 2.0 billion at OTP Group. At OTP Bank criminal reports and supplemented criminal reports were filed in 620 cases during the year on the suspicion of money laundering.

Awareness

Since the awareness of our employees and customers may result in the failure of numerous fraud attempts, we considered the increase in security awareness a priority in 2021 as well. Our initiatives aimed at raising awareness in relation to abuses based on the deception of customers are presented in [Chapter 3.3.](#)

We reviewed our training material on money laundering, and ensured the more in-depth training of employees communicating with customers by providing position-specific trainings. We believe that it is partly the result of our training that the indications of suspected money laundering made by employees rose by 8 percentage points. We organised presentations and workshops for employees in the framework of the European Cybersecurity Month. The annual IT security awareness training and phishing simulation also served the increase in IT security awareness.

Phishing simulation

We conducted yet another phishing simulation in 2021. The primary objective of the test was to assess our employees' behaviour in regard to phishing emails. The URL contained in the emails sent pointed to a website where data were requested for the user's identification.

The second test was designed to assess the security awareness of employees even in relation to connecting unknown objects (e.g. pendrives) found in the office.

The results were presented in a detailed article during the Cybersecurity Month, and we called the attention of employees to the tell-tale signs of fraud and the right behaviour. The most important conclusion of the simulation campaign was that phishing emails are still capable of deceiving many of us, even though we also received hundreds of notifications by employees. The situation was better in the case of lost pendrives; the cleaning and security staff correctly collected most of the devices.

Management Of Operational Risks

The assessment and proper management of operational risks is an important basis for the smooth and continuous operation of the Banking Group. Although the pandemic entailed a key risk in the previous year as well, the processes and tools designed in 2020 provided an appropriate framework which enabled us to create safe conditions for our employees and customers and preserve business continuity.

As part of improving the management of operational risks, we reviewed the key risk indicators and the scope of the processes critical to business continuity, identifying 23 new critical processes.

GRI 102-11

Management of ESG risks

In 2021 we implemented the integration of ESG risks into operational risk management. Since risk management may become more focused with the identification of ESG risks, we identified ESG risks in all of our existing risk assessment systems. Numerous, thousands of risks were marked ESG in the process-based risk self-assessment used for defining the losses expected for the coming year. It is now possible to mark related ESG risks in the loss database and this risk is also assessed in the framework of scenario analysis.

In the framework of the scenario analysis used for the assessment of unlikely events with a potentially substantial impact (e.g. shutdown of internal IT systems; management and enforcement of collateral; war and terror attacks) we previously assessed the impacts of the climate change as part of three scenarios; in 2021, however, we prepared a separate scenario for climate change. We considered all environment-related risks under this scenario. We applied the same methodology for the purposes of performing the scenario analysis for the parent bank, foreign subsidiaries and Merkantil Bank. Of the Group Members, OTP Bank identified the most substantial expected loss (i.e. financial impact of the risk's occurrence), HUF 1.3 billion. Out of the 17 scenarios analysed, the value of the loss expected under the climate change scenario was among the smaller expected losses at all Group Members.

We identified S (social) and G (governance) risks in different other scenarios as well, but their magnitude was not segregated from other parts of the scenarios.

For 2022 we are planning a climate stress test and the group level rollout of the ESG risk tolerance framework, and the inclusion of ESG risks in the stress testing of market risk assessment will also take place in 2022.

5.5. Payments to stakeholders

The presentation of distributed economic value with payments to individual stakeholder groups helps to indicate the direct and indirect economic impacts of OTP Group.

GRI 201: 103-2, 103-3 The financial indicators continue to confirm the stable operation of our Banking Group. In 2021 OTP Group's annual adjusted profit after taxes amounted to HUF 497 billion. At 17.5%, the Banking Group's audited Common Equity Tier 1³⁷ ratio exceeded the regulatory minimum requirement significantly at the end of the year. The capital adequacy and stability of OTP Bank are also confirmed by the results of the stress test conducted by the European Banking Authority (EBA). At the end of 2023, OTP Bank's fully loaded CET1 ratio would be 16.3% under the baseline scenario and 11.2% under the stress scenario compared to the 14.2% fully loaded CET1 ratio recorded for the end of 2020. Based on the decline in the CET1 ratio during the 3-year period of the stress scenario, OTP Bank stood in the 13th place of the 50 banks tested.

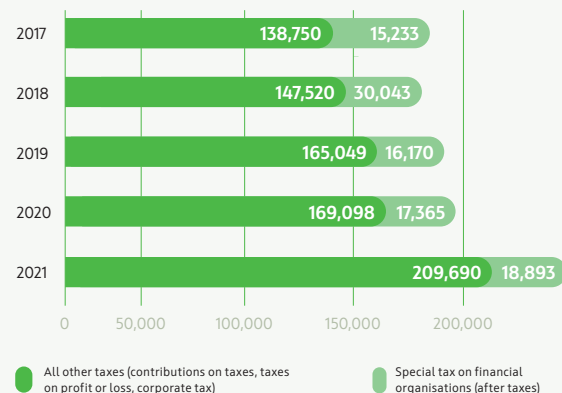
GRI 102-7, 201-1

	OTP Core	OTP Group
Economic value generated³⁸:	HUF 546 billion	HUF 1,313 billion
Distributed economic value³⁹:		
 Employees⁴⁰	HUF 126 billion	HUF 296 billion
 Operating expenses⁴¹	HUF 107 billion	HUF 231 billion
 Shareholders⁴²	HUF 120 billion	HUF 120 billion
 Taxes⁴³	HUF 146 billion	HUF 229 billion
 Local communities⁴⁴	HUF 2.3 billion	HUF 2.6 billion

- 38 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)
- 39 The difference between Economic Value Generated and the Distributed Economic Value is Retained Earnings: OTP Core: HUF -46 billion, OTP Group: HUF 434 billion (the former value differs from the one calculated from the above due to rounding)
- 40 Personnel expenditures – Contributions on wages
- 41 Operating costs – Personnel costs – Depreciation – Other income taxes – Donations
- 42 Dividends
- 43 Total tax liability (Adjusted corporate income tax + Other income taxes (including transaction levy and banking tax) + Contributions on wages)
- 44 Donations

37 CET 1: The ratio shows the amount of capital a bank has available to cover 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.

Tax liability of OTP Group



GRI 201-4 In 2021, the Banking Group received grants in four countries. In Hungary, three subsidiaries of OTP Bank – Nagisz Zrt., HAGE Zrt. and Nádudvari Élelmiszer Kft. – received grants typically for capital projects and animal welfare purposes. The Bulgarian subsidiary used a state subsidy to finance electricity costs and the activity of DSK Tours. Assistance was received by the Croatian subsidiary for its Trainee Programme, and by the Romanian subsidiary for educational training.

GRI 201-1

Taxes paid, HUF millions, 2021	
Adjusted corporate taxes + Other taxes on gross profits (incl. transaction levy and banking tax) + Contributions on wages	
Hungary (OTP Core + other Hungarian subsidiaries)	152,295
Bulgaria	13,813
Croatia	10,747
Serbia	4,154
Slovenia	5,448
Romania	2,043
Russia	18,273
Ukraine	10,822
Montenegro	1,227
Albania	1,314
Moldova	1,702
Cyprus	359
Malta	1,437
Other group members and eliminations	4,949
OTP Group consolidated	228,583



HUF 229 billion
paid in taxes in 2021

GRI 201-4

Financial assistance (HUF millions)*					
	2017	2018	2019	2020	2021
Hungary	49	0	167	50	1,248
Bulgaria	0	0	0	0	74
Croatia	26	0	3	5	7
Romania	0	0	3	14	8
Total	75	0	173	80	1,337

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

Strategic Goals

ESG control function in relation to green and brown lending

Integration of ESG in various areas of risk management

Group-wide implementation of compliance minimum standards by 2023

Gradual extension of supplier pre-screening to foreign subsidiaries

6. Responsible Employer



GRI 401, 404: 103-1, 103-2, 103-3

Commitment:

Employment that provides a great employee experience and a decent and fair standard of living, fostering the well-being and growth of the individual

Approach:









We believe that our employees are our greatest assets; therefore, it is natural for us to strive for ethical employment and equal opportunities. We wish to create 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

As a result of the pandemic, remote work performance has become a part of our daily practice. Although the pandemic was no longer a novelty for us, tackling the situation was hampered by the inevitable stress and the need of many employees to handle additional tasks. We strived to give continued support to our colleagues in managing and processing the burdensome situation. In 2021 we took a significant step forward in all six key areas of the employee experience-oriented HR strategy, and improved our activities also relying on the results of the employee engagement survey.

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

Our commitments 2020	Our results 2021
Achieving our HR strategy objectives at OTP Bank (2021).	 Implementation is in progress.
Enhancing corporate culture at our Montenegrin, Croatian and Serbian subsidiaries.	 Due to the integration, the related programmes have only been partially completed in Serbia.
Conducting a group level satisfaction survey.	 Implemented.
Operating the HR Support Centre.	 Implemented; it carries out its tasks within the People Operations Center Department.
Introducing a group level rotation programme.	 The implementation of the talent programme was delayed by the pandemic.
 Implemented  Implementation is in progress  Not implemented	

RS Integration of the Serbian subsidiary

The 1.5-year-long integration process of two Serbian subsidiaries – Vojvođanska banka and OTP banka Srbija – was concluded successfully. Supported by 14 external consultants, 480 local bank employees and 87 Budapest-based colleagues worked actively together to carry out the extremely complex bank integration that has been unprecedented so far in the region. Similar to the previous integrations of OTP Group, we placed a special emphasis on harmonising the corporate cultures of the two organisations, and strengthening the spirit of cooperation and internal communication. We held 19,377 hours of training and more than 3,100 meetings for the smooth completion of the process.

In addition to the complexity of the integration, we had to tackle the extraordinary circumstances caused by the pandemic.

6.1. Employment

GRI 102-8 Headcount

In 2021 around 40 thousand employees worked at OTP Group⁴⁵.

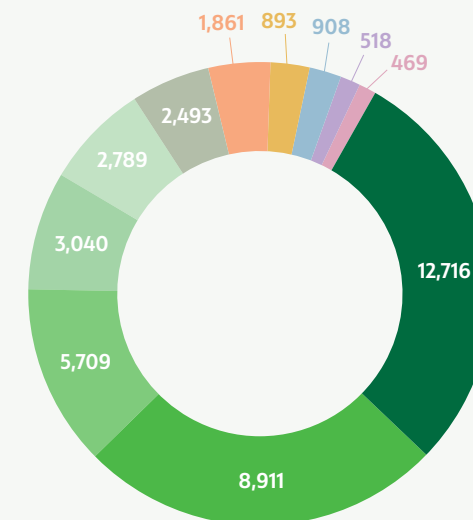
The change in the presented headcount of the Banking Group was affected by the fact that the number of companies included in sustainability reporting increased significantly in 2021⁴⁶. The four domestic subsidiaries newly included in the reporting process (NAGISZ Zrt., Nádudvari Élelmiszer Kft., HAGE Zrt., ShiwaForce.com Zrt.) added 1,264 new employees (3%) to the Banking Group. As regards foreign subsidiaries, the inclusion in the scope of consolidation raised headcount figures substantially – by a total of 1,200 persons – in Bulgaria, Croatia and Ukraine.

The headcount of OTP Bank rose by around 3% year on year, and the delegation of outsourced activities to our own employees continued. Headcount figures decreased at our Serbian, Russian and Moldavian subsidiaries.

GRI 205-2, 401-1

Number of employees
by country



31/12/2021, total number
of employees



⁴⁵ Some of our employees – 4,420 persons at the end of 2021 – work as contracted agents in Russia and Ukraine.

⁴⁶ Until 2020, our report covered only subsidiary banks abroad, while from 2021 our report includes the total consolidated group of companies in the case of all foreign subsidiary banks. Extending the reporting obligation to the consolidated group entailed an increase in the case of Hungarian subsidiaries as well.

GRI 102-8

Employee headcount (as at 31 December)	OTP Group														
	2017			2018			2019*			2020			2021**		
	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women
Full time employees	35,658	8,072	27,586	33,912	8,650	25,262	36,027	9,620	26,407	36,364	10,078	26,286	38,504	11,524	26,980
Part-time employees	1,371	207	1,164	1,340	201	1,139	1,481	235	1,246	1,451	194	1,257	1,811	339	1,472
Employees, total	37,029	8,279	28,750	35,252	8851	26,401	37,508	9,855	27,653	37,815	10,272	27,543	40,315	11,863	28,452
Women/men ratio 	100%	22%	78%	100%	25%	75%	100%	26%	74%	100%	27%	73%	100%	29%	71%
Proportion of those employed under fixed term contracts 	7%	6%	8%	6%	5%	6%	7%	5%	8%	6%	4%	7%	6%	4%	7%
Number of those employed under fixed term contracts	2,669	475	2,194	2,132	459	1,673	2,633	456	2,177	2,283	392	1,891	2,338	426	1,912
Number of those employed under indefinite-term contracts	34,360	7,804	26,556	33,120	8,392	24,728	34,875	9,399	25,476	35,532	9,880	25,652	37,977	11,437	26,540

* Not including the figures of Expressbank and OTP banka Srbija a.d. Beograd

** Full consolidated group.

The data are accurate and derive from our internal records. Apart from the sales agents, only an insignificant number of external workers participate in carrying out the activity of the Banking Group. At Group level, 23,562 agents worked for OTP Group in 2021, two thirds of them in Russia.

Employee headcount (as at 31 December)	OTP Bank														
	2017			2018			2019			2020			2021		
	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women
Full time employees	7,261	2,238	5,023	7,848	2,541	5,307	8,396	2,887	5,509	8,872	3,328	5,544	9,228	3,487	5,741
Part-time employees	846	61	785	877	76	801	922	834	88	954	74	880	850	60	790
Employees, total	8,107	2,299	5,808	8,725	2,617	6,108	9,318	2,975	6,343	9,826	3,402	6,424	10,078	3,547	6,531
Women/men ratio		28%	72%		30%	70%		32%	68%		35%	65%		35%	65%
Proportion of those employed under fixed term contracts	9%	8%	9%	8%	6%	8%	6%	4%	7%	4%	2%	5%	5%	3%	6%
Number of those employed under fixed term contracts	758	192	566	656	156	500	562	119	443	419	83	336	491	115	376
Number of those employed under indefinite-term contracts	7,349	2,107	5,242	8,069	2,461	5,608	8,756	2,856	5,900	9,407	3,319	6,088	9,587	3,432	6,155

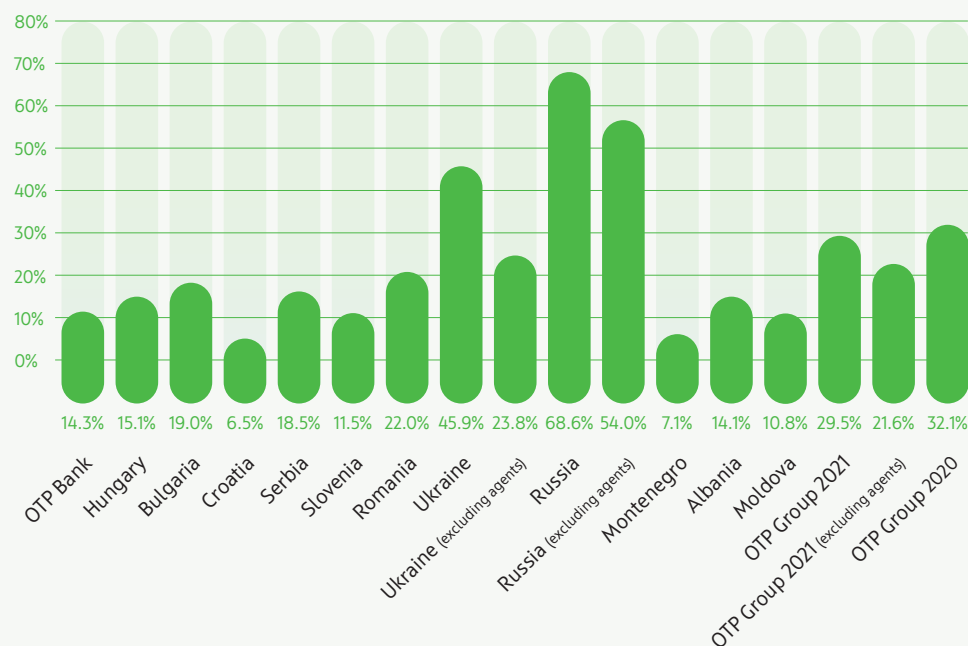
At the end of 2021 OTP Bank had 4,669 sales agents.

The data are accurate and derive from our internal records.

GRI 401: 103-3, 401-1: Employee Statistics

Turnover

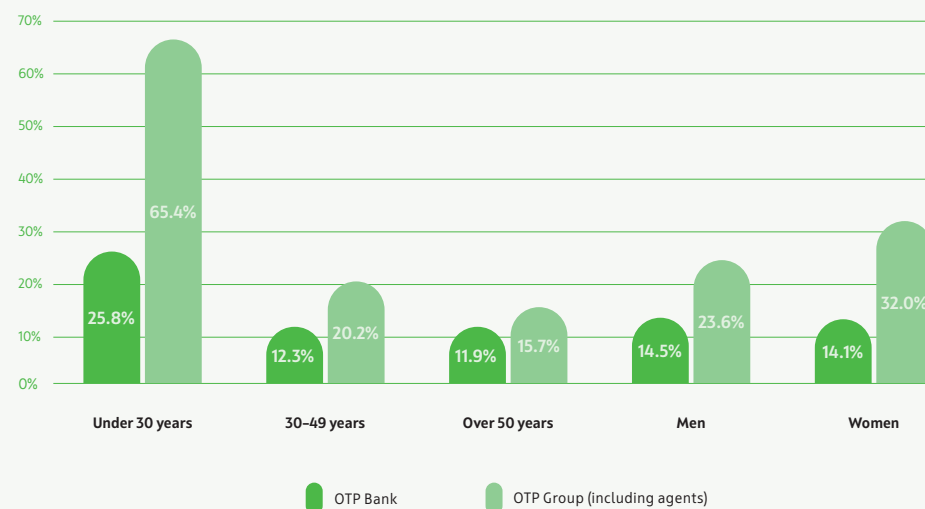
employee turnover per country as a percentage of the closing headcount figure, 2021



The statistics include termination of employment both by employee and employer, as well as retirement. Since turnover is traditionally high among the sales agents of the Russian and Ukrainian subsidiaries, we also present their ratios without sales agents.

Turnover ratio by age group and gender

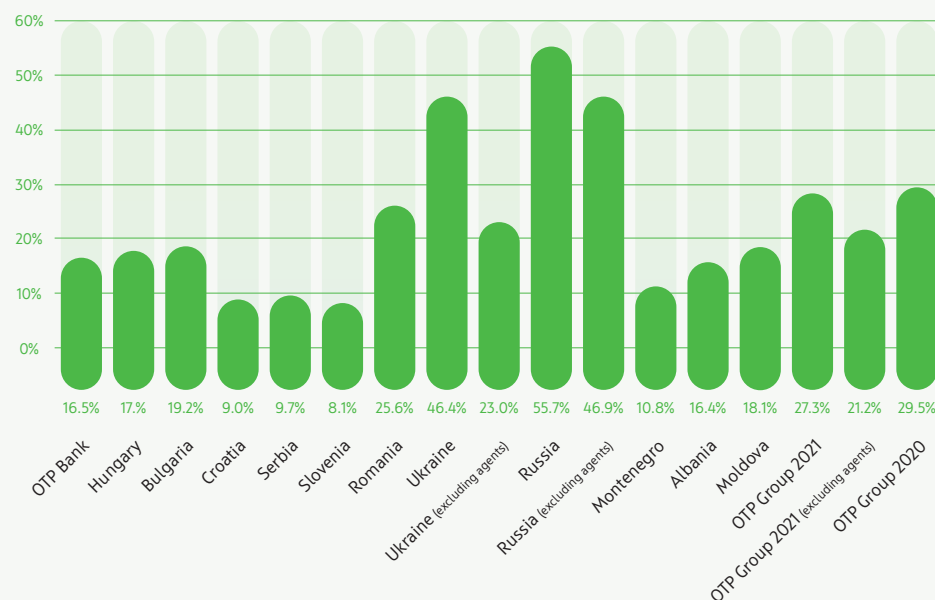
as a percentage of the closing headcount of each category, 2021



Interpretation of the figures, e.g. the rate of turnover for men was 23.6% within OTP Group.

New hires

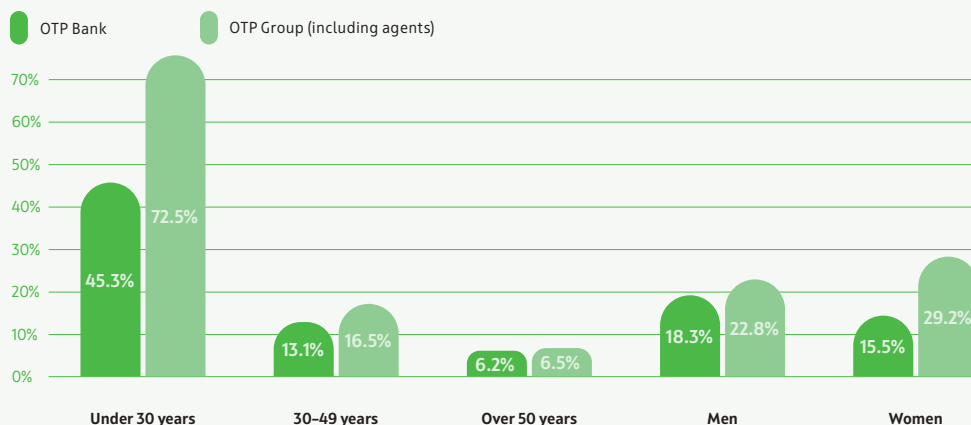
new entrants per country as a percentage of the closing headcount figure, 2021



Since the number of new hires is traditionally high among the sales agents of the Russian and Ukrainian subsidiaries, we also present their ratios without sales agents.

Ratio of new hires by age group and gender

as a percentage of the closing headcount of each category, 2021

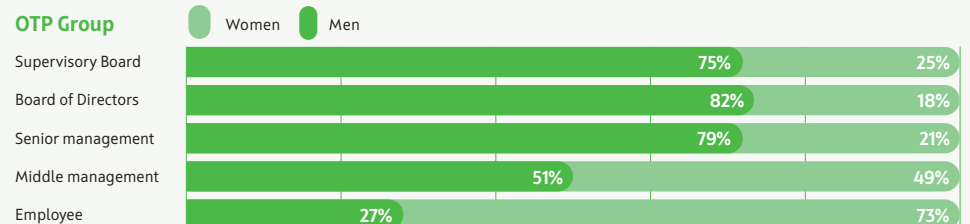


GRI 405: 103-2, 103-3, 405-1, 205-2

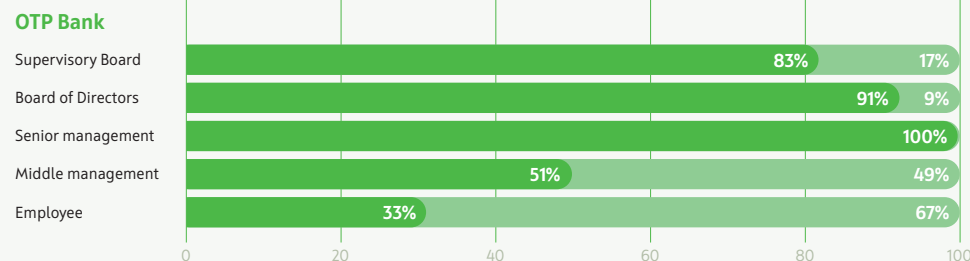
Percentage of governance body members and employees per employee categories by gender

31/12/2021

OTP Group



OTP Bank

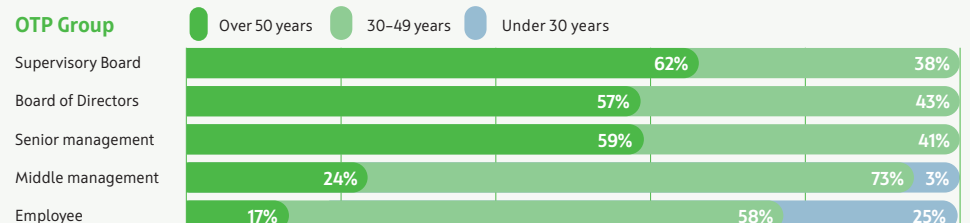


Calculated from parent bank and subsidiary bank bodies combined in the case of members of the Supervisory Board and the Board of Directors. Employee categories include all employees of the member companies.

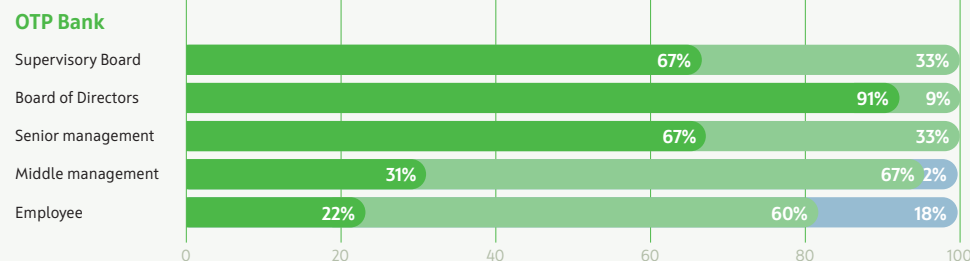
Percentage of governance body members and employees per employee categories by age group

31/12/2021

OTP Group



OTP Bank



Calculated from parent bank and subsidiary bank bodies combined in the case of members of the Supervisory Board and the Board of Directors. Employee categories include all employees of the member companies.

Diversity, Equal Opportunity

GRI 202: 103-1, 103-2

Equal opportunity and diversity at the workplace

The ratio of women employees is 65% at OTP Bank; therefore, it is particularly important to ensure their representation in each domain and in management. In 2021 we formulated the [Strategy of OTP Bank](#) for gender equality, in which we set three strategic objectives:

1. Ensuring equal opportunities and opportunities for all employee groups
2. Creating an open and inclusive workplace free from discrimination
3. Supporting a cooperating work culture at the highest professional standards

The objectives are implemented in such specific programmes as the improvement of the representation of genders in management bodies ([Group and corporate governance](#)), a gender-neutral remuneration policy ([Remuneration and rewarding of employees](#)) or the strengthening of the spirit of inclusion through management trainings ([Career opportunities](#)) and attitude shaping campaigns for employees ([Education, training](#)). We place strong emphasis on ensuring that an attitude open to diversity and inclusion is integrated into our work culture and embedded in our everyday practices, in the design of our operational processes and in the development of our managers. We coordinate our efforts at Group level and use all available means to integrate this attitude into our new programmes and internal communication.

HR OTP Bank Croatia is a signatory to the Diversity Charter, under which it undertook to implement a diversity action plan. Although the implementation of the measures is carried over to 2022 due to the pandemic, the Company's Diversity Policy was completed in 2021, in coordination with the new Collective Bargaining Agreement and all internal regulatory documents. The Policy becomes publicly available in 2022.

BG SI At the end of 2021, OTP Group employed 343 persons with disabilities. Our Bulgarian and Slovenian subsidiaries recorded the highest rate (~3%) of employees with disabilities in the Banking Group.

GRI 102-41, 402: 103-2, 103-3, 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 (62%) of the Banking Group are covered by collective bargaining agreements; the corresponding rate is 98% in the case of OTP Bank employees⁴⁷. There are collective agreements in force at OTP Bank, DSK Bank, OTP Bank Serbia, OTP Bank Croatia, SKB Bank, OTP Bank Romania, OTP Bank Ukraine, CKB and, as regards, Hungarian subsidiaries, at OTP Lakástakarék, OTP Jelzálogbank and NAGISZ.

As it relates to the minimum notice period regarding operational changes that could substantially affect employees, the banks of OTP Group follow varying practices in compliance with local requirements.

GRI 401: 103-2, 103-3 Labour complaints

During the year a total of 44 labour procedures were commenced against companies of the OTP Group, of which 43 procedures were closed. Of the closed cases, 40 were labour lawsuits, while two procedures were initiated by the Labour Inspectorate. One health and safety suit was closed. 25 procedures were closed with dismissal or with non-financial sanctions. In 15 cases a monetary fine was paid at a total value of HUF 176 million. The procedures concerned our Bulgarian, Russian and Montenegrin subsidiaries. Substantial fines were primarily imposed on our Serbian subsidiary. In 14 cases the loss of income had to be recompensed due to the unlawful termination of the employment contract; the magnitude of the amount can be attributed to the protracted compensation debates. In one case, OTP Bank was required to reimburse the costs of healthcare services in 2021.



40,000
employees at Group level

Career starters, cooperation with Universities

Our Banking Group is committed to working with higher education institutions and students. It is important to us that the employees of the future receive training and gain experience at a high standard of quality and therefore, we sponsor presentations, research, competitions and case studies; on the other hand, we also wish to get them acquainted with our banks as potential employees. Our partnerships with special colleges play a key role in the latter.

Based on the Most Attractive Employer survey conducted by PwC Hungary for the fifth time in 2021, our Bank won first place not only in the Finance, but also in the Overall category. The survey gauged employee workplace preferences among young and experienced Hungarian workers. According to the Big Career Starter survey of Zyntern, OTP Bank was the most attractive employer in 2021 in the Economics category.

AL RO Several members of our Banking Group regularly receive trainees; 834 students worked with us across the Group in 2021. Of all Group Members, our Romanian and Albanian subsidiaries engaged an extremely large number of trainees for their size. Within OTP Bank, we operate a dedicated Trainee Programme. 449 young persons gained an experience at our Company under the programme in 2021, with 50 persons deciding to continue their work in full time positions. For shorter or longer periods, the Bank employs students outside of this programme as well, and we also receive interns seeking work experience.

RS Our Serbian subsidiary joined the 'My Salary' state programme aimed at the employment of unemployed and unexperienced young persons with disadvantaged backgrounds. In cooperation with the National Employment Service, our Bank provides them with a career opportunity, an option for gaining experience, and training.



834
trainees at Group level

6.2. Employee satisfaction measurement

GRI 102-43, 102-44, 401, 402: 103-2, 103-3

For the first time in 2021, the employee satisfaction survey was conducted on the basis of the same methodology at Group level. At 92%, the response rate was outstanding. This demonstrates the confidence of our employees, and enables our Company to concentrate on the key factors driving the satisfaction and commitment of our employees.

The consolidated satisfaction level was 70% at OTP Group, which is only slightly below the global average of the financial sector⁴⁸. The results of Group Members did not exhibit considerable differences; the results of our Serbian subsidiary reflect some of the overload caused by the integration process.

The vast majority of survey participants reconfirmed the existence of a strong performance culture; our employees can carry out their work along the lines of clear and unambiguous goals, and with a high level of independence, mandate and responsibility for their performance. The feedback received shows that cooperation directly within the team is efficient. There is strong confidence in managers who, on their part, provide true support in order to enable the team to focus on the goals to be achieved. The colleagues underpinned as an important driver the fact that they encounter various challenges during their everyday works, and that they are surrounded by an inspiring professional community, which enables them to develop and learn continuously.

The areas for improvement indicated by the employees are being improved by ongoing initiatives. We are developing a transparent and uniform job system, supporting continuous development and career building opportunities. Newly introduced management and professional forums support fast and uniform information flows, the broader inclusion of employees and knowledge sharing. We strengthened flexible work performance options and improve the toolkit of hybrid work performance continuously.

The result of the measurement was communicated to all employees through our internal communication channels and our managers. The action planning phase built on a mutual dialogue between the teams. Action plans were prepared and approved by the Management Committee for all areas that needed improvement.

The annual survey provides the means for following up on and finetuning the impacts of the developments implemented and for trend-monitoring the results.

6.3. Career opportunities

Performance review

The performance of our staff is assessed by the members of our Group based on different methodologies. Regular feedback, linked to objectives and based on objective criteria, is fully implemented at OTP Bank and at several foreign subsidiary banks. Goals are set and evaluated through the HR information system. Of the foreign subsidiaries, more than 95% of the employees of the Serbian,

Ukrainian, Russian, Albanian and Moldavian subsidiaries receive the results of their performance review. In 2021, we did not modify the method of performance review within OTP Bank; we reviewed and enhanced the performance incentive systems related to agile work performance.

HR In 2021, our Croatian subsidiary adopted the 360-degree review system for two managerial levels. HR experts conducted a development interview with the employees included in the 360-degree feedback process in order to assist in the correct interpretation and processing of the assessment and to support the preparation of personal development plans. In addition, they launched an e-learning training for employees giving and receiving feedback under the title 'Feedback interview'.

Career opportunities

In 2021, we developed a transparent and uniform job system within OTP Bank. The Bank engaged the business domains to review, update and categorise the contents of around 1,200 jobs at the Bank; moreover, at the end of the year we launched management trainings for supporting the process as a preparation for group level rollout. The rollout of the new concept at the level of the international Banking Group – or its introduction during subsidiary integrations in Hungary – begins in 2022 and it is expected to be fully implemented by 2023.

OTP Bank provides a career building overview twice a year to all employees as part of the performance review, defining the directions for personal growth and discussing development solutions. As a significant boost to the achievement of equal opportunity, OTP Bank declared that at least 25% of the candidates must be women in all positions. Of all subsidiaries, all employees of our Serbian and Moldavian banks receive career building overview.

RO In 2021, OTP Bank Romania developed and introduced its OTP Career Path Strategy for employees working in the network sales area, in which it defined general career opportunities, designed career development plans, and drew up professional and communication materials for employees and managers supporting the process.

Talent Programme

In the framework of the HR strategy, we commenced the design of a talent development framework and managerial succession planning based on a uniform group-wide approach. We developed a methodology and framework for the identification, selection and competency testing of talents, as well as for management succession planning. Although the pandemic delayed the implementation of the international talent programme once again, we completed the preparatory phase and operated local talent programmes.

RS In 2021, our Serbian subsidiary launched its DARE talent programme, which is based on independent learning. Three months are available for the development of selected employees in three areas (digital, agile, flexibility).

SI The Slovenian subsidiary launches a talent programme every two years. At the end of 2021 it completed the review of the programme in order to measure the progress of employees and to identify new employees to participate in personal development.

HR In 2021 two talent management programmes were implemented in Croatia; each programme lasts for one year and is aimed at the further development of managers with excellent performance and a great promotion potential. The 'Managers' programme started with 25 managers and consisted of group sessions and one-on-one

development activities. 49 talented employees participate in the 'Potentials' programme. They are engaged mostly in group sessions and they can expect to be promoted to managers over the medium term.

RU In 2021 our Russian subsidiary devised a succession planning system for the replacement of employees in key positions. They expect to launch the project in 2022. The subsidiary also commenced the design of career paths for agile teams.

6.4. Remuneration and rewarding of employees

GRI 405: 103-2, 103-3, 401-2
Benefits

In line with legislative requirements, 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 typically provide the same benefits to full-time, part-time and fixed-contract employees⁴⁹.

Members of OTP Group remunerate their employees at the rates customary in the market of the relevant country. Some of our employees' pay is dependent on their measurable performance. In 2021, larger – at least 5% – pay increases were carried out at OTP Bank Ukraine and OTP Bank Moldova. Nearly all members of the Banking Group offer benefits in kind to employees.

⁴⁹ The practice of OTP Bank Russia is an exception: part-time and fixed-contract employees are provided life insurance, health benefits, extra days off and other benefits only to the extent required by law. OTP Bank Albania does not provide the latter to part-time employees and OTP Bank Serbia does not provide health benefits either.

OTP Bank's gender-neutral remuneration policy declares that job-specific wage brackets are aligned with the level of positions and market practices in its wage setting strategy; regular wage audits control and ensure that no significant wage differences can emerge between the genders; our performance review system is based on objective indicators and/or specific goals.

Employee Stock Ownership Plan (ESOP)

OTP Bank has had an employee stock ownership plan for years; it is used as a long-term incentive tool. In 2021, 787 persons participated in the programme.

Thanks to the new legislative environment and taking advantage of the opportunity, at the initiative of our employees, we launched a Special Employee Stock Ownership Plan (SESOP) in 2021 at a value of HUF 210 billion. SESOP builds on the basic rules of ESOP, but with specific differences (e.g. it has a fixed, 10-year term). It offers a stock option to employees with a work contract of at least six months.

OTP Social Foundation

In Hungary, the Foundation provides help to OTP Group employees, pensioners and their families in crisis situations. One-off, long-term or in-kind assistance – which may even include medical care or support by a psychologist – is granted based on applications. Besides crisis situations, the assistance may also be requested for camps or start-of-school expenses.

GRI 405-2

Ratio of the basic salary of women to men, 31/12/2021					
	Men	Women			
		Senior managers	Middle managers	Employees	Average
OTP Bank	100%	not applicable	96.5%	98.6%	98.3%
DSK Bank	100%	93.7%	83.2%	92.0%	91.9%
OTP Bank Croatia	100%	not applicable*	93.4%	98.1%	97.6%
OTP Bank Serbia	100%	81.0%	80.8%	87.1%	86.5%
SKB Bank	100%	103.1%	96.2%	96.1%	96.2%
OTP Bank Romania	100%	95.8%	87.3%	93.3%	93.2%
OTP Bank Ukraine	100%	107.9%	102.2%	89.6%	90.2%
OTP Bank Russia	100%	not applicable	75.2%	85.2%	84.6%
CKB	100%	85.9%	100.3%	98.0%	98.2%
OTP Bank Albania	100%	77.1%	105.8%	107.8%	107.1%
OTP Bank Moldova	100%	153.3%	90.3%	92.7%	92.6%
OTP Group**	100%	99.1%	89.9%	92.0%	91.8%

*Since the only senior manager woman is an advisor while the men are all Deputy CEOs, their salaries are incomparable.

**Average of the parent bank and the subsidiaries.

Moral Rewards

The members of OTP Group recognise the outstanding performance of employees and teams with numerous rewards. Group members reward their employees in different ways; overall, a significant percentage of employees are rewarded.

Besides sales performance, they reward outstanding expertise, ideas and managerial performance. Traditionally, at OTP Bank we reward our colleagues and teams on World Savings Day and at our end-of-year party for outstanding performance. In 2021 a total of 1,729 persons were rewarded.

6.5. Training and education

GRI 404: 103-2, 103-3, 404-2

For the efficiency of training, we improved new training forms in accordance with the topics and the preferences of training participants. One of the priorities of our HR Strategy is to support and develop managers who play a pivotal role in a team's success, in holding together and motivating the team or, in adjusting to hybrid operation.

At Group level, we allocated HUF 2.2 billion for the education of employees. We switched to digital operation in education due to the pandemic and, based on the positive experiences, only a part of the training will return to a classroom setting even after the pandemic. Indeed, digital training proved to be extremely successful in numerous cases. Participation in the professional and other training courses necessary for work performance (e.g. ethics, compliance, security, health and safety, environmental protection) and in personal and professional development training courses is also based on the annual training plans. All of our employees receive training. Training plans are developed with the involvement of staff, taking into account the results of performance reviews. Professional training for employees and the up-to-date knowledge of our branch employees is a priority for all of our companies; in addition, training courses are also provided to support personal skills and growth. Moreover, in 2021 we placed emphasis on English language trainings. The strengthening of

communication skills, cooperation skills and personal productivity play a special role in trainings aimed at skills development.

We renewed our training system in several areas at OTP Bank. More than 200 newly hired employees participated in the renewed Basic Training in Banking. Thanks to the methodology aligned with training habits and putting learning experience at the heart of the programme, the feedback from was extremely positive.

We introduced a new mentoring system in the network. In 2021, 65 retail branch employee mentors were selected and in parallel, we designed the positions, working conditions and working processes.

RS Our Serbian subsidiary rejuvenated its mentoring programme in conjunction with Mentessa, one of the winners of the OTP Startup Programme. The startup also supports the onboarding of the Bank's newly hired employees. The platform of Mentessa consists of an easy-to-use online application where each employee is paired with a mentor, and the pairs are matched by way of an artificial intelligence algorithm. The onboarding process is spiced up by playful elements and personalised options.

Leadership Development

Our goal is to create a performance-oriented, yet flexible leadership culture committed to collaboration and inspiring renewal, for which we put in place a uniform framework both in the network and at the head office. In 2021, at the parent bank we developed a complete leadership development concept for the head office. At the network, we commenced the renewed leadership development trainings using such innovative solutions as EDUardo. The platform assists the learning of employees and the improvement of their problem-solving skills through the simulation of real-life situations (branch simulator)

with real-time feedback and in the form of interactive case studies.

For network managers we launched 'Headstart', our bi-weekly series of webinars. More than 150 participants attended the first few broadcasts.

RS Our Serbian subsidiary continued its SEED programme for senior managers. The simulation of the Innovation Academy and the Brick Breakers is a mentoring and reverse mentoring programme, which contributes to the improvement of change management.

BG In 2021, DSK Bank launched its Management Academy for senior and middle managers and its Digital Academy for the first pilot groups, IT developers and cloud experts.

MD With 16 participants, our Moldavian subsidiary also launched its Management Academy in order to get future managers ready for their positions by developing their managerial and leadership skills.



450

Language training to
450 employees across OTP Bank



65

retail branch officer
mentors at OTP Bank

GRI 404: 103-2, 103-3, 404-1

Annual training per employee (number of hours, 2021)		
	OTP Bank	OTP Group
Senior manager	56	47
Middle manager	69	46
Employee	77	47
Men	69	44
Women	80	48
2021 average	76	47
2020 average	74	50
2019 average	80	50
2018 average	80	47
2017 average	67	21



HUF 2.2 billion
spent on employee training



1.9 million
hours of training in a year,
47 hours/person

6.6. Engagement of employees

GRI 402: 103-2, 103-3

We enhance our internal communication practices continuously to ensure that our employees have timely access to relevant information. We are committed to honest communication, and welcome feedback.

The provision of the latest, coronavirus-related information and programmes helping employees cope with the pandemic and providing mental support continued to be important tasks across the Banking Group in 2021 as well. As a recognition for the perseverance of OTP Bank, we won the gold award of the Employer Branding Award 2021 for our application entitled 'HR and internal communication activities during the pandemic'.

In addition to the existing forms and channels of internal communication, we also introduced new and innovative initiatives.

AL The essence of the 'Visitor in 1 Month' initiative of our Albanian subsidiary is the practice of employees switching places with each other, experiencing the operation and specificities of other functional areas. The purpose of the one-month-long project is to get employees better understand each other's work (its difficulties and successes) and to improve collaboration between the organisational units. Under the 'Breakfast with the CEO' programme, the CEO is engaged in an informal conversation with employees to discuss their ideas on internal and external

communication and the improvement of cooperation and processes.

SI In the framework of the ambassador programme run by SKB Bank, employees present the best results of the department they represent.

RS The purpose of the new BFF (back front force) workshop of our Serbian subsidiary is to get front office and back office employees meet with each other, provide feedback on mutual collaboration, identify neuralgic issues and discuss proposals for their resolution.

UA As part of the OTP Readers' Club launched by our Ukrainian subsidiary, members are provided an opportunity to discuss preselected business books with the CEO.

Idea Portal

Group members rely on our internal platform in relation to various topics for collecting ideas. The idea competitions launched in 2021 were typically aimed at the improvement of efficient operations and customer experience and the development of working conditions.

6.7. Health, working environment

Work-life balance

Due to the coronavirus pandemic, hybrid work became a common form of work performance in 2021, obviously in consideration of the characteristics of the positions here. As the restrictions were lifted, a broader range of recreational opportunities became available during the year.

Most of our subsidiaries introduced remote work as part of their strategy on coping with the COVID-19 pandemic, and the home office practice was maintained by most subsidiaries in 2021 as well. Splitting work between the home and the office was typically an option for those working in the Head Office. Network employees continued to work as usual – subject to compliance with safety protocols – in order to ensure business continuity and customer service. The extent of teleworking depended on current contagion levels. The typical split between office and remote work was 70% and 30% during the year as a whole.

BG Starting from 2021, our Bulgarian subsidiary provides two extra paid days off per year to help the recreation and regeneration of its employees.

OTP Bank and several subsidiaries also supported employees in efficiently reconciling their household chores and work performance by providing presentations and online materials; in many cases, we made available contents produced in 2020.

SI Our Slovenian subsidiary successfully applies the stress-free efficiency-improving and time management method, GTD ('Getting Things Done') among its colleagues.

RO Our Romanian subsidiary continued its 'Let's Work Smart' programme, which was supplemented with new hints and advice for efficient work performance and the organisation of daily work schedules and meetings. Friday is still considered a NoMeetingDay, dedicated to the personal tasks, creative work and development of employees.

Overtime

At OTP Bank, the volume of special work duty decreased year-on-year in 2021. In some areas concerned, we achieved the reduction of overtime by increasing staff numbers.

Recreation

OTP Bank and OTP Bank Romania own several hotels, where employees with outstanding performance results can enjoy a holiday for free or at a reduced rate. Safe recreation was made available in 2021, as well. Employees have access to reduced-rate holiday resorts at OTP Bank, some of our domestic subsidiaries and at the Romanian subsidiary. About 800 employees took advantage of this possibility in 2021.

Children

Many of our employees have small children; in designing the home office work schedule and drawing up the plans for the return to the workplace we considered our employees' family obligations and the opening of schools and educational institutions.

We have offered summer camps for the children of OTP Bank employees for years. In 2021 184 elementary school students visited the summer camp of the Fáy Adventure Weeks in Budapest and in Nyíregyháza. In addition, we organised a programming camp in Budapest and Pécs. Our employees were invited to submit applications to the OTP Social Foundation for camping assistance.

At Group level, 71% of our employees are women. 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. In Hungary, fathers with children are also entitled to extra days off, and fathers also receive paid working time allowance when their babies are born.

GRI 401-3

Employees taking parental leave and employees returning, 31/12/2021

	OTP Bank		OTP Group	
	Men	Women	Men	Women
Number of persons taking parental leave	1	973	47	4,543
Number of persons returning to the company from parental leave after its expiry	0	238	26	2,010
Employees returning to the company from parental leave after its expiry (%)	0%	75%	87%	71%

Healthcare and occupational health and safety

GRI 403: 103-1, 103-3, 403-1, 403-2, 403-3, 403-9 Occupational health and safety

Essentially, there were no changes in our occupational health and safety activity. For the most part, employees of the Banking Group work in jobs and workplace environments where health and safety risk is low. Exceptions are printing activities and the maintenance of ATMs and, of the companies included in the report since 2021, agricultural producers and companies engaged in animal production, crop production or food processing face higher health and safety risks. In these areas we adjust our occupational health and safety activities to such higher risks. Safety at work at our Russian subsidiary is supported by the voluntarily applied ISO 45001 Occupational Health and Safety Management System covering the employees.

GRI 403-4, 403-5 The annual report on occupational health and safety is signed off by the Chairman & CEO. The report also includes the results of the health and safety inspection. At OTP Bank, a Common Representative Body is in place and, in accordance with statutory requirements, a common Labour Safety Committee operates at the subsidiaries, composed of representatives of the employer and of the employees. Employees receive occupational health and safety training in the manner and at the frequency prescribed by local statutory requirements. Occupational health and safety training is provided in different forms (e-learning, training) at the member companies. The training covers regulations, the structure of the health and safety organisation, employer's and employees' rights and obligations, the rules of conduct, health and safety pictograms, safety rules relevant to positions, the rules of smoking. New entrants are required to complete the training on a

mandatory basis. The employees of OTP Bank take part in training once a year, i.e. more frequently than required by regulations. They acquire knowledge on the required rules, risk factors and the relevant options for prevention and protection; in general, the basics of safe work performance. Training provided in the form of e-learning covers general information, while the local health and safety trainings contain the specifics. In 2022 we are renewing our e-learning materials on occupational health and safety and fire training with a view to improving customer experience; therefore, we will add even more practical examples and videos to the training material.

We do our utmost to maintain a safe working environment; the low number and low severity of accidents reflect the success of our efforts. We focus on preventing and eliminating the problems inherent in the nature of our operations (e.g. stress, sitting at work). In recent periods, the vast majority of our member companies introduced stress management training in order to reduce psycho-social risks. (For more detail, please see the heading ['One-on-One support, group processing, stress management'](#))

GRI 403: 103-3, 403-9, 403-2 Accidents

The number and severity of accidents is low at both Group and Bank level. At OTP Bank, the rate of work-related injuries dropped to⁵⁰ 1.8 in 2021, which is a good result compared to the national statistical average (4.4 to 5 accidents at work per 1,000 employees). For OTP Group as a whole, the indicator is 1.9. It is an important achievement that there were still no accidents at home during the home office work pattern at OTP Bank. At Group level, work-related injuries typically occurred while walking to the workplace (falls, slipping). The increase in the number of accidents can be partly attributed to the newly

reported data of domestic subsidiaries included in the report. In part, however, the frequency of accidents increased at some of our foreign subsidiaries as well. 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 2021⁵¹.

Work-related injuries						
	OTP Bank			OTP Group		
	2019	2020	2021	2019*	2020*	2021
Number of accidents	6	22	18	48	42	77
Rate of work-related injuries (per 1 million hours worked)	0.38	1.35	1.05	0.78	0.63	1.11
Number of high-consequence injuries	0	0	0	0	1	1
Rate of high-consequence injuries (per 1 million hours worked)	–	–	–	–	0.02	0.01

*OTP Bank Ukraine was unable to provide data and is therefore excluded from the basis figures as well. The data supply covers all employees. In 2021, the number of hours worked at OTP Group was 69,501,232 and 17,104,343 at OTP Bank.

GRI 403-2 Note: Injury statistics are recorded using methods prescribed by law, and the investigation of accidents also complies with the relevant legislation.



At 1.9, the rate of work-related injuries is extremely low even by international standards

⁵⁰ Number of work-related injuries per 1,000 employees

⁵¹ Of the foreign subsidiaries, DSK Bank, OTP Bank Romania, OTP Bank Ukraine and OTP Bank Russia were unable to supply data. We do not have information on the number of hours worked, but the low number of accidents would make the rate very low in any event.

GRI 403: 103-2, 403-6 Healthcare Services

Several members of the Banking Group provide their employees with healthcare services over and above what is required by law, including health insurance and screening tests.

In addition to OTP Bank, the health insurance contract was also extended to the employees of 21 domestic subsidiaries in 2021. Under the contract, employees have access to high quality private healthcare services. In designing the conditions for the benefits and the screening packages, we considered employees' requirements and the high ratio of women among our employees. The insurance also covers the treatment of complications from COVID-19 and a post-COVID screening package.

For our employees' health and safety, in 2021 we maintained the most important pandemic-related measures protecting our employees, including the COVID-19 antigen tests and PCR tests provided free of charge. Some of our subsidiaries also introduced additional measures.

ME Our Montenegrin subsidiary organised a vaccination programme at its site with different vaccines to choose from. It also held online workshops on COVID-19 and the methods of a successful recovery.

AL All employees of OTP Bank Albania can consult with a physician free of charge 24/7 in the event of any health issue. Employees were invited to chat with an immunologist on Health Day on the coronavirus and its complications and the right method of caring for those infected.

GRI 403: 103-2, 103-3, 403-6 One-On-One Support, Group Processing, Stress Management

At OTP Bank, we continued to provide services supporting our employees personally as well as their family members, assisting in processing the impacts of the protracted coronavirus pandemic or coping with any other mental difficulty. Primarily, we held the programmes that elicited a substantial volume of positive feedback. In 2021, as well, our employees were given a possibility to take recourse to the free, online consultation provided through the meghallgatunk.hu portal with the participation of coaches, psychologists and mental hygiene experts. The service was used by 120 employees in the span of a year. They had 4–5 chat sessions per occasion to process family or workplace problems or health difficulties.

The 'Inspiring Smart Hour', a weekly, replayable webinar series processes different topics on a weekly basis, many times in relation to mental health and stress management.

HR Our Croatian subsidiary engaged an external partner in 2021 to develop 'Protect your Mental Health', a series of webinars consisting of 7 parts. The online training material as well as the 'Stress Management' module are available on the Bank's e-learning platform.

SI In 2021, SKB Bank introduced anonymous professional support sessions with a psychologist for its employees with the involvement of an external expert.

RO All employees of the Romanian OTP Group received a one-on-one psychotherapeutic session, and several member companies made available personal psychological consulting.

UA A certified therapist held an online webinar at our Ukrainian subsidiary under the title 'Basics of Well-being and Mental Health'.

MD Our Moldavian subsidiary held sessions entitled 'Crisis Management and Parent-Child Relationships during the Pandemic'. Participants acquired various techniques and methods to reduce stress and anxiety, which can be used both at work and in the employee's personal life. Held by professionals, the training course was extremely successful among the employees.

RU More than 1,000 employees of our Russian subsidiary attended the online sessions organised during the year in 3 different topics (emotional burnout, multitasking, agile methods).

Shared events

Because of the coronavirus pandemic, in 2021, as well, sports events and the family day had to be cancelled, and our subsidiaries were also unable to organise programmes and mass events for all of their employees. Wherever it was possible, events were steered to the online space, while it was typically club-level or minor community programmes that were held in the traditional form, dedicated to a specific topic or putting various topics in the focus periodically.

Healthy lifestyle, sports

GRI 403: 103-2, 103-3, 403-6 It remained a priority in 2021 to stress the importance of – and encourage to pursue – a healthy lifestyle. OTP Bank prepares a well-being strategy in 2022 in which health will be given a complex treatment.

Our ability to support sports opportunities and sports events was restricted in 2021. Just like in the previous year, the traditional intra-bank and inter-bank sports competitions were cancelled in most countries. Under the recreational sports programme of OTP Bank we only sponsored outdoor events, but we received 70 applications nevertheless, and implemented as many activities.

BG In 2021 DSK Bank launched Wellness Academy with a healthy lifestyle, physical activities and medical consultations in the focus. In addition, the subsidiary also provided multisports cards and supplementary health insurance.

SI Once again in 2021, the #Vztrajam (Sohaneaddfel) challenge of SKB Bank encouraged, among others, the transition to an active and healthy lifestyle. The primary purpose of the campaign was to enable people to share their challenges, wins and experiences, and to provide them with incentives to overcome their obstacles through motivational videos and messages.

RO The Body Awareness Programme of OTP Bank Romania was established with a view to supporting sports, healthy eating and awareness. It was implemented through a series of videos presenting sports exercises, posts on nutrition and the organisation of a 20-person camp.

UA Among the internal communities established at our Ukrainian subsidiary, the OTP Travel Club supports and motivates employees in spending their free time actively. The OTP FIT Club was established to organise practices and sports competitions.

RU Our Russian subsidiary organised online master courses and excursions for employees and their children with 800 participants on the occasion of Child Welfare Day and New Year's Day.

Strategic Goals

Continuing the implementation of the HR strategy

Implementing the group level talent and professional development programme and local succession programmes

Designing a uniform group level job system by 2023

Drawing up a Well-Being Plan at OTP Bank

7. Our Direct Environmental Impacts and Awareness Raising



Commitment:

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

Approach:

We strive to use resources efficiently and to achieve carbon-neutral operation while also taking cost-effectiveness considerations into account. We can reach many people through our customers and our employees as well, and our goal is to take advantage of this to encourage environmental awareness in society as a whole.

Activity:

- Participating in environmental and conservation collaborations and campaigns
- Promoting sustainable material consumption
- Energy-efficient projects; using renewable energy sources
- Reducing paper use through digitalisation; using recycled paper
- Rationalising business travel
- Improving waste management

GRI 302: 103-1, 103-2, 103-3, 305: 103-1, 103-2, 103-3

In this chapter we provide an overview of the direct impacts associated with our operations and our efforts to mitigate them, and describe the programmes aimed at a broad spectrum of stakeholders. To read about our commitment arising from our role as financial intermediaries, see the presentation of our ESG Strategy ([Chapter 1](#)) and our products ([Chapter 4.4](#)). In 2021 we supported several prominent initiatives at Group level, and undertook important commitments for the future. The measures related to the persisting COVID-19 pandemic influenced the level of our environmental impacts.

For our basic principles concerning environmental protection and the fundamentals of our practice, visit [our website](#).

Our commitments 2020	Our results 2021
Completing the building OTP Bank's new head office with LEED Gold certification (2022).	 The building has been completed, employees will move in during 2022.
Conducting a comprehensive energy efficiency review in the head office buildings at OTP Bank.	 We selected sample buildings to perform the review.
Reducing the amount of paper used further (ongoing).	 Paper use decreased by 17% at OTP Bank compared to 2020.
Expanding the use of recycled paper for office paper consumption at OTP Bank.	 Recycled paper accounted for 57% of office paper consumption in 2021.
Cutting back on plastic use at several subsidiaries.	 Our Serbian subsidiary reduced the procurement of plastic products and our Croatian subsidiary cut back on plastic use.
Strengthening attitude shaping in environmental awareness at several subsidiaries.	 The attitude-shaping programmes were implemented at our Serbian, Slovenian and Montenegrin subsidiaries.
 Implemented	 Implementation is in progress  Not implemented

Collaboration with Mastercard

Both OTP Bank and OTP Bank Serbia joined the global initiative 'Priceless Planet Coalition' launched by Mastercard in 2020. The slogan of the worldwide campaign aptly sums up the purpose of the campaign: 'For a planet that has no expiration date. Preserve what is truly Priceless.' The initiative combines the efforts of consumers, financial institutions, merchants and cities. Its purpose is to plant 100 million trees in five years to mitigate the harmful impacts of climate change. The coalition employs a forest restoration model dedicated to planting the trees, regrowing forests in areas with the greatest potential for positive impacts on climate, biodiversity and community goals. Locations are chosen based on guidance by Conservation International and the World Resources Institute, employing science-based best practices for the implementation and long-term monitoring. At present they selected three afforestation locations in Brazil, Kenya and Australia and further locations are planned to be added over time.

Partners participating in the programme mobilise consumers by campaigns to take action for the environment, while they also contribute actively to achieving the goal.

In Hungary OTP Bank was the first to join the initiative with a donation of EUR 100 thousand (~ HUF 36 million), which covers the planting of 50,000 trees.

RS Our Serbian subsidiary was also the first bank in its country to join the initiative. The Bank undertook to plant a tree for each new account opening.

BG DSK Bank was the first in Bulgaria to join the Wildlife Impact Card programme of Mastercard. The purpose of the initiative is to protect endangered wildlife from extinction. The Bank supports the issue of Mastercard Wildlife Impact cards by USD 1 for each card issued, which is allocated by Conservation International to the protection and restoration of natural habitats. The bank card is produced from recycled material.

Recycled bank card

OTP Bank was the first in Hungary to issue a card that was largely (85.5%) prepared from recycled plastic. The card was given to junior customers; during the year 50 thousand recycled cards were received by our customers. We conducted a survey with 600 respondents on the experiences and on the perception of the replastic card. Based on the results, most respondents thought that the use of recycled plastic makes OTP stand out from other banks and makes OTP more attractive. According to three fourth of the respondents, OTP is expected – presumably because of its size primarily – to support environmental issues. The survey also revealed that all aspects of corporate responsibility (e.g. operation with a lower environmental impact, increased financial awareness, equal access for persons with disabilities) improves the perception of the Bank among junior customers.

In 2022 we introduce the use of recycled plastic for two commonly used card types as well.

We produce an annual report on the environmental aspect of our operational activities; the report is signed off by the manager responsible for environmental protection. In order to improve environmental awareness, OTP Bank provides all of its employees with work-specific as well as generic training on environmental protection once every two years.

Energy

GRI 302:103-2, 103-3, 305: 103-2, 103-3
Green energy

Since electricity makes up around half of the direct energy consumption of the Banking Group, the source of this electricity plays an important role in our environmental load. In 2021 OTP Bank, as well as our Serbian and Croatian subsidiaries made a commitment – or signed a contract to that effect – that, starting from 2022, it will cover its electricity demand from green energy. One of the data centres of DSK Bank has purchased 100% of its electricity from renewable sources since 2021 already.

The Banking Group increasing the use of own-produced renewable energy sources, taking economic considerations into account. We always examine the possibility of installing solar panels and heat pumps during the renovation of any parent bank branch⁵². In 2021 we installed solar panels at two branches and a vacation lodge. Solar panels are also used at the subsidiaries newly included in our report. At Group level, our systems generated a total of 1,624 GJ solar energy. DSK Bank is planning to install a solar panel system at 3 of its buildings. Our central archives facility has used geothermal energy for years, the volume of which amounted to 4,299 GJ in 2021.

52 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.

Development Projects

OTP Group uses the best technologies currently available for the purposes of new constructions and ongoing renovations both at its branch network and in its head office buildings. Besides the remodelling of heating systems, the most typical widely applied project type improving energy efficiency is the broadest possible use of LED lighting. During the replacement of air conditioning units we take care to ensure that the new units use environment-friendly coolants. We expect to save 1,400 GJ in energy consumption as a result of the energy efficiency projects completed by OTP Bank in 2021.

GRI 302: 103-2, 103-3, 302-1

Energy Consumption

OTP Group's energy consumption⁵³ was 1,076 thousand GJ in 2021, which translates to a more than 40% increase over the previous year. Almost one third of our energy consumption can be attributed to the Hungarian companies newly included in the report in 2021; the per unit energy consumption of agricultural companies is far higher than that of the rest of the members of the Banking Group. The newly included foreign subsidiaries did not raise our energy consumption considerably.

Consumption was significantly influenced by the pandemic situation as well. As regards ventilation and fresh air in our buildings, air recirculation continued to be suspended; we applied more intensive ventilation and extended ventilation hours instead, which all increase energy consumption. At the same time, the high rate of home office and hybrid work partly maintained our more moderate energy consumption compared to the period preceding the coronavirus pandemic. OTP Bank committed to achieve net carbon neutrality from 2022 by offsetting carbon-dioxide emission. In selecting carbon credits our goal is to provide financing for certified projects implemented in the countries where OTP Group operates.

Energy consumption within the organisation (GJ)					
OTP Bank					
	2017	2018	2019	2020 ¹	2021
Natural gas	69,828	64,550 ²	65,594	63,827	71,219
Mineral vehicle fuels	30,194	30,527	31,829	29,444	31,741
Other non-renewable fuel	-	285	156	152	585
Total non-renewable fuel sources	100,022	95,362	97,579	93,423	103,545
Biogenic vehicle fuels	-	-	-	1,360	2,247
Total renewable fuel sources	0	0	0	1,360	2,247
Electricity	126,864	129,593	129,442	127,537	126,112
District heating	27,117	23,953	21,584	24,244	25,970
Total indirect energy purchased	153,981	153,546	151,026	151,781	152,082
Self-generated renewable energy	1,950	1,996	2,005	5,166	5,141
Total energy consumption³	255,953	250,904	250,610	251,730	263,014
Total energy consumption per employee⁴	32.15	29.77	28.14	26.75	26.73

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

² 102-48 Previously incorrect data corrected.

³ Deviates slightly from the figures in the Annual Report because the finalised consumption data were received at a later date.

⁴ Until 2019 based on statistical headcount, from 2020 based on average full-time staff number. Energy consumption data are derived from readings; the measured consumption quantities are converted to energy using the calorific values specified in EU regulations or provided by DEFRA. In the lack of a meter, some of the solar energy is estimated based on information from the manufacturer.

Energy consumption within the organisation (GJ)					
OTP Group					
	2017	2018	2019	2020*	2021**
Natural gas	103,986	107,697	143,139	134,738	308,237
Mineral vehicle fuels	130,729	96,128	99,801	79,248	112,933
Other non-renewable fuel	133	475	2,194	1,054	31,327
Total non-renewable fuel sources	234,848	204,300	245,134	215,040	452,700
Biogenic vehicle fuels	-	-	-	1,949	5,568
Renewable fuel	144	118	134	134	0
Total renewable fuel sources	144	118	134	2,083	5,568
Electricity	357,612	408,100	404,040	438,810	507,376
District heating	64,317	62,637	87,574***	86,514	104,769
Total indirect energy purchased	421,929	470,737	491,614	525,034	612,144
Self-generated renewable energy	6,189	6,443	6,563	6,855	5,923
Total energy consumption	663,110	681,598	743,445	749,302	1,076,133
Total energy consumption per employee	18.20	19.62	20.37	20.27	27.30

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.

* The former Expressbank and OTP banka Srbija a.d. The consumption of Beograd is reflected in the data from that year.

** Full consolidated corporate circle.

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

GRI 305: 103-2, 103-3, 305-1, 305-2

OTP Group's Scope 1 and Scope 2 CO ₂ e emission (t)										
	OTP Bank					OTP Group				
	2017	2018	2019	2020 ¹	2021	2017	2018	2019	2020	2021
Direct (Scope 1)	6,781	6,714	6,779	6,078	6,548	15,182	14,564	18,594	15,282	29,568
by vehicles	2,142	2,183	2,272	2123	2,280	9,378	6,938	7,204	5,738	8,237
from natural gas consumption	3,898	3,628	3,686	3,587	4,003	5,804	6,053	8,044	7,572	17,323
from air-conditioning equipment	741	885	811	358	228	N/A	1,536 ²	3,140 ²	1,892 ²	1,838 ²
other non-renewable energy	0	18	10	10	37	N/A	37	206	80	2,170
Indirect (Scope 2)										
Indirect location-based	8,600	10,540	10,786	9,883	9,904	32,919	45,130	47,947	52,711	56,591
from electricity	7,281	9,374	9,912	8,902	8,802	29,415	42,082	44,012	48,807	51,778
from district heating	1,319	1,166	874	981	1,102	3,504	3,048	3,935	3,904	4,813
Indirect market-based	N/A	12,973	8,640	8,350	8,369	n.a	N/A	47,334	53,196	58,217
from electricity	N/A	11,807	7,766	7,369	7,286	n.a	N/A	43,399	49,292	53,103
from district heating	N/A	1,166	874	981	1,083	n.a	N/A	3,935	3,904	5,114
Total (Scope 1 + 2) location-based	15,381	17,254	17,565	15,961	16,452	48,101	59,694	66,541	67,993	86,158
Total (Scope 1 + 2) market-based	N/A	19,678	15,419	14,428	14,917	n.a	N/A	65,928	68,478	87,785
Per-capita location-based	1.93	2.05	1.97	1.70	1.67	1.32	1.72	1.82	1.84	2.19
Per capita market-based	N/A	N/A	N/A	1.53	1.52	N/A	N/A	N/A	1.85	2.23
Biogenic emissions ⁴	0	0	0	97	161	0.6	0.5	0.6	140	398

The figures shown are calculated from energy consumption, in all cases based on the applicable statutory regulations and the factors stipulated by the authorities and industry organisations. We calculate electricity-related emissions using country-specific factors. In the district heating heading, from 2020 we use a Hungarian factor, and in the case of the rest of the countries we uniformly use the data published by DEFRA. In previous years – in the absence of other reliable data – we used the Hungarian emission factors except for Ukraine, Russia and Serbia. We started recording air conditioning equipment emissions due to equipment leaks in 2017. Scope 1 emissions include all GHGs, while in the case of Scope 2 emissions, Hungarian district heating and the 2019/2020/2021 electricity factors only cover CO₂. In the case of electricity and district heating, 2021 emission factors refer to 2020; at the time of the preparation of this report, more up-to-date factors were not yet available. The GWP values were taken into consideration on the basis of the IPCC's 5th Assessment Report.

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

2 Headcount-proportionate estimate based on the figures from member companies that supplied accurate data.

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

4 From 2020 it includes renewable-based vehicle fuel emissions.

OTP Group's other indirect (Scope 3) CO₂e emissions (t)*

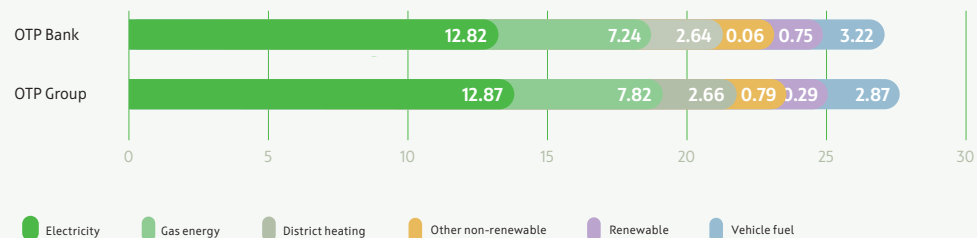
	OTP Bank	OTP Group
	2021	2021
Business travel	582	1,678
Paper use	589	2,562

* Includes only emissions arising from our operations; their presentation is partial only. Our goal is to expand the scope covered continuously. The values are calculated from factors stipulated by the authorities and industry organisations.



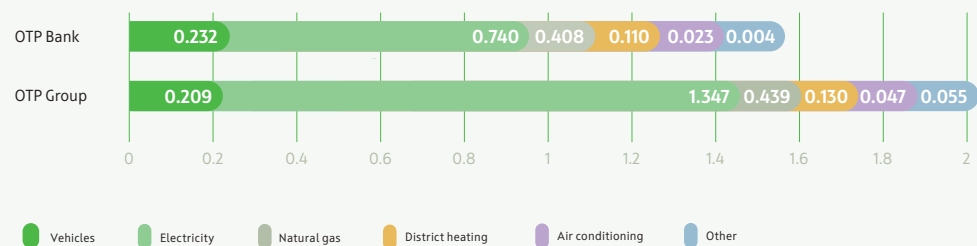
Energy consumption per employee

2021



Distribution of per-capita CO₂e emission

2021, market based



Travel

GRI 302: 103-2, 103-3, 305: 103-2, 103-3 The volume of business trips was affected by the pandemic significantly. Because of the easing of restrictions, vehicle use increased in the Banking Group in 2021; at the same time, vehicle use is expected to be reduced over the long term by holding meetings online. It is important to mention that, as part of the efforts expended against the pandemic at OTP Bank, we provided support for the use of personal vehicles to and from the workplace in 2021 as well.

As regards car purchases, in 2021 we did not modify the maximum CO2 emission limits applied group-wide. Among the cars to choose from there are hybrid or electric vehicles in all categories. At the end of 2021, the Bank's fleet included two electric cars and 55 hybrid vehicles.

BG HR RO Our Romanian subsidiary purchased 2 electric cars, while our Bulgarian bank purchased 7 and our Croatian bank purchased 3 hybrid cars in 2021.

Total mileage at the parent bank showed a 15% increase year on year. The volume of car travel rose by 44% at Group level, which largely reflects the companies newly included in the report and the lifting of travel restrictions.

Use of own vehicles and taxi

In addition to company cars, our employees also use their own personal cars for business travel in certain cases (not for commuting to work), and they also order taxi services. At OTP Bank, travelling by taxi and personal vehicles amounted to 2.3 million kilometres;

at Group level this value was nearly 6.9 million⁵⁴ kilometres. The increase can be partly attributed to the increased accuracy of the reporting.

Travelling by air

As the coronavirus pandemic declined, air travel increased compared to the previous year. At Group level, our employees took around 2,500 trips⁵⁵, one third of which were connected to OTP Bank.

Cycling

Since OTP Bank and all subsidiaries find it important to enable employees to access the workplace by alternative transportation means, several head office buildings are equipped with bicycle storage at Group level. Bicycle storages are available at 60% of the branches of OTP Bank for employees and for customers. New bicycle storages were installed at 3 branches and the new archives of the parent bank, at two locations each of our Bulgarian and Ukrainian subsidiaries and at 5 capital city branches of the Albanian Bank.

Paper

Our goal is to reduce paper consumption and increase the use of recycled paper. In 2021 we further expanded the range of products that are also available online ([Chapter 3.5](#)); in addition, digital signature pads are used more and more frequently at the branches, and there is a continuous upward trend in the use of electronic account statements. Thanks to hybrid work and the digitalisation of internal processes, the need for printing also diminished. At the same time, the paper-based administration demanded by legal requirements inhibit the further reduction of printing in Hungary and in other countries.

Paper use

Compared to the decline observed in 2020, paper use did not decrease further at Group level. At OTP Bank, the consumption of office paper dropped by 17% and owing to the technology switch implemented in printing, we were able to reduce paper use at our printing facilities by 6.5%.

Achieving our goal in OTP Bank, in 2021 we used recycled paper in our office paper consumption at a rate of 57%. In Hungary, we use FSC-certified paper even in the case of account letters, marketing publications and envelopes, while we use recycled FSC paper for producing DM letters. The internal printing activity of OTP Bank is FSC-certified until 2025. All personal hygiene products used at OTP Bank are ECO Label products. Some smaller Hungarian subsidiaries have fully converted to recycled paper.

RS Our Serbian subsidiary uses FSC-certified and ECF (Elemental Chlorine Free) paper.

HR Our Croatian subsidiary uses recycled paper for all promotional materials and internal magazines.

SI Our Slovenian subsidiary has used PEFC-certified products for years.

Recycled paper represented 12% across the Group in 2021.

⁵⁴ This information is not comprehensive; our Romanian, Russian and Ukrainian subsidiaries, and a few Hungarian subsidiaries were unable to supply data.
⁵⁵ One-way trip.

E-statements

We offer electronic account statements to our customers wherever this is permitted by local legislation. We also encourage their use through the conditions and fees of the application. Most customers do not receive a paper statement from OTP Bank (around 76% of retail customers and one third of large corporate customers). Nearly all customers receive e-statements at our Bulgarian subsidiary, while our Moldavian subsidiary uses e-statements exclusively. Our Ukrainian subsidiary uses e-statements exclusively in the case of retail customers, while 90% of their corporate customers receive their account statements electronically. About half of the customers of the Serbian subsidiary and around 60% of the customers of our Slovenian subsidiary receive e-statements.

The use of electronic account statements is prominent among the corporate customers of our Montenegrin and Romanian subsidiaries. For the time being, more customers request paper-based statements at the rest of the subsidiaries.



6700 mature trees
saved by using recycled paper

Sustainable use and waste management

Prevention

OTP Bank follows the principle of using all of its equipment, devices and machines for the longest time reasonably possible. Furniture is reused several times and we ensure the compatibility of replacements.

OTP Group materials and procurement highlights

	OTP Bank					OTP Group				
	2017	2018	2019	2020	2021	2017	2018	2019	2020	2021
Number of branches	374	374	370	362	356	1,497	1423	1,732	1,519	1,483
Ratio of branches refurbished during the year to the total	4%	3%	4%	5%	4%	12%	3%	2%	3%	3%
Number of ATM's	1,945	1,931	1,936	1,930	1,906	4,340	4,339	5,015	4,857	4,656
Number of POS terminals	70,000	78,000	78,000	126,000	136,000	103,000	113,000	137,000	186,000	199,000
GRI 201-18 Computers (number of laptops + PCs)	9,000 (only PC)	15,000	18,000	19,000	19,000	N/A	45,000 ¹	51,000 ¹	57,000 ¹	65,000 ¹
Weight of ink cartridges and toners used (t)	9	9	8	6	4	23 ²	33 ¹	35 ¹	34 ¹	37 ¹
Amount of office paper (t)	905	685	699	478	398	2,159	1,955	2,350 ³	1,795	1,751
Amount of paper used for document sorting and packaging (t)	43	43	58	75	90	76	116	117	153	829 ⁶
Amount of indirectly used paper (t) ⁴	9	5	7	584 ⁵	491	484 ²	511	631	903	732

¹ Partly estimate: prorated based on actual data

² Decline presumably due to increased precision in data capture

³ In 2019 our Russian subsidiary also added the paper used in POS sales, which it did not include in prior years. This represented 320 tons of paper.

⁴ E.g. marketing publications, account statements

⁵ Predominantly the consumption of the former Monicomp.

⁶ The consumption of Nádudvari Élelmiszer Kft. amounts to 481 tons.

AL BG ME RO RS At OTP Bank, DSK Bank, OTP Bank Romania and OTP Bank Serbia it is a common practice to donate no longer used but still functional furniture and IT equipment (primarily computers and laptops) to institutions in need or to charitable organisations. At Group level, we donated a total of 685 no longer used computers to charity projects in 2021.

The reduction of plastic waste is given increasing significance; in addition to our previous practices, we replaced plastic cups by paper cups in 2021 in Serbia and in Moldova. Our Croatian subsidiary reduced the use of plastic under the 'Green Light to Green Living' programme.

MD ME RO RS Our subsidiaries in Romania, Croatia, Serbia, Montenegro and Moldova have used toner refills to reduce toner and ink cartridge waste for years.

Selective waste collection

Other than a few improvements, waste collection remained unchanged in most respects in 2021. All members of OTP Group collect and treat hazardous waste and paper containing business secrets selectively, in compliance with the relevant legal requirements. In addition to the selective collection of non-confidential paper waste, PET bottles and glass, at the head office buildings of OTP Bank packaging metal is also collected from 2021. We introduced selective waste collection in 10 branches during the year. The Croatian subsidiary has selectively collected paper waste and PET bottles for years and – from 2021 it selects metal and glass waste selectively from 2021. Our Serbian subsidiary collects its paper waste selectively, both in its head office building and at its branches. Our Slovenian subsidiary also collects communal waste selectively (including biodegradable food waste). Our Romanian subsidiary collects all paper, metal, glass and plastic selectively. Our Albanian subsidiary collects paper waste comprehensively; this practice has been implemented at our Montenegrin subsidiary in the case of the head office building and the archives. There is selective waste collection in the head office building of our Ukrainian subsidiary and the Sofia and Varna sites of our Bulgarian subsidiary.

Quantity of selectively collected waste	OTP Bank					OTP Group				
	2017	2018	2019	2020	2021	2017	2018	2019	2020	2021
Selectively collected waste paper (t)	277	417	809	1,120	729	1,496	1,445	1,323	1,450	1,091
Selectively collected PET bottles (kg)	11,580	9,998	7,929	2,203	4,607	15,289	14,348	12,613	5,810	10,685
Communal waste (t)	N/A	N/A	N/A	2766	2963	N/A	N/A	N/A	N/A	N/A

Awareness raising

At most members of our Banking Group, the practice of raising awareness and taking joint action to protect environmental and natural resources has become a tradition. In 2021, as well, we supported several environmental initiatives, and encouraged the environmental awareness of our staff.

BG DSK Bank supported the 'One Tree' initiative, which is intended to create an interactive map of the trees of Sofia. The trees were surveyed by volunteers, registering a total number of 12 thousand trees. The Bank also supported the initiative of the Hungarian Cultural Institute, in the framework of which bicycle stands are installed in front of cultural institutions.

HR The Croatian subsidiary supported the ecological initiative 'A drop in the sea' of Nature Park Telašćica, which called attention to marine ecosystems and fish populations, and the increasing volume of waste threatening them. The Bank sponsored Ekotlon, the largest plogging competition of Croatia (jogging with picking up litter). The event donated ecological equipment to a kindergarten purchased from the registration fees.

RS Our Serbian subsidiary also supported the Green Serbia 2021 campaign, in the framework of which tree samplings were planted at 10 locations.

Gamechanger

RS Our Serbian subsidiary launched its still successful programme 'Generator' ('Gamechanger') in 2017 in support of local startups. Announced in 2021, the Generator Zero competition explicitly seeks and rewards innovative solutions for the reduction of our carbon footprint. Organisations were able to register for the competition until the end of the year and, in addition to the HUF 6 million financial reward, the winner will receive mentoring for further development and promotion. Of the 72 applications, 10 projects made it to the finals. Preference was given to projects that had a clear plan and could be implemented within 6 months of winning the prize. Numerous external partners recognised the importance of the initiative (e.g. Mastercard, Schneider Electric, OTP LAB) and, joining the programme, they offered prizes for the best finalists.

An increasing range of programmes is implemented with the involvement of our employees:

- OTP Bank encouraged employees to be environmentally aware through publishing articles on paper use and single-use plastic. In the articles we presented the advantages of environmentally-friendly products, we promoted responsible consumption and described the Bank's environmentally-aware activities. Employees who first provided the right answer to a quiz question relating to an article were given logo printed water bottles.

RS The Serbian subsidiary commenced an attitude-shaping initiative among employees aimed at the promotion of environmentally-aware behaviour both in business and in private life, and the reduction of carbon-dioxide-emission.

SI In order to sensitise employees to the environment, our Slovenian subsidiary organised a workshop and presentation for managers, and compiled an e-learning material for employees that could be completed by passing a test. In 2021 the Bank joined the Slovenian Green Network, which comprises more than 400 companies, educational institutions, other institutions and organisations for implementing various projects in the interest of sustainable development and corporate social responsibility.

UA Our Ukrainian subsidiary joined the 'Surrender your Batteries!' campaign, in the framework of which used batteries and accumulators collected nationwide are shipped to a Romanian recycling plant. The Bank has delivered more than 200 kgs batteries for recycling.

ME In relation to energy remodelling, after the implementation of the projects our Montenegrin subsidiary organises trainings for employees on the energy-aware use of the systems.

MD In Moldavia we introduced 'No Mail Day' in order to promote the reduction of paper use.

Strategic Goals

Complete the building OTP Bank's new head office with LEED Gold certification

OTP Bank undertakes to achieve net carbon neutrality from 2022

100% use of renewable energy in electricity consumption at the parent bank and at the Serbian and Croatian subsidiaries

8. Citizenship



Commitment:

Establishing and strengthening well-functioning, successful communities in the countries of OTP Group.

Approach:

OTP Group supports the development of local communities and the society; it participates in supporting social groups facing difficulties – on the one hand, based on the solidarity principle; on the other hand, because well-functioning communities contribute to the success of all of us.

Activity:

- Achieving real results by providing focused support able to deliver change
- Identifying local needs, creating reliable partnerships
- Facilitating corporate social responsibility
- Supporting and encouraging our employees in their efforts to help




GRI 413: 103-2, 103-3

It is natural to us to contribute to the progress and advancement of local communities. We work along the lines of values; therefore, we also represent and present values in the course of our donations. We are committed to giving a chance to those in need and in trouble. OTP Bank is one of the largest donors in Hungary in and of itself; in addition, in 2021 we created a simple, transparent and convenient donating option for customers who are willing to help. 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 support.

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

- developing financial literacy, attitude-shaping ([see Chapter 3.](#));
- creating equal opportunities: helping the disadvantaged and those in need;
- sponsoring culture and the arts: creating and preserving values;
- sports.

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

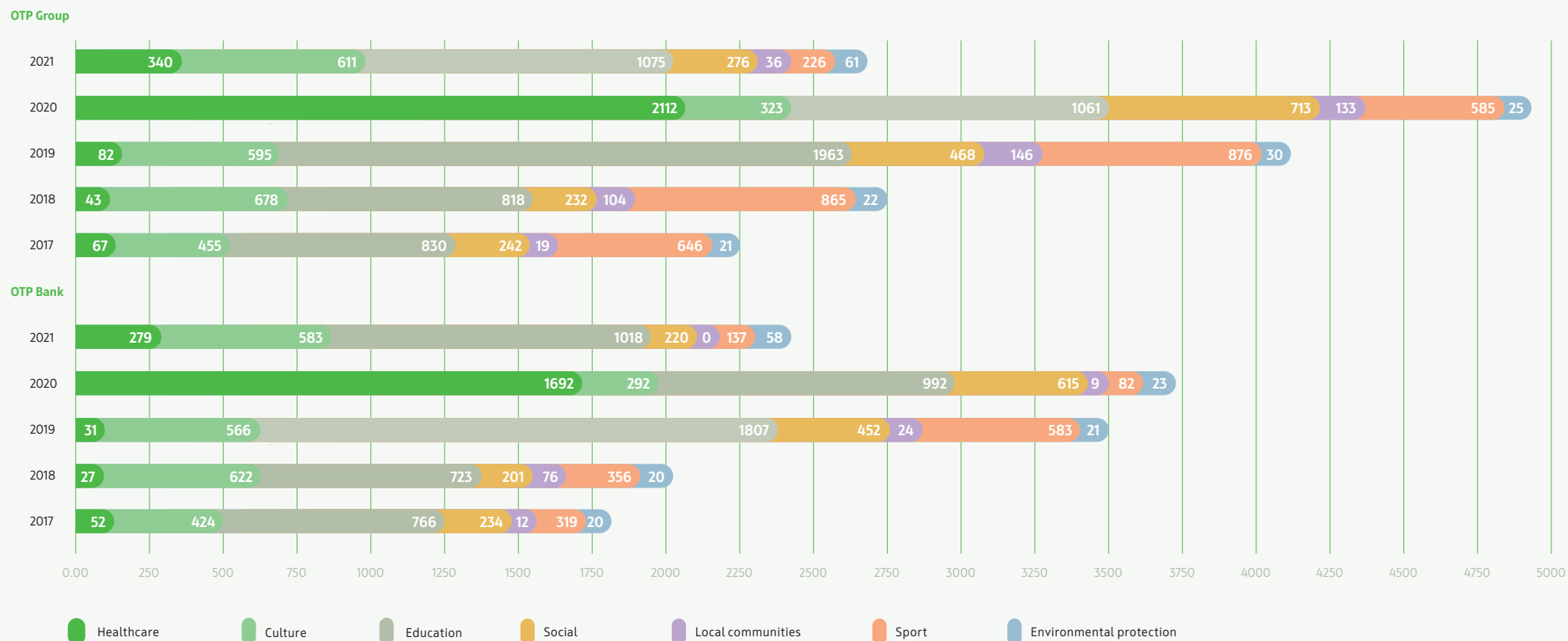
Our commitments 2020	Our results 2021
Launching the operation of the donor platform.	✓ Implemented.
Establishing conditions for – and commencing – pro bono volunteering at OTP Bank.	🔄 We commenced collaboration with several organisations in several topics as a pilot.
Creating a social programme at our Montenegrin subsidiary	✗ Not implemented.
 Implemented  Implementation is in progress  Not implemented	

The members of our Banking Group conduct most of their donation and sponsorship activities independently, to the extent of their own means, helping the needs of local communities. For predictable and efficient assistance, we strive to establish long-term commitments while being open to new, innovative initiatives.

Going beyond financial donations, we work together with numerous non-governmental organisations to implement joint programmes. In the implementation of our sponsorship schemes, our foundations play a key role in implementing our programmes in the areas of financial education and social issues; their professionalism and goal-oriented attitude guarantee the efficient and effective use of the assistance.

Thanks to our active volunteer community, we contribute to implementing more than a hundred valuable local programmes every year.

Donations by OTP Bank and OTP Group



GRI 413: 103-2, 103-3 At Group level, we allocated HUF 2.6 billion for donations in 2021. The sharp year-on-year decline can be primarily attributed to the fact that we provided a record amount of healthcare and social assistance for managing the crisis caused by the pandemic. In 2021, as well, we contributed to assisting these two areas by almost HUF 1 billion. The lion's share of our assistance (41%) was provided for education, in particular, the strengthening of [financial literacy](#). The sponsorship of arts and culture reached pre-pandemic levels; in 2021 it accounted for almost 23% of all of our assistance. The vast majority of our donations – 87% – is still linked to the parent company. While the donations were predominantly financial contributions, we often provided support in kind, typically in the form of computer donations and volunteer programmes.

Also, some of our sponsorship activities are in support of charitable causes. In 2021, OTP Group spent HUF 2.9 billion on sponsorship, of which 65% was provided by OTP Bank. The majority of our sponsorship was linked to sports (78%); the weight of arts and culture (12%) increased, while the support provided to local communities (2%) and education (6%) remained unchanged.

New donation concept for a conscious donation culture

We view donation habits as part of financial-awareness and financial literacy, the basis of which is – as is the case with financial decisions – the collection of in-depth information and sound decision-making. The criteria of responsible donation activity also include regular and effective assistance and purpose-limited support. On the one hand, we would like to incite our customers to stand behind the social initiatives they consider important; on the other hand, we would like to support them in this endeavour as efficiently as possible.

We developed a donation framework that is founded on micro donations and that can be accessed while doing everyday finances. As part of this framework, we made donations available on almost all of our digital platforms. We laid the foundations of the new concept design by conducting a survey aimed at donation habits and attitudes. At the end of 2020 we completed the testing of the platform on the ATM network, but the comprehensive introduction of the system was realised by launching the donation function developed in the new internet and mobile bank of OTP.

It is a great advantage of the platform the customers can conveniently make, while doing their finances, small-amount but influential donations to NGOs and local communities whose activity is considered important and supported by our Company. Our Bank's participation implies a guarantee for our customers that their donations will go to the right place and will be used to implement the goals defined.

Our customers can select the amount of the donation and the donated project from the options offered. By accepting the option, the donation reaches the selected organisation's bank account directly and almost immediately. Our Bank assumes all extra costs of the donation, including both the transaction tax of customers and the costs of the NGOs.

In 2021 we supported the initiatives of 6 foundations at a value of HUF 250 million. The donations primarily focused on creating opportunities. The scope of eligible organisations is planned carefully in order to ensure that the projects of as many foundations and associations as possible receive effective assistance.

For our current donation purposes, please visit the eselytadsz.hu website.



On our website
Pay by credit card



**In the New InternetBank
and MobilBank**
While making your payments



At our 750 ATMs
Withdrawing cash



In the Simple app
Under Charity

HR Round Up

'Round Up', the fund-raising project of our Croatian subsidiary and Mastercard also creates a convenient and efficient method for customers to donate. The essence of the method is to enable customers to transfer the difference between the actual total amount of online transactions or card purchases and the amount rounded to the nearest kuna amount to a designated donation account. The first anniversary and the success of the programme were celebrated by a live concert given by the famous singer, Gibonni. Customers were invited to the event, which also featured a charity fashion show where the clothes presented were shown by the employees of the Children's Hospital Zagreb. The funds raised at the auction – around HUF 25 million – were transferred to the hospital's donation account.

Since the start of Round Up, the Bank and Mastercard have donated HUF 96 million to four children's hospitals and the children's wards of the hospitals. The popularity of the programme is demonstrated by the fact that about 17 thousand customers joined up by the end of 2021.



HUF 2.6 billion
for donations at Group level



685 used computers
delivered to those in need
at Group level

Creating opportunities

Humanity

Humanity Social Foundation⁵⁶ continued to provide assistance to hospitals and educational institutions in 2021. In order to facilitate the digital convergence of students learning in disadvantaged schools, OTP Bank donated used computers and supported health institutions by donating medical equipment. In 2021 a total of 30 hospitals, 18 educational institutions and the Neonatal Foundation received support. The amount of the support was around HUF 200 million, and the institutions to be supported were proposed by the regional centres of the Bank, ensuring the best possible match of the donations with local needs and requirements.

In conjunction with bank employees, the OTP Fáy András Foundation and the students of two models schools, the Foundation organised the traditional end-of-year fund-raising in 2021 as well. At this time, HUF 2 million was raised in donations, making Christmas a truly memorable event for about a hundred families in need.

The Foundation also participates in the implementation of the volunteer activities of OTP Bank and domestic subsidiaries.

Additional 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 ('Hand in Hand') Foundation. OTP Alapkezelő also continued to participate in its ROMASTER programme: it mentored the tertiary education of a Roma student and participated in the events of the programme. The Bank implemented several charity initiatives jointly with employees

and cooperating partners. For details about our programmes please visit [our website](#).

BG DSK Bank and the SOS Children's Villages Bulgaria celebrated the 10th anniversary of their partnership. The financial institution has supported the activity of the association by HUF 640 million so far, including regular corporate assistance, customers' donations paid via ATMs and the personal donations of employees. The long-term and effective assistance of the subsidiary was rewarded by the organisation by awarding the 'Most Generous and Significant Corporate Partner' title to DSK Bank.

RO Our Romanian subsidiary typically support organisations which assist people facing difficulties. In 2021 one such organisation was 'Affected Romania Association', which supports the victims of domestic violence. As a sponsor of the 'Good Deeds Auction' of the Red Cross, the Bank strived to improve the social and mental situation of neglected and disadvantaged children and youth.

UA Our Ukrainian subsidiary joined the 'Coins for Children' charity campaign of the National Bank of Ukraine. The Bank accepted from its customers 25-kopiyka coins withdrawn from circulation. The amount corresponding to the total coins collected in the branches was credited to the account of the Tabletochki Charity Foundation, which has helped supplying children with cancer for 10 years.

ME On the occasion of International Women's Day, our Montenegrin subsidiary offered a donation to a women's organisation. The organisation was selected by women employees of the Bank. Based on their votes, the donation was received by the NGO entitled 'SOS Hotline for Women and Children Victims of Violence'. In Podgorica, a newly opened assisted living facility received support from the subsidiary for the purchase of medical equipment.

AL Our Albanian subsidiary supported the Albanian Federation of Vlora, which purchased food packages for 100 families in need in the city.

HR Under its 'Green Light to Learning' scholarship programme, in 2021 the Croatian subsidiary provided scholarships of HUF 36 million to students and student athletes from low-income families.

RO The leasing company of our Romanian subsidiary is a staunch supporter and training partner of the 'Volunteers for Ideas and Projects' (VIP) organisation, which organises a summer school entitled '21st century Romania'. VIP is a non-for-profit organisation consisting of student volunteers, developing programmes that offer guidance and new skills to the young generation. Our subsidiary provides lecturers and mentors for the programme during the time of the summer school. In 2021, they shared their experiences with participants regarding the digital transformation strategy and innovative projects.

Value creation, preservation of traditions

The sector of culture was hit particularly hard by the pandemic. Various digital solutions were given, oftentimes under pressure, in response to the challenge. Since OTP Group views the creation and preservation of cultural values important, its companies strived to maintain previous partnerships.

Prima Primissima

OTP Bank manages Hungary's largest and most widely recognised non-state award. The mission of Prima Primissima is to present society with role models whose achievements and values are honourable and can serve as an example for us all. For the second

year in a row, we were only able to arrange the award ceremony online. As customary, we awarded excellence in the Hungarian intellectual community, arts, sciences and sports in ten categories. The social recognition of the awards is demonstrated by the fact that a total of 704 valid nominations were received from former winners and from more than 100 professional organisations.

BrainBar

Once again in 2021, BrainBar – the biggest future festival of Europe – was organised under our strategic partnership. At the unique two-day event experts of our Bank presented inspiring, interactive lectures on organisational culture. We received visitors, among others, by arranging a tech-mart (blockchain, NFT – non-fungible token, Hololens) and a career test. Under our charity action, 'Donation Sidewalk', participants donated 14,684 steps – a total of HUF 1 million – to the Eco Generation of the Future Foundation.

ME Our Montenegrin subsidiary remained committed to sponsoring music, the theatre and dancing. In 2021 it supported Jazz Art – promoting jazz music – and Princeza Ksenija ballet school, and contributed to the organisation of the Bocche di Cattaro Strings Festival and the Purgatorije Theatre Festival in Tivat.

RS Besides several cultural projects, our Serbian subsidiary supported the exhibition of the Matica Srpska Museum.

MD Our Moldavian subsidiary supported such nationally important institutions as the Moldovan National Arts Museum or the International Painting Biennial. On the occasion of the International Museum Day, it launched a podcast in relation to the permanent exhibitions of the museum. Thanks to its 'Socially Responsible Brand' nomination, in 2021 OTP Bank Moldova won the 'Gold

Mercury' award for its value-creating community investments and influential social initiatives.

City as its people

BG DSK Bank supports young talents and inspiring projects in arts and culture. In 2021 it launched its 'City as its People' project, the purpose of which is to develop urban environments and to make Sofia a better place. We called the public's attention to vandalism and the negative effect of graffiti degrading the walls of buildings and promoted inclusion and diversity instead. The campaign was accompanied by integrated communication in the media and on our social media platforms. Many young Bulgarian influencers joined the initiative as ambassadors of the project, promoting the importance of tolerance.

Works of art in our new office building

In addition to underlining sustainability considerations, in designing and building our new office building M12, our key purpose is to create social value. With that in mind, the Bank called for applications in conjunction with the Moholy-Nagy University of Art and Design (MOME) for the design of student installations in the large internal spaces and four internal courtyards of the new head office. The tender sparked great interest among the youth; we received 18 submissions and students were working on the designs together with their mentors. In evaluating the submitted design ideas it was an important criterion for the designs to carry innovative and rich formal, functional, graphic and material usage potentials and to seek and integrate innovative solutions.

The concept drafts of the 10 best submissions selected by the joint judges of the Bank and MOME were displayed in one of our office buildings for employees to view in person.

Investing in the future: succession education and role models

As a sponsor of Olympic federations, we consider contribution to professional competitive sports and talent development extremely important. We supported the training of the Serbian and Slovenian Olympic teams to improve the success of the athletes at world competitions and at the Olympic games so that they become role models for young athletes and fans.

RS In Serbia, OTP Bank is lead sponsor for the fifth Olympic cycle. Its collaboration with the Serbian Olympic Committee is by far the longest sponsorship in the sports life of the country. In 2021, we shot attitude-shaping videos and conducted interviews with athletes preparing for the Tokyo Olympic Games in which the athletes talked about such positive values as endurance, strength or dedicated work.

OTP Bank Bozsik-Programme

As the company most committed to the future of Hungarian football, OTP Bank continued to sponsor the OTP Bank Bozsik Programme in 2021 as well. In the 2021/2022 school year, under the Institutional programme a total of 114,575 children participate from 1,488 schools and 1,818 kindergartens in 10,005 sports groups, which is roughly the same as the numbers of last year's participants.

The implementation of the other element of the programme was influenced by the restrictive measures adopted during the year. The Federation decided to suspend the wintertime indoor gymnastics programmes and tournaments for the 2021/2022 Bozsik Football Club Programme. Under the programme, mixed teams (boys and girls) participate in competitions and football tournaments at a total of 3,121 events during the year. In 2021 we restructured the programme and modified its frameworks. While 42,787 players registered for the 2021 spring season held in the traditional structure, in the autumn season 15,437 players – the entire U13 age group – played in Talent Centres. The rest of the players – 39,338 athletes – registered at Regional Centres.

MD OTP Bank Moldova concluded a long-term sponsorship agreement with 'ZIMBRU – 1947' Children Football Academy.

Volunteering

Due to the coronavirus pandemic, in-person volunteerism was temporarily restrained in 2021 and typically, fund-raising activities came to the foreground. Our employees continued to organise their voluntary campaigns in compliance with pandemic restrictions.

It is important to us to recognise the work of our volunteers; therefore, in addition to financial recognition and time support, they also receive moral reward. Once again in 2021, OTP Bank gave out the Responsible for Each Other Award, while CKB rewarded its employees by personal awards and the best team award. The first place was won by the 'Example is the Most Efficient Teacher' application of the Jászberény branch. Their team has supported disadvantaged and disabled persons for years; however, in response to the COVID-19 pandemic, their primary goal was to help the sick and the elderly in 2021. Therefore, at this time families were given a chance to actively participate in various programmes.

OTP Local Value Programme

Despite the pandemic situation, the funding application programmes of OTP were successful in 2021 as well. Employees of our Bank supported numerous communities and institutions. We provided support for the ideas of 17 teams, with the applications submitted in two rounds. Apart from the funding application programmes, our volunteers also organised charity campaigns; nearly 320 employees gave assistance to 3,000 persons in need.

Our employees were engaged in volunteer activities in diverse areas and forms. In most cases, finance days or competitions were organised; interactive classes were held for children and training was provided to mothers living in youth facilities. Our

experienced colleagues from the Contact Center held training courses of a team building nature in residential facilities, presenting techniques suitable for mental strengthening and improving stress management. They also provided professional and skills improvement training to the employees of the Pediatrics Clinic in Tűzoltó utca. Our Jászberény colleagues held unconventional training sessions on finances for autistic and visually impaired youth groups, while our Debrecen team organised a family day for the workers of the local ambulance station and their family members. It was also typical to organise charity fund-raising for developmental tools and toys, to arrange adventure, sports or fairy tale days, or to hold creative sessions for disadvantaged or sick children. As usual, yard rejuvenation was also a popular activity.

Therapy for the therapeutic riding

With the participation of sixty-four employees, under our centrally organised volunteer programme we tidied up the tracks, horse stables and the playground and community area in the central facility of the Therapeutic Riding Centre in Fót.

Pro bono volunteering

Our volunteers participated in putting together the e-learning training material of the [🔗 'It could be Easier' programme](#) by processing financial education topics, responding to questions from the users, and providing professional support for the communication related to fund-raising.

Also in the framework of pro bono volunteerism, our colleagues provided valuable assistance to the RÉŠ Foundation: they finetuned the content of the organisation's website based on professional criteria, and compiled communication materials to help the Foundation efficiently increase its recognition and visibility on online platforms.

Most members of our Group encourages volunteer initiatives and are happy to contribute to the efforts of employees. There are active volunteer communities at most of our subsidiaries.

RO The volunteers of our Romanian subsidiary participated in five fund-raising projects during the year. All projects were organised in collaboration with NGOs for specific purposes, exclusively for disadvantaged children living in rural areas. We requested donations of school supplies and toys for the establishment of a library and for the start of school. We made Easter a memorable event by donating gift packages.

BG The employees of our Bulgarian subsidiary participated actively in charity sports tournaments (Run2Gether, Business Run, Games for Goodness), and organised internal charity events for helping disadvantaged children (Martenitza Charity Bazaar, Christmas Brunch, Sports Day).

MD For six years now, our Moldavian subsidiary has been partner in the Hospice Bike Tour charity campaign, the purpose of which is to provide support to persons with terminal illnesses. For the second year, the Bank has organised its '#I am Santa' internal volunteer campaign, which gives out surprise gifts to the residents of children's homes for Christmas. Their donations were received by 600 children in more than 8 institutions in the capital city and in the countryside.

UA Our Ukrainian subsidiary donated an ophthalmological laser therapy device to a special school. The device provides anti-inflammatory and stimulating therapy for typical eye diseases of schoolchildren.

Blood donations

Donating blood is a tradition at most Group Members. In 2021 we donated blood on a total of 1,821 occasions. Besides OTP Bank, most blood donors were registered by OTP Faktoring, the Merkantil Group and OTP Ingatlanüzemeltető, as well as the Croatian, Montenegrin and Ukrainian subsidiaries. Employees of the Ukrainian bank donated blood specifically for the Kiev Heart Centre.



1,525

blood donations at OTP Bank

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

Strategic Goals

Expanding and broadening the scope of beneficiaries of the OTP Bank donation platform.

Extending the volunteer programme of OTP Bank to domestic Group Members.

CKB is planning a community programme actively involving the local community and its customers.

Annex



GRI 102-18

OTP Bank's Standing Committees:

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 role of a strategic nature.

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 for the management of any differences in opinion arising between the Bank's foreign subsidiaries 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 and Limit Committee:

The scope of its powers essentially includes the regulatory and methodology-related tasks of the Bank and the Banking 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:

It provides guidance on the investment strategy of the Banking Group falling within the competence of the Digital Division of the Banking Group for prudent and secure Group operations. 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 ascertains that the risk management solutions and the reporting routes required by law work appropriately.

Group Impairment Committee:

The committee adopts decisions at Group level about issues concerning the group valuation methodology used for provisioning under IFRS 9.

Committee on the Prevention of Money Laundering:

In the event of specific money laundering risks arising, it adopts decisions about the possibility of maintaining the business relationship concerned, or to approve its establishment.

Group Investment Committee:

It decides at Group level on strategic asset allocation issues that constitute the basis for investment advisory services.

GRI 102-8 Employee data

Employees under permanent versus temporary contracts by region, 31/12/2021

	Permanent		Temporary	
	%	Persons	%	Persons
Hungary	96.0%	12,206	4.0%	510
Bulgaria	95.2%	5,435	4.8%	274
Croatia	90.7%	2,260	9.3%	233
Serbia	95.4%	2,662	4.6%	127
Slovenia	97.9%	889	2.1%	19
Romania	95.1%	1,769	4.9%	92
Ukraine	97.6%	2,968	2.4%	72
Russia	91.1%	8,121	8.9%	790
Montenegro	86.3%	447	13.7%	71
Albania	97.0%	455	3.0%	14
Moldova	84.9%	765	15.1%	136
OTP Group	94.2%	37,977	5.8%	2,338

GRI 205-2

Distribution of employees by position, number of employees, 31/12/2021

	OTP Bank	OTP Group
Senior manager	6	76
Middle manager	1,350	3,534
Employee	8,722	36,705

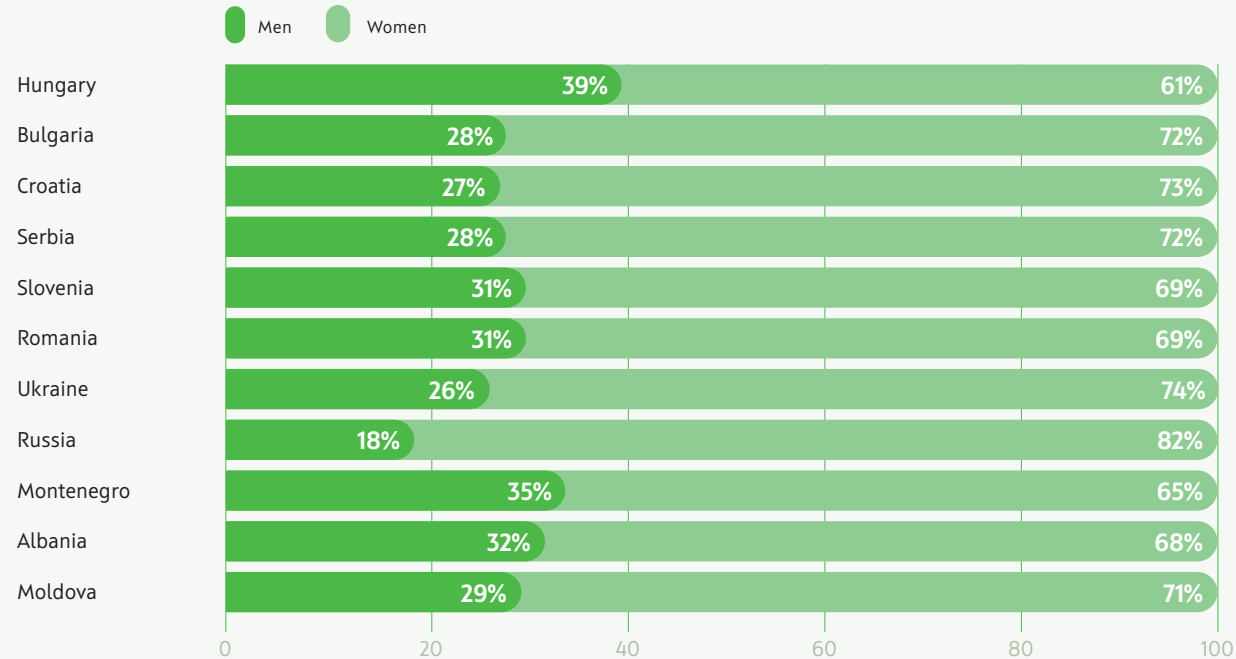
GRI 401-1

New employee hires and employee turnover, 2021

	Turnover	New hires
OTP Bank	1,438	1,658
By region – OTP Group		
Hungary	1,915	2,192
Bulgaria	1,087	1,098
Croatia	162	225
Serbia	515	271
Slovenia	104	74
Romania	410	476
Ukraine	1,395	1,412
Russia	6,117	4,964
Montenegro	37	56
Albania	66	77
Moldova	97	163
By gender – OTP Group		
Men	2,800	2,704
Women	9,105	8,304
By age group – OTP Group		
Under 30 years	5,925	6,564
Between 30-49 years	4,844	3,974
Over 50 years	1,136	470
Total – OTP Group	11,905	11,008

Gender distribution of OTP Group employees in each region

31/12/2021



GRI 402-1

Minimum notice periods regarding significant operational changes that could substantially affect employees

	Minimum notice periods	Does the Collective Bargaining Agreement set out a minimum period of notice?
OTP Bank and Hungarian subsidiaries with collective bargaining agreements	15 days	yes
Additional Hungarian subsidiaries	15 days	no
DSK Bank	45 days	yes
OTP Croatia	8 days	yes
OTP Bank Serbia	8 days	yes
SKB Bank	30 days	yes
OTP Bank Romania	20 working days	yes
OTP Bank Ukraine	60 days	no
OTP Bank Russia	30 days	no
CKB	8 days	no
OTP Bank Albania	1-3 months	no
OTP Bank Moldova	5 working days	no

GRI 404-2

Programmes provided to upgrade employee skills and to facilitate continued employability and the management of career endings in 2021

	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	Typically 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	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.

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	Audited indicator
GRI 102: General disclosures 2016				
Organisational profile				
102-1	Name of the organisation	back cover, website	Impressum	
102-2	Activities, brands, products and services	p. 7, website	The subsidiary websites are available from the website	
102-3	Location of headquarters	p. 8, website	Impressum	
102-4	Location of operations	p. 8, GRI Index	13 countries, of which our Company is engaged in significant operations in 11 countries. Significant operations are carried out in countries in which the OTP Group has a bank.	
102-5	Ownership and legal form	Annual Report, website	Annual Report p. 451. Impressum	
102-6	Markets served	p. 7-8, p. 55-56., Annual Report	For more detail, see the Annual Report p. 48-76.	
102-7	Scale of the organisation	p. 7-8., p. 70.		
102-8	Information on employees and other workers	p. 75., p. 108.		x
102-9	Supply chain	p. 61-62., website	Environment protection	
102-10	Significant changes to the organisation or its supply chain	p. 3-4., Annual Report , GRI Index	For changes in capitalisation and ownership structure, refer to the Annual Report. Annual Report p. 451. No major change took place in the supply chain.	
102-11	Precautionary Principle or approach	p. 69., website	Security and risk management	
102-12	External initiatives	GRI Index	OTP Bank, Merkantil Bank, OTP Lakástakarék and OTP Jelzálogbank are signatories to the Hungarian Banking Association's Code of Conduct . OTP Bank is a signatory to the Hungarian Advertising Code of Ethics . OTP Bank joined the 'Embracing human dignity and diversity in ads' initiative of the Advertising Self-Regulatory Board. OTP Bank Croatia is a signatory to the Diversity Charter.	
102-13	Memberships in associations	website	Organisational memberships	
Strategy				
102-14	Statement from senior decision-maker	p. 5.		
Ethics and integrity				
102-16	Values, principles, standards and norms of behaviour	p. 20., 62., GRI Index, website	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 is available on the websites of OTP Bank and the subsidiaries. Ethical and transparent business conduct	
Governance				
102-18	Governance structure	p. 18-19., 58., 107., website	Board of Directors, Supervisory Board, Executive Board and Management, Corporate Governance Report 13/04/2022 Articles of Associations	
Stakeholder engagement				
102-40	List of stakeholder groups	website	Stakeholders The list of stakeholders is available in the following document: Contact	
102-41	Collective bargaining agreements	p. 78.		
102-42	Identifying and selecting stakeholders	p. 14., 25-27., 79., website	Stakeholders Contact	
102-43	Approach to stakeholder engagement			
102-44	Key topics and concerns raised			

Indicator number	Indicator description	Where to find it	Note / Reasons for omission	Audited indicator
Reporting practice				
102-45	Entities included in the consolidated financial statements	GRI index, website	The entities included in the organisation's consolidated financial statements are listed in the Annual Report and in the Stock Exchange Reports.	
102-46	Defining report content and topic Boundaries	p. 3-4.,14.		
102-47	List of material topics	p. 3-4.		
102-48	Restatements of information	p. 91-92., GRI index	Information may be republished 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.	
102-49	Changes in reporting	GRI index	There were no significant changes in the topics and their Boundaries.	
102-50	Reporting period	p. 3.		
102-51	Date of most recent report	GRI index, website	Our most recent Sustainability Report was issued for 2020.	
102-52	Reporting cycle	p. 3.		
102-53	Contact point for questions regarding the report	back cover, GRI Index	csr@otpbank.hu	
102-54	Claims of reporting in accordance with the GRI Standards	p. 3.		
102-55	GRI content index	GRI index		
102-56	External assurance	p. 3., GRI Index, Certificate	The external assurance provider is independent of OTP Group. During the assurance, there was an interview with the head of the ESG Operational Subcommittee.	
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	Explanation of the material topic and its Boundary	p. 3., 5., 15., website	Ethical and transparent business conduct	
103-2	The management approach and its components	p. 5., 7., 15., 76-77.		
103-3	Evaluation of the management approach	p. 5., 7., 15., 71, website	Annual Report Financial stability	
201-1	Direct economic value generated and distributed	p. 70-71.		
201-4	Financial assistance received from government	p. 71., website	Annual Report p. 83.	x
202 Market presence 2016				
103-1	Explanation of the material topic and its Boundary	p. 3., 18., 85., website	Responsible Employer	
103-2	The management approach and its components	p. 16., 18., GRI index	OTP Group has no comprehensive policy for giving preference to local residents in respect of employees and senior management.	
103-3	Evaluation of the management approach	p. 18.		
202-2	Proportion of senior management hired from the local community	p. 18., GRI Index	Significant locations of operations: OTP Bank and foreign subsidiaries.	
203 Indirect economic impacts 2016				
103-1	Explanation of the material topic and its Boundary	p. 3., 15., 16., 24.		
103-2	The management approach and its components	p. 15., 16., 24., GRI index, website	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. Ethical and transparent business conduct	
103-3	Evaluation of the management approach	p. 15., 16., 24.		
203-2	Significant indirect economic impacts	p. 15., 24., 46., 51., 53-54.		

Indicator number	Indicator description	Where to find it	Note / Reasons for omission	Audited indicator
205 Anti-corruption 2016				
103-1	Explanation of the material topic and its Boundary	p. 3., 60., website	Ethical and transparent business conduct Code of Ethics	
103-2	The management approach and its components	p. 19., 60-61.		
103-3	Evaluation of the management approach	p. 77.		
205-2	Communication and training on anti-corruption policies and procedures	p. 60., 61-62., 77., 108., GRI index , website	Ethical and transparent business conduct The Anti-Corruption Policy is available on the websites of member companies. Each year the members of the governing bodies sign off on the Code of Ethics, i.e. they were fully – 100% – informed. They do not receive training. All employees receive annual training and information as a part of compliance training. We consider commissioned agents and suppliers as our business partners; all partners currently contracted to us were informed about the Code of Ethics at the time of contracting.	
206 Anti-competitive behaviour 2016				
103-1	Explanation of the material topic and its Boundary	p. 2., 60., website	Ethical and transparent business conduct Code of Ethics	
103-2	The management approach and its components	p. 60-61., 63-64., website	Ethical and transparent business conduct	
103-3	Evaluation of the management approach	p. 63-64.		
206-1	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	p. 63-64.		
302 Energy 2016				
103-1	Explanation of the material topic and its Boundary	p. 3., 89., website	Environment protection	
103-2	The management approach and its components	p. 21., 89-91., 93-94., website	Environment protection	
103-3	Evaluation of the management approach	p. 89-91.		
302-1	Energy consumption within the organisation	p. 91.		
305 Emissions 2016				
103-1	Explanation of the material topic and its Boundary	p. 3., 89., website	Environment protection	
103-2	The management approach and its components	p. 21., 89-90., website	Environment protection	
103-3	Evaluation of the management approach	p. 89-93.		
305-1	Direct (Scope 1) GHG emissions	p. 3., 92., GRI Index	We do not apply a base year.	x
305-2	Energy indirect (Scope 2) GHG emissions	p. 3., 92., GRI Index	We do not apply a base year.	
307 Environmental compliance 2016				
103-1	Explanation of the material topic and its Boundary	p. 3., 60., website	Ethical and transparent business conduct	
103-2	The management approach and its components	p. 21., 60-61., 63-64., website	Ethical and transparent business conduct Environment protection	
103-3	Evaluation of the management approach	p. 60., 63-64., website	Ethical and transparent business conduct Environment protection	
307-1	Non-compliance with environmental laws and regulations	p. 63-64.		

Indicator number	Indicator description	Where to find it	Note / Reasons for omission	Audited indicator
401 Employment 2016				
103-1	Explanation of the material topic and its Boundary	p. 3., 16., 75., website	Responsible Employer	
103-2	The management approach and its components	p. 16., 21., 78., 79., website	Responsible Employer	
103-3	Evaluation of the management approach	p. 76-77., 78., 79., website	Responsible Employer	
401-1	New employee hires and employee turnover	p. 76-77., 108.		
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	p. 80., GRI index: 202-2		
401-3	Parental leave	p. 84.	We will be able to report the number of persons eligible for parental leave and working at the organisation for 12 months after their return from 2024.	
402 Labour/management relations 2016				
103-1	Explanation of the material topic and its Boundary	p. 3., website	Responsible Employer	
103-2	The management approach and its components	p. 21., 78., 79., 83., website	Responsible Employer	
103-3	Evaluation of the management approach	p. 78., 79., 83., website	Responsible Employer	
402-1	Minimum notice periods regarding operational changes	p. 78., 110.		
403 Occupational health and safety 2018				
103-1	Explanation of the material topic and its Boundary	p. 3., 85., website	Responsible Employer	
103-2	The management approach and its components	p. 21., 85-97., website	Responsible Employer	
103-3	Evaluation of the management approach	p. 85-87., GRI index: 403-1-6, website	Responsible Employer	
403-1	Occupational health and safety management system	p. 85., GRI Index	OTP Bank Russia has a certified OSH management system.	
403-2	Hazard identification, risk assessment and incident investigation	p. 85., GRI Index	We conduct these activities based on an internal Safety and Health Regulation that complies with legal regulations, and ensures the adequate quality of health and safety activities and employees' rights. Safety and health activities are carried out by persons holding the qualifications required by law. Threats are identified through regular risk assessment. Hazards and hazardous situations are reported by the employees primarily to the managers of the relevant organisational units; employees are protected against reprisals, and they are enabled to remove themselves from work situations that may cause injury or ill health. We perform risk assessment at the frequency required by law: every three years in Hungary. The practice is different for subsidiaries: they need to perform new risk assessments either every 6 months or in the case of pre-defined changes.	
403-3	Occupational health services	85. p., GRI Index	They are provided in accordance with the statutory requirements.	
403-4	Worker participation, consultation and communication on occupational health and safety	p. 85., GRI Index	The participation of employees and consultation are aligned with legislative requirements at the member companies of the Group. OTP Bank, DSK Bank, OTP Bank Romania and OTP Bank Albania have a formal occupational health and safety body in place, in which the representation of employees is also ensured. Wherever there is such a body in place, it 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. Employees are also represented through their elected occupational health and safety representatives.	
403-5	Worker training of occupational health and safety	p. 85., GRI Index	Safety and health training is provided in compliance with the statutory requirements; the details are set out in the internal regulations of the members of the Banking Group.	x
403-6	Promotion of worker health	p. 85-87.		
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relations	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 occupational health and safety risk assessment did not identify threats that may pose a risk of serious accidents.	

Indicator number	Indicator description	Where to find it	Note / Reasons for omission	Audited indicator
404 Training and education 2016				
103-1	Explanation of the material topic and its Boundary	p. 3., 75., website	Responsible Employer	
103-2	The management approach and its components	p. 75., 82., website	Responsible Employer	
103-3	Evaluation of the management approach	p. 75., 82-83, website	Responsible Employer	
404-1	Average hours of training per year per employee	p. 83.		
404-2	Programmes for upgrading employee skills and transition assistance programmes	p. 82., 110.		
405 Diversity and equal opportunity 2016				
103-1	Explanation of the material topic and its Boundary	p. 3., website	Responsible Employer	
103-2	The management approach and its components	p. 18., 21., 77-78., 80-81., website	Responsible Employer Ethical and transparent business conduct Code of Ethics	
103-3	Evaluation of the management approach	p. 18., 77-78., 80-81.		
405-1	Diversity of governance bodies and employees	p. 77.	Data on ethnic background is not listed owing to statutory regulations.	
405-2	Ratio of basic salary and remuneration of women to men	p. 81.	The disclosure of data on total remuneration can be implemented at Group level from 2025.	
406 Non-discrimination 2016				
103-1	Explanation of the material topic and its Boundary	p. 3., 60., website	Ethical and transparent business conduct	
103-2	The management approach and its components	p. 20., 60., 62., website	Ethical and transparent business conduct	
103-3	Evaluation of the Management Approach	p. 62.		
406-1	Incidents of discrimination and corrective actions taken	p. 62.		x
410 Security practices 2016				
103-1	Explanation of the material topic and its Boundary	p. 3-4., website	Safety	
103-2	The management approach and its components	website	Safety	
103-3	Evaluation of the management approach	GRI: 410-1, website	Safety	
410-1	Security personnel trained in human rights policies or procedures	GRI index., website	Safety The training is provided in the framework of the training dedicated to the Code of Ethics, which is completed by all employees. 59% of the security personnel engaged through a subcontractor received this training at Group level. The transformation of our practices is in progress; from 2022 all security guards will receive this training.	
413 Local communities 2016			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 the Banking Group (e.g. extraction, manufacturing); the negative impacts do not apply to the Banking Group in the form represented by the indicators. However, the FS13 sector-specific indicator applies to OTP Group, and we therefore report it.	
103-1	Explanation of the material topic and its Boundary	p. 3., 16., 24.		
103-2	The management approach and its components	p. 16., 24., 37., 99-100.,		
103-3	Evaluation of the management approach	p. 16., 24-25., 37., 99-101.		
FS13	Access points in low-populated or economically disadvantaged areas by type	p. 34., 37.		
415 Public policy 2016				
103-1	Explanation of the material topic and its Boundary	p. 3-4., 61., GRI Index	OTP Group is committed to reporting on political contributions.	
103-2	The management approach and its components	p. 61-62., website	Code of Ethics	
103-3	Evaluation of the management approach	p. 61-62.		
415-1	Political contributions	GRI index	OTP Group does not sponsor such persons or organisations.	

Indicator number	Indicator description	Where to find it	Note / Reasons for omission	Audited indicator
417 Marketing and labelling 2016				
103-1	Explanation of the material topic and its Boundary	p. 3., 24., website	Correct and credible information Development of financial literacy	
103-2	The management approach and its components	p. 24., 27-28., 39-41., 60., 63-64., website	Correct and credible information Development of financial literacy	
103-3	Evaluation of the management approach	p. 24., 39., 63-64., website	Development of financial literacy	
417-2	Incidents of non-compliance concerning product and service information and labelling	p. 63-64., GRI Index	In 2021 there was no non-compliance with voluntarily accepted codes regarding information provision on, and labelling of, products and services.	
417-3	Incidents of non-compliance concerning marketing communications	p. 63-64., GRI Index	In 2021 there was no non-compliance with voluntarily accepted codes regarding marketing communications.	
418 Customer privacy 2016				
103-1	Explanation of the material topic and its Boundary	p. 3., 31., 60., website	Security and risk management	
103-2	The management approach and its components	p. 20., 31., 60., 66., website	Security and risk management	
103-3	Evaluation of the management approach	p. 66., website	Security and risk management	
418-1	Substantiated complaints concerning breaches of customers' privacy and losses of customer data	p. 66.		
419 Socioeconomic compliance 2016				
103-1	Explanation of the material topic and its Boundary	p. 3., 60., website	Ethical and transparent business conduct	
103-2	The management approach and its components	p. 60., 63-64., website	Ethical and transparent business conduct	
103-3	Evaluation of the management approach	p. 63-64., website	Ethical and transparent business conduct Corporate Governance Report	
419-1	Non-compliance with laws and regulations in the social and economic area	p. 63-64.	We classify into 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. 3., 15-16., website	Security and risk management	
103-2	The management approach and its components	p. 50-54., 57-58., website	Security and risk management	
103-3	Evaluation of the management approach	p. 50-54., website	Security and risk management	
FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/ large) and by sector	p. 55-56.		
SASB indicators – given the operating territory of the Banking Group, we do not report compliance with USA legislation and the required distributions; the disclosure of indicators is not comprehensive				
FN-CB-230a.1	Number of data breaches, percentage involving personally identifiable information (PII), number of account holders affected	p. 66.		
FN-CB-410a.1	Commercial and industrial credit exposure, by industry	p. 55-56.	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. 63-64.		
FN-CB-510A.2	Description of whistleblower policies and procedures	p. 62., website	System of reporting unethical conduct	
FN-MF-270a.3	Total amount of monetary losses as a result of legal proceedings associated with communications to customers or remuneration of loan originators	p. 63-64.		

Our head office:

OTP Bank Plc.: H-1051 Budapest,
Nádor u. 16, Hungary

We look forward to your feedback.

To improve the Bank's performance in sustainability, it is very important for us to know your opinion. Please share it with us at csr@otpbank.hu.

Responsible publisher:

OTP Bank Plc., June 2022.

Professional consultant:

RTG Corporate Responsibility Consulting Ltd

Cover design and typography:

Zsengellér Miklós e.v.

This is a translation of the Hungarian Report independent accountant's assurance report

To the management of OTP Bank Plc.

Scope

We have been engaged by OTP Bank Plc. (hereinafter 'the Company', or 'OTP') to perform a limited assurance engagement as defined by International Standards on Assurance Engagements, here after referred to as the engagement to report on the Sustainability Report prepared by the Company for the year ended 31 December 2021 in accordance with the Global Reporting Initiative Standards ('GRI Standards').

Underlying Subject Matter and Applicable Criteria

The subject matter of our work is to express limited assurance regarding the Sustainability Report prepared by the Company for the year ended 31 December 2021 ('Subject matter'), with expressing:

- limited assurance on five specific indicators included in the Sustainability Report whether those are in line with the requirements of the GRI Standards Core criteria (the 'Criteria'):
 - 102-8: Information on employees and other workers
 - 201-4: Financial assistance received from government
 - 305-1: Direct (Scope 1) Greenhouse Gas (GHG) emissions
 - 403-5: Worker training on occupational health and safety
 - 406-1: Incidents of discrimination and corrective actions taken
- limited assurance to express a conclusion whether the Subject matter overall fulfils the Criteria

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

OTP's responsibilities

OTP's management is responsible for selecting the Criteria, and for presenting the Subject matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the Subject matter, such that it is free from material misstatement, whether due to fraud or error.

EY's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained. We conducted our engagement in accordance with the International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ('ISAE 3000'), and the terms of

reference for this engagement as agreed with the Company on 16 May, 2022. Those standards require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our Independence and Quality Control

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information, and applying analytical and other appropriate procedures.

Our procedures included:

1. Conducted interviews with key personnel of the Company to understand the process for collecting, collating and reporting the Subject matter during the reporting period of 1 January to 31 December 2021.
2. Conducted interview with the leader of the ESG Operating Subcommittee.

3. Checked the narrative content of the Subject matter and the presentation of the selected data to assess whether:

- The coverage of issues in the Subject matter is consistent with the outputs of OTP's materiality process.
- The Subject matter is consistent with the requirements of the Criteria.

4. Reviewed the reporting of the five selected indicators by:

- Conducted interviews with specialists responsible for managing, collating, and reviewing data at corporate and aggregate level;
- Checked whether the data was generated and presented according to the Criteria set for the specific indicator.
- Undertook analytical review procedures to support the reasonableness of the data.

We also performed such other procedures as we considered necessary in the circumstances.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Sustainability Report in order for it to be in accordance with the Criteria.

Restricted use

This report is intended solely for the information and use of OTP Bank Plc. for the purpose of reporting on the Subject matter, prepared by the Company for the year ended 31 December 2021 in accordance with the Criteria and is not intended to be and should not be used by anyone other than those specified parties.

Budapest, 19 May 2022

(The original Hungarian version has been signed.)

Domoszlai Rita

Ernst & Young Kft.
Váci út 20, Budapest, H-1132, Hungary
Registration No. 001165