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 | MO | MD | RO | RS | RU | SK | UA | SI
A comprehensive insight into OTP Bank Plc’s operations is also facilitated by our annual and quarterly financial reports and responsible corporate governance reports.
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).

GRI 103-1
We defined material topics in 2014 in accordance with the criteria of the materiality principle, in the context of executive assessment, which we revised in 2018 based on the results of an extensive stakeholder survey. As the result of our stakeholder research confirmed the outcome of our earlier assessments, we have not changed our material topics but slightly modified the structure of the report, placing greater emphasis on certain topics such as financial education and environmental protection. Involving sustainability experts, conducting regular benchmarking analyses, 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 2021 we are planning to prepare a materiality analysis.

GRI 102-46, 103-1
List of the material topics of OTP Bank Plc.
- Socioeconomic compliance
- Anti-corruption
- Economic performance
- Preventing anti-competitive behaviour
- Marketing and labelling
- Customer privacy
- Market presence
- Non-discrimination
- Public policy
- Indirect economic impacts
- Training and education
- Labour/management relations
- Occupational health and safety
- Security practices
- Product portfolio (sector-specific)
- Employment
- Local communities
- Diversity and equal opportunity
- Environmental compliance
- GHG emissions
- Energy

GRI 102-50, 102-52, 102-54, 102-56
This Report is OTP Group’s Sustainability Report for the 2020 reporting period. The Report has been prepared in accordance with the GRI Standards: Core option; moreover, we also report on individual indicators of the SASB standards for Commercial Banks, Consumer Finance and Mortgage Finance. We issue our Sustainability Report annually; however, we present much of the data over a 5-year horizon. The external assurance of the Report has been performed by Deloitte Kft.
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About the Report

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: only OTP Bank (OTP Hungary) and subsidiary banks with significant weight within their countries are covered – OTP Group.

GRI 102-45

For the purposes of this Report, OTP Group comprises organisations that perform activities relevant to sustainability and have a material impact in this regard: OTP Bank (parent company), all foreign subsidiary banks and the following Hungarian subsidiaries: OTP Jelzálogbank Zrt., OTP Lakástakarék Zrt., OTP Faktoring Zrt., Merkantil Bank Zrt., MerkantilBérlet Kft., OTP Nyugdíjpénztár, OTP Egészségpénztár, OTP Pénztársolgáltató Zrt., OTP Ingatlanizing Zrt., OTP Ingatlan Befektetési Alapkezelő Zrt. OTP Alapkezelő Zrt., OTP Hungaro-Projekt Kft., OTP Ingatlanüzemeltető Kft., Monicomp Zrt., OTP Mobil Kft., OTP eBIZ Kft., OTP Pénzügyi Pont Zrt., OTP Ingatlanpont Kft., OTP Kártyagyártó Kft.

We present the data in the following subsets:
- predominantly: OTP Bank and OTP Group
- breakdown by country, where required by the GRI
- financial data: OTP Core3 and OTP Group.

GRI 102-10, 305-1, 305-2

In 2020 OTP Banka Slovensko – the Slovakian subsidiary of OTP Group – was sold; the Report contains the data of the organisation until 30/10/2020. In Serbia, two subsidiary banks – Vojvodjanska banka a.d. and OTP banka Srbija a.d. Beograd – still operated as two separate entities in 2020; the name ‘OTP Bank Serbia’ includes both entities. Of the subsidiaries acquired in 2019, from 2020 the Report covers the Bulgarian Expressbank and the Serbian OTP banka Srbija a.d. Beograd in order to ensure that the Report contains the data of all member companies for the full year. This method is also consistent with the GHG Protocol applied for the calculation of greenhouse gas emissions. Consolidation approach applied for the topic of GHG emissions: operational control.

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 where we present 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 our 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.

Standalone sustainability reports are issued by OTP Bank Romania annually and by OTP Bank Croatia every other year.

3 The Report covers the members of OTP Core irrespective of size. OTP Core is the business entity measuring the core activities of OTP Group-Hungary comprising OTP Bank Plc., OTP Jelzálogbank Zrt., OTP Lakástakarék Zrt., OTP Faktoring Zrt., OTP Pénzügyi Pont Zrt. and entities performing group financing activities; also included are OTP Bank Munkavállalói Részvénytársaság Program Szervezete (OTPBank'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. and – from 2020 – OTP eBIZ Kft.
Dear Reader,

Despite the challenges caused by the pandemic, we remain able to provide high-quality services to our customers and a safe working environment to our co-workers, and to contribute to operating the economy both in Hungary and in an additional 10 countries across the region. This could not be a reality without the perseverance, top-quality work and innovative ideas of my colleagues. I would like to specifically highlight the work performed by our colleagues in the branches who ensured that our Bank was available in person to our customers even during the pandemic.

Thanks to the new rules that were even stricter than Government measures and to the unprecedented number of COVID tests relative to other companies, we were able to keep the number of workplace illnesses at low levels. Having said that, we lost some of our colleagues during the pandemic. We offer our deepest condolences to their families and support their loved ones in their time of need.

In addition to the pandemic, Croatia was hit by two earthquakes in 2020. On both occasions, we provided assistance to the hospitals of the region immediately; we extended the programmes developed in response to the COVID-19 pandemic to the companies concerned, and provided support to them. The Bank’s Board of Directors offered extraordinary financial assistance to co-workers who lost their homes during the disaster.

Last year was of special significance from the perspective of digitalisation as indeed, due to the rapidly changing circumstances, the Bank needed to implement certain developments even faster than the increasingly rapid development of recent years. Demand for innovation skyrocketed and, thanks to our agile operation, the Bank’s development capability surged. Many believe that the banking sector accomplished the digital development of several years in the span of a single year in 2020. Our customers took recourse to our electronic banking services in record numbers; it should be underlined that we managed to convince even our older customers and customer groups that are traditionally reluctant to use digital solutions that it is simpler, faster and safer to execute routine transactions online. From one day to the next, the training of our colleagues was fully moved to the digital space and – since the compelled changeover proved to be particularly successful –, for the most part, the change is expected to become permanent. Owing to artificial intellyesce, tasks related to the loan repayment moratorium were completed at a speed that had been inconceivable before.

We placed the financial training of the OTP Fáy András Foundation on completely new foundations: it can reach far more people than before through the digital training programme. At the same time, personal attendance will always be needed in financial education; it is therefore a particularly important step that we have completed and opened the fully renovated OK Educational and Innovation Centre in Budapest. The Centre awaits students with greater capacities and even more state-of-the art tools, and hopefully the number of trainees will approach the previously recorded 10 thousand as early as 2021. Financial literacy should be strengthened in all countries of the region; thus we also apply the unique methodology of the Educational Centre abroad. In 2020, we opened a new training location in Moldova.

As a responsible organisation, in the spirit of our commitment to environmental and social sustainability and in line with investor and regulatory requirements, we created an opportunity for the comprehensive organisational integration of ESG (environmental, social and governance) criteria within the OTP Group. We established the ESG Steering Committee and, besides other programmes, commenced the formulation of the ESG strategy. We also established the Green Programme Directorate.

Our priority objective is to make OTP Group the best prepared Central and Eastern European bank in green finance by 2023.

Our sustainability performance and achievements are presented in the 15th Sustainability Report of OTP Group.

Best Regards:

Dr. Sándor Csányi
Chairman and CEO
As at the end of 2020, our Banking Group served 16.5 million customers across eleven countries.
I. Our approach to Sustainability

OTP Group is a leading financial service provider group within the Central and Eastern European region. As at the end of 2020, our Banking Group served 16.5 million customers across eleven countries. We are a credit institution of decisive importance in Hungary, Bulgaria, Serbia and Montenegro. Our objective is to become the most successful universal Banking Group in Central and Eastern Europe.

GRI 201 DMA

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. Our foreign subsidiary banks maintain different service portfolios, always aiming to leverage development potentials and responding to market conditions. Economies of scale is an important criterion in all countries.

GRI 102-2, GRI 102-6

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

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

Consolidated, active customer number
Summary ESG data of OTP Group (2020)

<table>
<thead>
<tr>
<th></th>
<th>OTP Bank</th>
<th>OTP Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of women in the Board of Directors</td>
<td>0%</td>
<td>22%²</td>
</tr>
<tr>
<td>Percentage of women in senior management</td>
<td>0%</td>
<td>26%²</td>
</tr>
<tr>
<td>Taxes paid</td>
<td>HUF 127 billion¹</td>
<td>HUF 186 billion</td>
</tr>
<tr>
<td>Corporate income tax (adjusted, paid)</td>
<td>HUF 16.6 billion¹</td>
<td>HUF 41.5 billion</td>
</tr>
<tr>
<td>Amount of donations</td>
<td>HUF 3.7 billion</td>
<td>HUF 5 billion</td>
</tr>
<tr>
<td>Number of customers – total</td>
<td>4.1 million¹</td>
<td>16.5 million</td>
</tr>
<tr>
<td>Number of retail customers</td>
<td>3.9 million¹</td>
<td>15.7 million</td>
</tr>
<tr>
<td>Number of corporate customers</td>
<td>0.3 million¹</td>
<td>0.8 million</td>
</tr>
<tr>
<td>Number of active deposit contracts (with current account)</td>
<td>9,600,000¹</td>
<td>21,000,000</td>
</tr>
<tr>
<td>Number of active loan contracts</td>
<td>2,400,000¹</td>
<td>10,300,000</td>
</tr>
<tr>
<td>Young customers³</td>
<td>20%</td>
<td>11%</td>
</tr>
<tr>
<td>Micro and small enterprise assets</td>
<td>HUF 410 billion¹</td>
<td>HUF 1,122 billion</td>
</tr>
<tr>
<td>Medium and large corporation assets</td>
<td>HUF 2,351 billion¹</td>
<td>HUF 8,351 billion</td>
</tr>
<tr>
<td>Percentage of accessible branches and customer offices</td>
<td>99%</td>
<td>74%</td>
</tr>
<tr>
<td>Customer satisfaction (TRI*M)⁶</td>
<td>66 points</td>
<td>varies by country</td>
</tr>
<tr>
<td>Reach of financial education programmes (number of persons)</td>
<td>522 thousand</td>
<td>805 thousand</td>
</tr>
<tr>
<td>Number of employees (as at 31/12)</td>
<td>9,826</td>
<td>37,815</td>
</tr>
<tr>
<td>Percentage of women</td>
<td>65%</td>
<td>73%</td>
</tr>
<tr>
<td>Female-to-male earnings ratio (in the same job category)</td>
<td>99%</td>
<td>93%</td>
</tr>
<tr>
<td>Turnover</td>
<td>10.5%</td>
<td>30.6%</td>
</tr>
<tr>
<td>Turnover (excluding agents employed)</td>
<td>10.5%</td>
<td>22.1%</td>
</tr>
<tr>
<td>Average training hours</td>
<td>74</td>
<td>50</td>
</tr>
<tr>
<td>Employee satisfaction/engagement</td>
<td>88%</td>
<td>varies by country</td>
</tr>
<tr>
<td>Energy consumption (GJ)</td>
<td>251,730</td>
<td>74,302</td>
</tr>
<tr>
<td>Energy consumption per employee (GJ)</td>
<td>26.75</td>
<td>20.27</td>
</tr>
<tr>
<td>CO₂ emission (Scope1+2, tCO₂e) – location-based</td>
<td>15,961</td>
<td>67,993</td>
</tr>
<tr>
<td>CO₂ emission (Scope1+2, tCO₂e) – market-based</td>
<td>14,428</td>
<td>68,478</td>
</tr>
<tr>
<td>CO₂ emission (tCO₂e) per employee – location-based</td>
<td>1.70</td>
<td>1.84</td>
</tr>
<tr>
<td>CO₂ emission (tCO₂e) per employee – market-based</td>
<td>1.53</td>
<td>1.85</td>
</tr>
<tr>
<td>Total paper use (tons)</td>
<td>1,137</td>
<td>2,851</td>
</tr>
</tbody>
</table>

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 Does not correspond to the sum of retail and corporate customers due to rounding.
⁴ As a percentage of retail customers.
⁵ On a scale of -166 to 134 points, national data.
⁶ GRI 102-3, 102-4, 102-6, 102-7, 201 DMA
### OTP Group

<table>
<thead>
<tr>
<th>Number of OTP Bank branches</th>
<th>1519</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of employees¹</td>
<td>37,815</td>
</tr>
<tr>
<td>Balance sheet total</td>
<td>HUF 23,336 billion</td>
</tr>
<tr>
<td>Market capitalisation</td>
<td>HUF 3741 billion</td>
</tr>
</tbody>
</table>

### OTP Bank Ukraine

<table>
<thead>
<tr>
<th>Number of OTP Bank branches</th>
<th>86</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of employees</td>
<td>2,746</td>
</tr>
<tr>
<td>Balance sheet total</td>
<td>HUF 729 Billion</td>
</tr>
<tr>
<td>Market share³</td>
<td>4.6%</td>
</tr>
</tbody>
</table>

### OTP Bank Russia

<table>
<thead>
<tr>
<th>Number of OTP Bank branches</th>
<th>135</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of employees</td>
<td>9,586</td>
</tr>
<tr>
<td>Balance sheet total</td>
<td>689 Billion HUF</td>
</tr>
<tr>
<td>Market share</td>
<td>0.4%</td>
</tr>
</tbody>
</table>

### DSK Bank (Bulgaria)

<table>
<thead>
<tr>
<th>Number of OTP Bank branches</th>
<th>332</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of employees</td>
<td>4,782</td>
</tr>
<tr>
<td>Balance sheet total</td>
<td>HUF 4284 Billion</td>
</tr>
<tr>
<td>Market share</td>
<td>31.1%</td>
</tr>
</tbody>
</table>

### OTP Core² (Hungary)

<table>
<thead>
<tr>
<th>Number of OTP Bank branches</th>
<th>362</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core members' additional branches/ customer service offices</td>
<td>44</td>
</tr>
<tr>
<td>Number of employees</td>
<td>10,476</td>
</tr>
<tr>
<td>Balance sheet total</td>
<td>HUF 11,493 billion</td>
</tr>
<tr>
<td>Market share³</td>
<td>32.8%</td>
</tr>
</tbody>
</table>

### Mobiasbanca (Moldova)

<table>
<thead>
<tr>
<th>Number of OTP Bank branches</th>
<th>53</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of employees</td>
<td>1,030</td>
</tr>
<tr>
<td>Balance sheet total</td>
<td>HUF 250 Billion</td>
</tr>
<tr>
<td>Market share</td>
<td>21.3%</td>
</tr>
</tbody>
</table>

### SKB Bank (Slovenia)

<table>
<thead>
<tr>
<th>Number of OTP Bank branches</th>
<th>51</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of employees</td>
<td>848</td>
</tr>
<tr>
<td>Balance sheet total</td>
<td>HUF 1354 Billion</td>
</tr>
<tr>
<td>Market share</td>
<td>11.4%</td>
</tr>
</tbody>
</table>

### OTP Bank Croatia

<table>
<thead>
<tr>
<th>Number of OTP Bank branches</th>
<th>116</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of employees</td>
<td>2,097</td>
</tr>
<tr>
<td>Balance sheet total</td>
<td>HUF 2326 Billion</td>
</tr>
<tr>
<td>Market share</td>
<td>12.3%</td>
</tr>
</tbody>
</table>

### OTP Bank Romania

<table>
<thead>
<tr>
<th>Number of OTP Bank branches</th>
<th>96</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of employees</td>
<td>1,627</td>
</tr>
<tr>
<td>Balance sheet total</td>
<td>HUF 1162 Billion</td>
</tr>
<tr>
<td>Market share</td>
<td>3.9%</td>
</tr>
</tbody>
</table>

### OTP Bank Serbia

<table>
<thead>
<tr>
<th>Number of OTP Bank branches</th>
<th>215</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of employees</td>
<td>3,110</td>
</tr>
<tr>
<td>Balance sheet total</td>
<td>HUF 2052 Billion</td>
</tr>
<tr>
<td>Market share</td>
<td>18.8%</td>
</tr>
</tbody>
</table>

Data (audited, IFRS) as of 31.12.2020 or for 2020.

1 always the total number of active full-time and part-time employees
2 OTP Core: OTP Bank, OTP Jelzálogbank, OTP Lakástakarék, OTP Faktoring, OTP Pénzügyi Pont, OTP Kártyagyártó, OTP Ingatlanüzemeltető, Monicomp, OTP Ingatlanpont, OTP Mobil and entities performing group financing activities. The data of the rest of the Hungarian subsidiaries are not included.
3 market share of OTP Core and Merkantil
4 market share always means the market share in retail loans
5 group
I. Our approach to Sustainability

Our ESG ratings

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

CDP Climate change: “B–”

In 2020, as well, OTP Group participated in the environmental disclosure system of CDP. We completed the survey at the requirement of our investors, and as an improvement compared to the previous year, we achieved a “B–” rating.

MSCI ESG Ratings: “A”

In 2020 OTP Bank maintained its “A” MSCI rating. At the end of the year we scored 6.26. Our bank outperformed the industry average in terms of financial consumer protection, the development of human capital and access to finances.

Sustainalytics ESG Risk Rating: Medium

Similar to the previous year, in 2020 OTP Bank was given a combined medium risk rating based on its medium risk exposure to significant ESG issues and the average rating of the management of such risks. Our score improved somewhat, standing at 23.5 at the end of 2020. The lowest risk was observed in the areas of business ethics, human capital and product governance.

Vigeo Eiris: 27%, reporting rate: 71%

Based on the results as at end-2020, OTP Bank slightly underperformed the sector average in the social, governance and environment categories. In relation to the information assessed, the reporting rate of the Bank corresponds to the sector average.

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

Sustainalytics ESG Risk Rating: Medium

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 2020 it represented the largest share in the index. Companies included in CEERIUS must satisfy sustainability evaluation criteria.

CECE SRI EUR index

5 An independent company with a leading role in its segment, offering solutions such as indices and analysis tools etc. to support investor decisions.
6 The score ranges between 0 and 10, where 10 is the best rating.
7 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, Most Innovative Bank of the Year, Digital Service of the Year, Socially Responsible Bank of the Year:

OTP Bank achieved first place in four categories at the MasterCard competition, and received the Bank of the Year award in five consecutive years. The Banker of the Year award went to András Becsei, CEO of OTP Jelzálogbank, Head of the Budapest Region.

Euromoney Awards for Excellence – Best Bank:

Several members of our Banking Group were selected Best Bank in their respective countries: OTP Bank in Hungary, CKB in Montenegro, OTP Bank Albania in Albania.

The Banker – Bank of the Year:

At the international competition of the magazine owned by The Financial Times group, the recognition was awarded to OTP Bank in Hungary, DSK Bank in Bulgaria and SKB Banka in Slovenia.

Global Finance – Best Bank, Safest Bank, Best Financial Innovation Lab, Outstanding Crisis Leadership:

OTP Bank, CKB and SKB Banka were chosen Best Banks in Hungary, Montenegro and Slovenia, respectively. For the second consecutive year, OTP LAB was selected as one of the Best Financial Innovation Labs for its continuous search for innovative banking solutions. The Outstanding Crisis Leadership award was won by our Croatian subsidiary for its exemplary conduct during the pandemic and the earthquake.

Best of BSE 2020 – Stock Issuer with the Highest Turnover for the Year, Issuer transparency award, Mortgage Bond Issuer of the 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.

HRBEST 2020 – Futureproof Organisation:

The winner of the HR Fest event’s grand prize in its category was the Distributed Systems Development Directorate of OTP Bank for its innovative organisational development methodology.

Privátklár Klasszis – Best Global Equities Fund:

The award was won, for the fifth time, by Series A of the OTP Climate Change 130/30 Fund of OTP Alapkezelő.

KÖVET Association – Responsible Corporate Awards – CSR Solutions Award:

The recognition was earned by OTP Bank’s “Stop over-consumption – Think of the future!” campaign implemented in 2019.

National Computer Security Day – IT Incident Management Expert, Team of the Year:

At the international event, the recognition went to the Information Security Department of OTP Bank.

Business Arena – Most Admired Woman in Banking:

The award was given to Roxana Hidan, Deputy CEO of OTP Bank Romania.

For more awards, please visit our [website](#).
<table>
<thead>
<tr>
<th><strong>8</strong></th>
<th>Cashless branches</th>
<th>70%</th>
<th>1 billion</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>group-wide</strong></td>
<td><strong>70%</strong></td>
<td><strong>HUF 1 billion allocated to financial education</strong></td>
<td><strong>870</strong></td>
</tr>
<tr>
<td><strong>deposit ATM group-wide</strong></td>
<td><strong>1.2 million</strong></td>
<td><strong>30</strong></td>
<td><strong>6,000</strong></td>
</tr>
<tr>
<td><strong>99%</strong></td>
<td><strong>Subsidies for a land area of 1.2 million hectares are credited to accounts held with OTP Bank</strong></td>
<td><strong>Financing the generation of 30 MW solar plant capacity group-wide</strong></td>
<td><strong>5 billion</strong></td>
</tr>
<tr>
<td><strong>the percentage of wheelchair accessible branches at OTP Bank, 74% across the Group</strong></td>
<td><strong>30</strong></td>
<td><strong>609</strong></td>
<td><strong>HUF 5 billion donated by the Group</strong></td>
</tr>
<tr>
<td><strong>430,000</strong></td>
<td><strong>views for our Keep it in the Family! awareness raising campaign</strong></td>
<td><strong>Financing the generation of 609 MW renewable energy capacity group-wide</strong></td>
<td><strong>6,145</strong></td>
</tr>
<tr>
<td><strong>group-wide</strong></td>
<td><strong>609</strong></td>
<td><strong>volunteer hours group-wide</strong></td>
<td><strong>1.8 billion</strong></td>
</tr>
<tr>
<td><strong>478 billion</strong></td>
<td><strong>HUF 478 billion in loans disbursed via MFB Points and under the FGS Go! programme</strong></td>
<td><strong>HUF 305 million in losses from bank card fraud prevented in Hungary</strong></td>
<td><strong>1.8 billion</strong></td>
</tr>
<tr>
<td><strong>360,000</strong></td>
<td><strong>housing loans group-wide</strong></td>
<td><strong>HUF 186 billion paid in taxes group-wide</strong></td>
<td><strong>9,200</strong></td>
</tr>
<tr>
<td><strong>305 million</strong></td>
<td><strong>HUF 305 million in losses from bank card fraud prevented in Hungary</strong></td>
<td><strong>trees saved by using recycled paper and reducing paper consumption relative to the previous year</strong></td>
<td><strong>186 billion</strong></td>
</tr>
<tr>
<td><strong>HUF 186 billion paid in taxes group-wide</strong></td>
<td><strong>1 billion</strong></td>
<td><strong>HUF 1 billion allocated to employee training</strong></td>
<td><strong>9,200</strong></td>
</tr>
</tbody>
</table>
Our approach to sustainability

We identified the focal points of our responsibility based on global challenges and trends, and the expectations of our stakeholders.
In order to avoid negative environmental and social impacts and to leverage potential business benefits, OTP Group considers sustainability a high priority, which received significant external attention in 2020, as well.

GRI 415 DMA

Also in line with the objectives of the European Green Deal, numerous requirements were adopted in the countries of the European Union regarding the corporate social responsibility of financial institutions. Compliance with the requirements are hindered by tight deadlines and the fact that the conditions are not in place as yet; however, the objective of OTP Group is to achieve legal compliance within the time limit at all times. OTP Bank is committed to creating a legal environment that demands real impacts.

In our opinion, we can achieve this goal by way of the sectoral regulation crafted in conjunction with the Banking Association and the application of an objective criteria system. Our Bank contributes to the Green Programme of the MNB (National Bank of Hungary) by active professional work. During our operation, we consider the objectives specified.

By 2023, OTP Group aims to become the Central European bank best equipped to provide green financing.

GRI 102-44

ESG (environmental, social and governance) aspects – which are in line with the values of OTP Group – have increasingly become a focal point in the expectations of our investors. The objective of OTP Group is to maintain and continuously improve the ratings achieved against the backdrop of increasing performance expectations. The summary table of our ESG performance is presented in the previous chapter:

Summary ESG data of OTP Group (2020).

We identify the focal points of our responsibility based on challenges, opportunities and trends, as well as the expectations of our stakeholders.

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

Stakeholder expectations

In 2018, we carried out research engaging a wide range of stakeholders on sustainability, reporting requirements and the perception of our performance. The results indicate that, to the greatest extent, expectations were related to the provision of financial services, including the improvement of financial literacy in society as a whole, and the responsibility taken in relation to our own services. Protecting the environment have clearly gained more importance in the recent period.

The following surveys were conducted: qualitative research with in-depth interviews, nearly 60 external and internal stakeholders; a quantitative representative population survey of 1,000 persons and a quantitative survey of 450 employees.
GRI 103-1, 203 DMA, 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. In defining 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 DMA
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, Section 5.2, 5.4

201 DMA
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 2020, as well, with OTP Core paying nearly 76% of our total taxes. Annual Report, Section 5.4

201 DMA
Lending

Impact: Through the responsible disbursement of the funds of our deposit holders, our lending activity enables purchases, consumption and investments10. 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. The Group’s net loan/deposit ratio was 76% at the end of 2020. 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. The magnitude of the impact is presented in the sections presenting our products: Section 4., 4.1, 4.4

GRI 413 DMA
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 demand that banking services are made accessible and provide the basic functions to disadvantaged persons as well.

Contribution: We enable economically and socially disadvantaged individuals to access basic financial services: we strive to provide equal opportunity in our services to persons living with disabilities. Our Group has the most extensive branch and ATM networks in Hungary, Bulgaria and Montenegro; thus our presence is the most prominent also in the disadvantaged regions of these countries. Our account package with all basic functions is available without an account management fee. We continue to work on improving accessibility in customer service. Section 2.1, 2.2

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 the 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).
I. Our approach to Sustainability

II. Responsible Corporate Governance

III. Main areas of focus

1. Addressing the pandemic
2. Focus on customers
3. Improving financial literacy
4. Expert financial services
5. Ethical business behaviour and security
6. Responsible employer
7. Environmental protection
8. Citizenship

Impact: Financial products and services are often complex; their understanding, however, is 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. OTP Group is committed to improving financial literacy. 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 every year to expand their knowledge.

GRI 202, 401 DMA
Employment

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

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

GRI 203, 413 DMA
Improving financial literacy

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

Contribution: In our lending, we expect utmost compliance with legislation. We play an important role in government initiatives, and several of our products promote the environment-friendly use of energy. We are also committed to green finance. Our objective is to reduce the environmental impact of our operations.

GRI 413 DMA
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 those faced with difficulties. OTP Bank is one of the most generous charitable donors in Hungary.

Corporate Social Responsibility Strategy

Our CSR Strategy sets out the three key priorities of corporate social responsibility. The review of our Strategy is in progress; with the formulation of our ESG Strategy – which is to replace the CSR Strategy –, our goal is to respond to the changing global challenges and opportunities, as well as the expectations of stakeholders. Our Corporate Responsibility Strategy in effect in 2020:

<table>
<thead>
<tr>
<th>Priority</th>
<th>Definition</th>
<th>Key areas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Responsible service provider</td>
<td>responsible provision of services and responsible operation</td>
<td>– improvement of service quality</td>
</tr>
<tr>
<td></td>
<td></td>
<td>– transparency</td>
</tr>
<tr>
<td></td>
<td></td>
<td>– accessibility</td>
</tr>
<tr>
<td>Responsible employer</td>
<td>highly qualified, well-prepared and satisfied employees</td>
<td>– training</td>
</tr>
<tr>
<td></td>
<td></td>
<td>– engagement</td>
</tr>
<tr>
<td>Corporate social responsibility</td>
<td>active citizenship and acting as a role model</td>
<td>– education, raising awareness</td>
</tr>
<tr>
<td></td>
<td></td>
<td>– value creation and retention</td>
</tr>
<tr>
<td></td>
<td></td>
<td>– creating opportunities, building communities</td>
</tr>
</tbody>
</table>
II. Responsible Corporate Governance

The establishment and maintenance of a high-quality corporate governance system in accordance with domestic and international expectations are of crucial significance to OTP Bank.
Group and corporate governance

GRI 102-18 Group Governance

OTP Group employs matrix governance practices so that its governance can be based on standardised principles yet take local specificities into consideration. We distinguish between three main types of governance: shareholder (corporate law), group-level and professional governance functions. Governing bodies and local management play a key role in decision-making and execution, which combine central and local expertise. Our efforts to standardise our operations intensify with the expansion of the Banking Group – shared expectations and good practices are defined for each individual domain. 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. The committees are presented in the Annex.

Each year, OTP Bank publishes its Responsible Corporate Governance compliance with all recommendations of the Budapest Stock Exchange (BSE).

GRI 202 DMA, 405 DMA 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 in corporate operations to ensure diversity, including the continuous improvement of the participation of women. Diversity Policy p. 52.

<table>
<thead>
<tr>
<th>GRI 202-2</th>
<th>Proportion of women and members from the local community in senior management 12/31/2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Board of Directors</td>
</tr>
<tr>
<td></td>
<td>Proportion of locals** (%)</td>
</tr>
<tr>
<td>OTP Bank</td>
<td>100</td>
</tr>
<tr>
<td>DSK Bank</td>
<td>75</td>
</tr>
<tr>
<td>OTP Bank Croatia</td>
<td>83</td>
</tr>
<tr>
<td>OTP Bank Serbia</td>
<td>75</td>
</tr>
<tr>
<td>SKB Bank</td>
<td>43</td>
</tr>
<tr>
<td>OTP Bank Romania</td>
<td>60</td>
</tr>
<tr>
<td>OTP Bank Ukraine</td>
<td>100</td>
</tr>
<tr>
<td>OTP Bank Russia</td>
<td>83</td>
</tr>
<tr>
<td>CKB</td>
<td>0</td>
</tr>
<tr>
<td>OTP Bank Albania</td>
<td>43</td>
</tr>
<tr>
<td>Mobiasbanca</td>
<td>80</td>
</tr>
</tbody>
</table>

* 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.
Since the Slovakian subsidiary was no longer a member of OTP Group at the end of 2020, it is not included in the list.
In the case of OTP Bank Serbia, the management of both subsidiaries are included.

11 This model can be applied to the Hungarian subsidiaries only after certain modifications, partly due to the domestic operations and partly due to their special spheres of activity.
II. Responsible Corporate Governance

I. Our approach to Sustainability

III. Main areas of focus

1. Addressing the pandemic
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5. Ethical business behaviour and security
6. Responsible employer
7. Environmental protection
8. Citizenship

ESG and sustainability governance, management

GRI 102-18

As per the decision of the Management Committee, OTP Bank launched an ESG Programme in 2020, and established the ESG Steering Committee. The Committee reports to the Management Committee on the status of the ESG Programme every year. The Committee has commenced the development of the ESG strategy. The schemes overseen by it focus on the integration of environmental and climate protection considerations into financial services and on the related disclosures; and as such, among other things, the Committee launched an ESG lending policy project and the Bank set up a Green Programme Directorate reporting directly to the Chairman & CEO. Impacts relating to the implementation of the ESG Programme are expected from 2021.

Performance Assessment

From 2020 onwards, the performance-based incentives of the Chairman & CEO of OTP Bank, all Deputy CEO’s and the Chief Executive Officers of foreign subsidiaries include sustainability goals for each executive.

Sustainability Management

OTP Bank’s Marketing and Communication Directorate is responsible for the operative management of OTP Bank’s CSR/sustainability activity at group level and is headed by the Director of Marketing and Communication; in addition, all foreign subsidiaries have a designated responsible manager. The assessment of the implementation of the sustainability targets is performed by the Director of Marketing and Communication.

The organisational structure and governance levels are shown in the organisational chart.
GRI 103-2

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

<table>
<thead>
<tr>
<th>ESG / sustainability domain</th>
<th>Responsibility, manager</th>
<th>Policy</th>
<th>References</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compliance</td>
<td>The Board of Directors and the Supervisory Board are responsible for compliance. Compliance officer, consumer protection officer: Head of the Compliance Directorate Ethics Committee: guidance, second-tier decision-making regarding reports on ethics-related concerns Manager responsible for the Bank’s data processing and the protection of customers’ personal data: Deputy CEO of the IT 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) Heads of division and managers of regional profit centres</td>
<td>- 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: - Anti-Corruption Policy - Sanctions Policy - Financing services related to the defence sector - GRI 102-16 Code of Ethics - approved by: Board of Directors - Data Protection Policy</td>
<td>- reporting, monitoring, measures - risk assessment - reporting ethical offences, training - data protection training - fraud</td>
</tr>
<tr>
<td>Security</td>
<td>The Board of Directors and the Supervisory Board are responsible for security Manager responsible for compliance with IT security and bank security requirements: Managing Director of the IT and Bank Security Directorate Anti-Money Laundering Committee: decisions on sustaining or creating high-risk business relationships within its competence</td>
<td>Security policy - 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</td>
<td>- reporting, risk assessment (4.3) - risk - training - fraud</td>
</tr>
<tr>
<td>Risk Management</td>
<td>Audit Committee and Risk Exposure and Risk Management Committee: they monitor the risk management activity. Risk Committees (Credit and Limit Committee, Work-out Committee, Group Operational Risk Management Committee); ultimate decision-making competence on the cornerstones of risk management methodologies. Manager responsible for risk management: Deputy CEO responsible for the Credit Approval and Risk Management Division</td>
<td>Risk Assumption Strategy - approved by: Board of Directors - defines the risk management framework and the principles and guidelines for risk assumption.</td>
<td>- rules, functions - rules, practices - exclusions - lending policy, responsible lending - operational risk assessment - risks</td>
</tr>
</tbody>
</table>
### I. Our approach to Sustainability

#### II. Responsible Corporate Governance

<table>
<thead>
<tr>
<th>ESG / sustainability domain</th>
<th>Responsibility, manager</th>
<th>Policy</th>
<th>References</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Green finance</strong></td>
<td><strong>Green Program Directorate:</strong> Supporting all members of OTP Group in taking maximum advantage of the opportunities in green financing.</td>
<td>to be implemented in 2021</td>
<td></td>
</tr>
<tr>
<td><strong>Product development, sales</strong></td>
<td><strong>Product Development, Sales and Pricing Committee:</strong> 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.</td>
<td>- 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. <strong>Accessibility strategy:</strong> - the goal is to ensure equal opportunity in service.</td>
<td></td>
</tr>
<tr>
<td><strong>Human resource management</strong></td>
<td><strong>Manager responsible for human resource management:</strong> Managing Director of the Human Resources Management Directorate <strong>Manager responsible for health and safety:</strong> Managing Director of the Property Investments and Supply Chain Directorate</td>
<td><strong>HR stratégia</strong> - approved by: Management Committee - determines the medium-term areas of focus for human resource management. - <strong>Diversity Policy:</strong> commitment to diversity in management bodies and management. <strong>Health and Safety Regulation:</strong> - approved by: CEO - uniform and comprehensive preventative health and safety strategy to implement safe working conditions that do not constitute a health risk.</td>
<td></td>
</tr>
<tr>
<td><strong>Procurement</strong></td>
<td><strong>The procurement activity is performed by the requesting organisation.</strong></td>
<td><strong>Procurement policy</strong> - 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.</td>
<td></td>
</tr>
<tr>
<td><strong>Environmental protection</strong></td>
<td><strong>The Chairman &amp; CEO is responsible for the Bank’s environmental protection activities. Manager responsible for supervising environmental protection activities:</strong> Managing Director of the Property Investments and Supply Chain Directorate</td>
<td><strong>Environmental Code</strong> - 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.</td>
<td></td>
</tr>
</tbody>
</table>

**III. Main areas of focus**

1. Addressing the pandemic
2. Focus on customers
3. Improving financial literacy
4. Expert financial services
5. Ethical business behaviour and security
6. Responsible employer
7. Environmental protection
8. Citizenship
1. Addressing the pandemic

Main areas of focus
Starting from early 2020, the coronavirus pandemic put all domestic and foreign members of the Banking Group to the challenge, which was unprecedented both in nature and magnitude. OTP Group responded to COVID-19 in time, on a broad scale, and at group-level. Our goal was to maintain safe and undisturbed customer service, to support the finances of customers, and to protect our co-workers. The repercussions of the pandemic affected our Group in so many ways that we dedicated a separate part of this document to summarise the impacts and the steps taken to address them.

Under the direction of the Director of the Risk Management General Department, a Coronavirus Working Group was set up to address the emergency situation and the relevant task. Indeed, the Group had monitored the evolution of the pandemic since 5 February 2020, even before the appearance of the virus in Hungary.

In consideration of the pandemic declared by the World Health Organisation (WHO) and the state of danger declared by the Government of Hungary, upon the recommendation of the Working Group the Bank declared a crisis situation on 19 March. The Crisis Management Committee – the highest body responsible for the management of emergency situations – was convened and continued to meet regularly throughout the year.

The Operational Risk Department formulated professional guidelines to address business continuity issues. The procedural regime was also received by foreign group members. A pandemic procedural regime was drawn up based on the guidelines, which ensures fast and flexible response to a similar pandemic and provides the means for reducing disturbances in operation or business losses to the minimum.

We were in continuous contact with the competent authorities and key healthcare institutions. We monitored the evolution of the pandemic, the appearance of the disease in the organisation, and the measures taken by other companies.

Contact with subsidiary banks

After the declaration of the pandemic, the exposure of the Banking Group was closely monitored by the parent bank and foreign subsidiaries; in addition, special significance was attached to the understanding and sharing of best practices. Issues affecting the Bank as a whole were coordinated and communicated under the supervision of the Group Governance Directorate, while specific issues relevant to the domains were discussed in the context of the usual consultations with the domains.

Subsidiary banks have implemented similar practices as the parent company in terms of protective measures and addressing the impacts.

**Impacts**

The coronavirus pandemic affected almost all aspects of our operation, and because of the potential threat of personal contacts we needed to rethink – and ensure the safety of – numerous processes. How to arrange our meetings without personal contact? How to ensure the security of information in the online environment? How to operate our office buildings and branches with reduced staff numbers? How to prevent our customers or co-workers from transmitting the disease to each other? How to comply with all the rules overnight? How to offer solutions for our customers' finance-related questions without jeopardising our Bank's stability? These are just a few of the questions which needed a safe answer almost immediately.

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12 Members of the Group: Operational Risk Department, Human Resources Management Directorate, Group Governance Directorate, Legal Directorate, Marketing and Communication Directorate, Retail Customer Tribe, the IT Division’s ITD Coordination Department, IT and Bank Security Directorate, and the Property Investments and Supply Chain Directorate.
1.1. Preparing for the coronavirus situation

Initially, at the beginning of the first wave of the pandemic, we mainly focused on preserving the health of our employees and made decisions on purchases and supplies. The steps taken for the health of employees went significantly above and beyond the requirements, and the main consideration in our decisions was safety. Both during the first wave in the spring and the second wave in autumn we enabled the use of preventive home office work.

For the protection of the health of employees, we provided across OTP Bank:
- 870 thousand masks,
- over 300 thousand pairs of disposable gloves,
- 25 thousand litres of hand sanitisers,
- 12 thousand litres of disinfectants,
- nearly 1,000 hand sanitiser dispensers,
- performed ~ 85 thousand Covid antyes rapid tests and
- 20 thousand PCR tests,
- purchased ~ 4 thousand prevention plexiglass barriers,
- nearly 5,000 employees shifted to an HO pattern.

Other measures:
- putting in place a bandwidth supporting en-masse online communication,
- providing continuous information to co-workers over the intranet (~ 50 newsletters)

Idea Portal
On our internal innovation platform we announced internal brainstorming specifically in relation to the coronavirus pandemic in Hungary, Bulgaria and Croatia. Interest on the part of employees was outstanding in all three countries, and they came up with numerous innovative ideas about how to tackle the pandemic and take advantage of its opportunities. Compared to previous contests, a record number of ideas and recommendations (123) were received in OTP Bank, of which 20 ideas were presented before the Management Committee, and the jury nominated 4 for implementation. In DSK Bank, 50 teams submitted ideas of which 5 ideas made the finals.

More than a third of our Croatian colleagues registered on the portal and submitted 46 ideas.
1.2. Encouraging the use of digital services during the coronavirus pandemic

One of our key goals during the pandemic was to reassure customers while nudging them toward online channels. Since the increased demand for digital solutions is consistent with the Bank’s main direction for development, we took an enormous step forward in this area as well. The reduced number of customers in the branches was offset by steering customer traffic to online channels – netbank, mobile bank –, which is also a safer solution from the aspect of the pandemic.

Communication

At the level of senior management in Hungary, Péter Csányi, head of the Digital and Sales domains, emphasised in his statements the safety of cashless payments both in general, and during the coronavirus pandemic in particular. Within the framework of digital campaigns and through various educational contents we demonstrated to customers how they can do their banking through the digital services and developments of OTP and also help others (the elderly, family members) during the period of the lockdown. Our subsidiaries used various channels to call attention to the use of electronic channels and cashless payment solutions, while educational content was available on the banks’ websites, social media platforms and in the framework of TV campaigns to help promote the use of the services.

In order to lower the number of personal contacts, both DSK Bank and CKB devoted special attention to increase the openness of retired customers to digital services and to help them navigate and use the services.

In addition to encouraging the use of digital services, they also called attention – both online and through their branch channels – to the importance of using hand sanitisers and masks. The importance of wearing masks was also stressed by OTP Bank through an online campaign launched in conjunction with other companies.

Utilisation of services

Our customers have clearly become more open to the use of electronic services. Registrations for digital services as well as the number of active users grew dynamically during the year. At some subsidiaries we observed a 60–100% increase. Mobile banking grew even more dynamically than netbanking at OTP Bank and several subsidiaries.

In an effort to encourage the use of digital services, our Albanian subsidiary waived online transaction fees during the spring wave.

In addition, as the digital developments continued, we created even more opportunities for our customers to avoid in-branch banking.

1/3

The number of online credit transfers rose by a third in one year at OTP Bank

91%

The number of active mobile bank users rose by 91% at DSK Bank
1.3. Supporting customers in the challenging period

Apart from providing access to digital services, it is also our responsibility to mitigate the adverse economic effects of the coronavirus pandemic. In almost all countries of our Banking Group, the Government introduced a moratorium on loan repayments, and we were among the first to make it available to customers. In lending activities, we take into account changing risks and support enterprises in maintaining their liquidity.

Between April and December 2020, in OTP Bank we charged a preferential account management fee for customers who lost their jobs, thereby supporting them to cope with their finances.

<table>
<thead>
<tr>
<th>Statutory loan payment moratorium in the countries of OTP Group</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Opting in / Opting out</strong></td>
</tr>
<tr>
<td>---------------------------</td>
</tr>
<tr>
<td>Hungary</td>
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<tr>
<td></td>
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<tr>
<td></td>
</tr>
<tr>
<td>DSK Bank (Bulgaria)</td>
</tr>
<tr>
<td>OTP Bank Croatia</td>
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<tr>
<td>OTP Bank Serbia</td>
</tr>
<tr>
<td></td>
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<tr>
<td>SKB Bank (Slovenia)</td>
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<tr>
<td>OTP Bank Romania</td>
</tr>
<tr>
<td>OTP Bank Ukraine</td>
</tr>
<tr>
<td>OTP Bank Russia</td>
</tr>
<tr>
<td>CKB (Montenegro)</td>
</tr>
<tr>
<td>OTP Bank Albania</td>
</tr>
<tr>
<td>Mobiasbanca (Moldova)</td>
</tr>
</tbody>
</table>

1 Ratio of participation volume as of the end of December to total gross loans outstanding.
2 Borrowers under the moratorium as at end-2020 remained; those wishing to join had to apply at the Bank.
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1. Addressing the pandemic
2. Focus on customers
3. Improving financial literacy
4. Expert financial services
5. Ethical business behaviour and security
6. Responsible employer
7. Environmental protection
8. Citizenship

Borrowers with retail loans – in particular, mortgage loans – were protected by statutory moratorium in Hungary and in the countries (other than Ukraine and Moldova) of our foreign subsidiaries. The duration, conditions and possible extension of the moratoriums varied country by country. In Hungary 25% of the corporate segment opted for participating in the state moratorium. Subsidiaries helped customers by offering a wide variety of options, which were used by about 13–15% of the customers. The state moratoriums typically consisted of 2 to 3 phases. Lasting up until the end of 2020 in general, the option for the moratoriums will remain available throughout 2021 in most countries.

Our Croatian subsidiary was the first bank to introduce a repayment moratorium in the country, and also extended its applicability to customers hit by the earthquakes.

Debtor protection products

Approaching the end of the moratorium, in the second half of the year the application process for debtor protection products was renewed in Hungary; in addition, we also replaced the previously applied tools by a new debtor protection scheme for the credit card product (balance settlement service). The products available under the debtor protection programmes have been also reviewed and updated by foreign subsidiaries.

In order to facilitate effective corporate assistance, we reviewed our restructuring policy, and developed a directive at group level to introduce a moratorium on fines during the quarantine periods. In the corporate segment the Government did not announce an official moratorium in four countries; however, our banks offered a relief in their own competence to customers based on a case-by-case assessment of the risk of the activity concerned and the financial situation of the customer.

Maintenance and stimulation of lending

We actively monitored the effect of the pandemic on individual sectors and customers, and based on the results we modified our guidelines and the country-specific measures. In Hungary we adjusted standard lending conditions several times, and required foreign subsidiaries to examine the extent to which the activity of borrowers was affected by the pandemic. We also considered that not all countries and not all sectors of a country are affected equally by the pandemic.

Based on macro scenarios and on the potential effect of Covid-19 on individual sectors, we classified corporate exposures into four categories based on vulnerability. According to year-end data, 72% of the group-level portfolio belonged to sectors not affected by the pandemic (for more information, see page 25 of the presentation.)

Members of the Group joined the economic stimulus programmes launched by public and international institutions as well as schemes aimed at providing financial assistance to distressed companies. Preferential loan schemes were available even in the countries where no state moratorium was available.

In Hungary, FGS Go! – the latest phase of the Funding for Growth Scheme (FGS) – offered new opportunities to companies partly to bridge temporary payment difficulties and partly to provide the financial backing for capital projects temporarily postponed amid the uncertainties. This was followed by the renewal of the Széchenyi Card Programme, additional schemes made available at MFB Points (see MFB Point).

In 2020, as well, OTP Bank led a consortium of credit institutions to intermediate the products of the Hungarian Development Bank (MFB) at MFB Points, involving EU-refinanced and MFB’s proprietary products alike. In our branch network, we operated 167 MFB Points nationwide (46% of our branches) at which our partners were able to access schemes designed for retail and corporate clientele alike. In 2020, in response to Covid-19 OTP Bank and the MFB jointly formulated
procedural rules whereby we minimised the number of administrative tasks that require personal contact at our MFB Points, as well as at Eximbank, and the Crisis Credit Guarantee Programme of the Agricultural Enterprise Credit Guarantee Foundation and Garantiqa.

OTP Bank was among the first to make available the new credit products. In Q3 our credit institutions was the most active participant to disburse FGS funds, which was also recognised by the Funding for Growth Scheme Go! Excellence Award of Magyar Nemzeti Bank. Between the launch of the programme and the end of 2020, OTP Bank and Merkantil Bank contracted for more than 27% of the FGS Go! facility, amounting to HUF 404 billion.

As regards our Serbian subsidiary, preferential loans were available for the MSE sector and agricultural companies. By the end of 2020, almost 300 customers took advantage of this opportunity in an amount of HUF 4.3 billion. In addition, more than 1,600 customers participated in the national guarantee programme.

Similarly, our Croatian subsidiary participated in several initiatives including – besides the national programmes – regional programmes. By the end of 2020, around 70 customers borrowed HUF 7.9 billion under preferential loan schemes.

Our Romanian subsidiary joined the IMM Investment Programme of the National SME Credit Guarantee Fund (FNGCIMM); in addition, it assisted in allocating non-refundable subsidies among small and medium-sized enterprises hit by the crisis by offering account opening and credit transfer services.

In 2021 we expect growing demand for crisis-related debtor protection options and credit products.

1.4. Supporting employees in the challenging period

All of a sudden our lives have changed. In order to help our co-workers cope with the situation, we stepped up community-building activities and activities aimed at supporting mental balance.

Management Involvement

The Chairman & CEO of OTP Bank and senior management addressed colleagues in writing and in video messages, expressing their thanks and sharing words of encouragement. At group level, we strengthened the supporting leadership role through online management trainings.

Community building

Selfie videos: at OTP Bank we launched a human-interest – but first and foremost, honest – video series in which our colleagues shared their challenging, and at times, joyful experiences during the quarantine.

A video/message of thanks: our member companies extended their thanks in a variety of ways. A short video clip was put together using a number of previous video materials, or we sent messages to our colleagues thanking them for their perseverance and performance during this trying period.

One of our subsidiaries published a newsletter specifically on the topic of the coronavirus.
The selfie videos of colleagues, inspiring videos and messages of the management received record-high views by thousands of people on OTP Bank's Intranet.

20 videos, >50 articles and nearly 50 circulars on the coronavirus in OTP Bank

In the framework of the #MobiasbancaDifferent project, we offered high-quality, online recreational programmes to employees during the pandemic. For instance, they were able to participate lectures on piano music and poetry in the National Arts Museum.

403 DMA, 403-6
One-on-one support, processing, stress management

We provided new support services to employees, helping them process the effects of the coronavirus pandemic:

- In Hungary, we provided an opportunity for online consultations in conjunction with meghallgatunk.hu, with the participation of psychologists, mental hygiene experts and coaches on topics such as family problems, burnout, how to process a positive Covid test, etc. Experience showed that even a couple of occasions were sufficient to resolve the problems. In the 6 months after the launch of the programme, our co-workers initiated 160 conversations of help. In view of the favourable feedback, we are planning to make the service continuously available in the future.

- At several member companies, employees attended one-on-one counselling sessions with psychologists.

- Likewise, some member companies arranged informal online chats led by a psychotherapist in a small-group setting. The sessions were geared towards the discussion of internal tensions, stress situations and anxiety, and offered easy-to-use tools and methods for coping (e.g. stress ball programme). Our Albanian employees participated in stress management training.

- Employees were also assisted by interactive workshops and video series, typically addressing pandemic-related stress, the difficulties of working from home, the changed role and tasks of parenting. The same topics were discussed at 'Inspiring Smart Hour', a weekly, replayable webinar organised at OTP Bank (entitled, for example, 'Under Pressure', 'Resilience', 'Before Burnout', 'Improving Parental Efficiency'). 20 webinars were held with a real-time attendance of 100–200 persons each.

- We also provided – while adhering to pandemic regulations – domestic corporate vacations and summer camps to the employees of OTP Bank to help them rejuvenate.

- Distressed employees of OTP Bank were able to apply for aid individually at OTP Social Foundation, see Assistance in times of crisis.

Employee satisfaction

Several group members surveyed their employees specifically in relation to experiencing and surviving the pandemic. They found that employees perceived the management of the situation extremely positively.

In a survey among the head office employees of OTP Bank, employees rated the efficiency of situation evaluation at 96% and communication at 90%. Moreover, for a period of six months, we conducted a weekly pulse check survey on team spirit with the involvement of 500 persons. The feedback of our colleagues typically rated satisfaction above 80%.

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Getting ready to return

Besides a seamless changeover to alternative operation it is equally important to ensure a smooth return to normal operation.

In designing our timetable for reverting back to normal, we considered three angles:
- health;
- protection of the Bank’s financial management (preserving jobs and the customer base);
- subjective well-being of employees if compatible with the first two aspects.

1.5. Supporting health institutions

**GRI 413 DMA**

During the pandemic period, several members of OTP Group granted emergency aid to those being in the first line of defence: health institutions and hospitals. The Banking Group offered an emergency aid of HUF 2.5 billion for addressing the crisis. Several subsidiaries offered to receive donations to humanitarian organisations free of charge, waiving transaction fees.

As one of the major donors in Hungary, OTP Bank believes that offering assistance is its moral obligation. We gave HUF 1.7 billion in donations to healthcare institutions, financing the acquisition of medical devices at several hospitals – including some operating in disadvantaged areas of the country –, and also handed out 20 ventilators as donations in kind.

Being an organisation with a decade-long tradition of blood donation we were naturally the first to join the Banking Sector Blood Donor Week, a joint initiative of the Hungarian Banking Association, the banking sector, the Hungarian National Blood Transfusion Service and the Hungarian Red Cross, as indeed, donating blood during the coronavirus pandemic is as important a time as any. More than 200 employees of OTP Bank and Merkantil Bank volunteered to donate blood.

**BG** DSK Bank and Pension Insurance Company DSK-Rodina donated an amount of HUF 36 million to University General Active Treatment Hospital Alexandrovskas. In addition, as part of the campaign entitled ‘Hospitals for Bulgarians, Bulgarians for hospitals’, we supported three hospitals from the funds raised by our employees, customers and partners. The amount of our Christmas donations was also gifted hospital workers as a way of thanks for their hard work and sacrifices.

**RS** Our Serbian subsidiaries provided emergency assistance to health centres, donating a special-equipped ambulance to Torlak Virology Institute and supporting three additional hospitals and 14 health institutions.
Vojvodjanska banka a.d. was one of the first companies to join the UNICEF initiative donating 50 ventilators and other protective equipment and hygiene products to hospitals. The Bank also joined the campaign of the National Olympic Committee of Serbia – the ‘Circle of Support’ initiative –, in the framework of which the best athletes of the country released special messages to encourage unity and solidarity during the pandemic. The initiative received The Best Sports Sponsorship Award of SPORTO.

OTP banka Srbija a.d.Beograd also encouraged donations by customers, enabling them to offer donations through a predesigned sample form in the mobile bank application.

Our Romanian subsidiary supported three emergency hospitals in the cities of Sfantu Gheorghe, Miercurea Ciuc and Iași with asset purchases and equipment.

Our Moldavian subsidiary supported the Chisinau Hospital, and gave a donation to the Customs and Border Guard Service for protective equipment.

The instantaneous switchover to digital learning posed an enormous challenge to educational institutions and families alike. Some disadvantaged children were unable to even join the digital curriculum. In order to help the children of underprivileged households in disadvantaged municipalities catch up with tuition, OTP Bank offered a financial assistance of HUF 1.5 million, and donated a total of 185 computers.

Our Slovenian subsidiary provided an extra donation to Zvezaprijateljevmladine (Slovenian Association of Friends) in order to help socially disadvantaged children and families with computer devices and food during the pandemic.

Hungarian OTP Group members sponsored two hackathons aimed at addressing the challenges posed by the coronavirus pandemic. OTP Mobil was one of the main sponsors of the Hack The Crisis Hungary event, entering the competition with its own team. Several employees of OTP LAB participated as mentors or jury members at the event. OTP Bank also acted as an official partner at the EUvsVirus Pan-European hackathon organised by the European Commission. In addition to communication support, we supported the event – with the participation of employees from OTP LAB – through mentoring and as jury members in the Digital Finance category.
Main areas of focus

2. Focus on customers
OTP Junior Next – the anteroom of adult banking

“The new mobile application of OTP Bank assists the 16–24-year-old generation in learning financial awareness and reaching future career goals.

Research and daily experiences alike confirm that the financial literacy of most adults in Hungary needs improvement; no wonder, then, that the youth receive no adequate guidelines either from the parents or from the school. Being a Bank, it is our task and it is also in our best interest to have knowledgeable customers capable of making informed decisions on finances, and it was with that in mind that we created OTP Junior Next.

The application was preceded by a long period of preparation and a 1.5-year research period, an important part of which was to gauge the habits, expectations and knowledge of young people. We could also see that while various solutions were available in the market covering numerous needs of a broad range of target groups, in many cases they did not give relevant answers to the questions of a smaller segment. We figured that in the first round, we would concentrate on that smaller segment, trying to offer a truly versatile application to its users. What makes the OTP Junior Next app unique is that it features the most complex functionality in the market.

The application can be divided into two main parts. Future Planner mainly provides inspiration for career choices. After completing a Career Test, the app guides students to discover the career paths that match their personality, and also shows where to get the education necessary for that job. Some professions are shown up-close in videos, which I find particularly useful. A Competency Test is also available, while the MoneyBag cost simulator provides an interactive way to predict the monthly costs during the period of studies.

The second main function is Student Work. The display of continuously updated student work opportunities is designed to encourage students for saving and for financial awareness. We give special focus to Junior student positions announced by the Bank, in the framework of which they can get an insight into banking as a job. With the Target Saving function users can choose between pre-defined or ad hoc goals and then monitor their revenues and expenses on a continuous basis. This is the point at which the application specifically encourages the user to open a bank account.

Based on our initial experiences, I think we can be pleased: our original goal was to have 4,300 registered users by the end of 2020; by comparison, we had more than 22 thousand users two months after the app’s launch in June."

Dávid Kökény, senior manager for banking relations / product development
GRI 417 DMA

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

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

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

The role of online services and cashless payment options has clearly gained a new significance in 2020. Our goal is to take advantage of our customers’ increased openness to digital solutions. During the year we upgraded our existing services in numerous areas, as well as our back office processes to make them even more easy-to-use, quick and safe.

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

2019 Our commitments

<table>
<thead>
<tr>
<th>Commitment</th>
<th>Implementation Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>30 new branches a year in line with the ‘Branch of the Future’ concept.</td>
<td>Implemented</td>
</tr>
<tr>
<td>Introducing a new junior application at OTP Bank, with a function promoting future-awareness and financial planning.</td>
<td>Implementation in progress</td>
</tr>
<tr>
<td>Developing a comprehensive digital financial planner for OTP Bank customers</td>
<td>Not implemented</td>
</tr>
<tr>
<td>Receiving 75% of contact centre calls within 20 seconds.</td>
<td></td>
</tr>
<tr>
<td>Setting up a cashless bank branch in Slovakia.</td>
<td></td>
</tr>
<tr>
<td>Introducing a loan application feature in the mobile app in Hungary.</td>
<td></td>
</tr>
<tr>
<td>Developing internet banking in Serbia.</td>
<td></td>
</tr>
<tr>
<td>Comprehensive overhaul of the mortgage lending process at the parent bank.</td>
<td></td>
</tr>
<tr>
<td>Further expansion of agile organisational operations.</td>
<td></td>
</tr>
<tr>
<td>Introducing the Idea Portal at several foreign subsidiaries.</td>
<td></td>
</tr>
</tbody>
</table>

2020 Our results

<table>
<thead>
<tr>
<th>Result</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>4 new branches were opened in 2020.</td>
<td>✔️</td>
</tr>
<tr>
<td>We introduced the OTP Junior Next application.</td>
<td>✔️</td>
</tr>
<tr>
<td>We implemented the financial planner.</td>
<td>✔️</td>
</tr>
<tr>
<td>Lost calls represented 12%, while the response time complex indicator was 65%.</td>
<td>❌</td>
</tr>
<tr>
<td>As at the sale of the Bank testing was still in progress.</td>
<td>✔️</td>
</tr>
<tr>
<td>Efforts to introduce this feature are underway, completion is expected in 2021.</td>
<td>✔️</td>
</tr>
<tr>
<td>We implemented the new mobile bank application.</td>
<td>✔️</td>
</tr>
<tr>
<td>The development process continued but it has yet to be completed.</td>
<td>✔️</td>
</tr>
<tr>
<td>Expansion took place primarily at subsidiaries; in the case of OTP Bank it was postponed to 2021</td>
<td>✔️</td>
</tr>
<tr>
<td>The Portal has been introduced at the Bulgarian, Croatian and Russian subsidiaries.</td>
<td>✔️</td>
</tr>
</tbody>
</table>
Agile operation

We must operate in a way that simultaneously guarantees customer-focus and a fast and flexible reaction to changing requirements. We are convinced that these two priorities can be achieved under an agile operating model and accordingly, in 2020 we strengthened the application of the model at group level.

A methodology based on the joint work of teams covering all significant functions of a particular process allows for the quick incorporation of diverse criteria. Joint performance indicators and a broader decision-making competence also boost efficiency. The advantages of the method have been proven by several processes; it was through agile operation that we were the first to introduce a number of new products in the market (e.g. Baby Loan) and that we were in the lead – befitting our market role – to comply with nearly instantaneous legislative requirements (e.g. loan repayment moratorium).

Due to the challenges posed by the pandemic situation, at OTP Bank we postponed to 2021 the expansion of domains operating in accordance with this methodology. At the same time, we continuously review and analyse the effects of agile operation on our internal operations and learn from the changeover.

Our Russian subsidiary set up 42 agile teams in 2020, and the change in operations combined with IT transformation had spectacular results. The transfer of software codes was reduced from weeks to a few hours, and developments perceivable by customers are seven times faster to implement.

Agile transformation commenced at our Bulgarian, Romanian and Serbian subsidiaries in 2020 and is expected to be implemented in 2021 at the Croatian subsidiary.

With a view to strengthening customer focus, CKB set up a Customer Experience Committee and a customer service and service quality assurance domain. A customer experience strategy and action plan were also completed in 2020.

Customer focus

At the end of 2020, DSK Bank launched a New Service Vision project designed to become dominant in all segments. The objectives include the introduction of omnichannel service, the transformation of digital strategy and the establishment of an agile, customer-centered and efficient organisational culture.
II. Responsible Corporate Governance

I. Our approach to Sustainability

II. Responsible Corporate Governance

III. Main areas of focus

1. Addressing the pandemic
2. Focus on customers
3. Improving financial literacy
4. Expert financial services
5. Ethical business behaviour and security
6. Responsible employer
7. Environmental protection
8. Citizenship

2.1. Customer service

Remote access channels

We have assigned priority to expanding the functions of electronic channels and promoting their use for years. In 2020, as well, we revamped numerous platforms and launched several campaigns with a view to promoting digital services, and assisted our customers in using the services in a targeted fashion.

Instant payment

Instant payment services were launched in Hungary in 2020, enabling our customers to have their domestic electronic transfers under HUF 10 million executed in a few seconds, 24 hours a day.

Our Slovenian subsidiary launched the Flik application, enabling the execution of instant payments between different banks across Slovenia. The application had more than 6,000 users by the end of the year, and we anticipate significant further growth with the expected introduction of local instant payments.

Our Russian subsidiary joined the Faster Payment System at the end of 2020.

Simple Business, SimplePay instant transfer

With the instant payment system, SimplePay became available in Hungary, along with online payment based on QR code generation on the Simple Business interface or the use of deep links. The QR code displayed can be supported by OTP SmartBank and any merchant or bank. The advantage of SimplePay is that there is no need to enter the data of credit transfers manually, and the transaction needs to be approved only by the payer.

The Simple Business payment platform allows, even for smaller-income companies, easy access to card acceptance and instant payments without the installation of a POS terminal via online contracting. This option became essential especially because of a legislative change entering into force from 2021 onward, which requires all merchants and service providers with online cash registers to enable electronic payments.

Our Ukrainian subsidiary introduced Google Pay during the year. DSK Bank anticipates the introduction of these services in 2021.

Office banking

CKB revamped its e-banking solution for companies with accounts managed by more than one bank. Office Banking simplified signatures and SWIFT payments and raised the level of customer satisfaction.

Mobile banking

Besides OTP Bank’s youth-oriented OTP Junior Next – the anteroom of adult banking

A link to the instant mobile application.
application, we introduced new online and mobile banking channels in Hungary, which operate in parallel with the existing OTPdirekt online banking and mobile banking service. An expense monitoring function was also made available on the new interfaces; more options were installed for the overview of transactions, while the portfolio view allows for the overview of savings products.

Our SZÉP Card mobile application was rejuvenated both in appearance and its functions. Its new functions include map-based acceptance point searches, advance payment transfers, and maturity control.

As a result of a development process also involving customers, DSK Bank introduced a new mobile application in 2020. In addition to the new design, several functions became available such as mobile banking registration and transaction approval via SMS code, the payment of utility bills and the use of payment templates.

Corporate customers gained access to numerous new functions, increasing the satisfaction of former Expressbank customers with the bank switch. It is a new function, for example, that the username and password can be the same for several companies; moreover, the representatives of companies may receive flexible access and signature rights.

The Serbian Vojvodjanska banka a.d. introduced its mobile application for micro, small and medium-sized enterprises in 2020.

The rejuvenation of the mobile banking and online banking service of the Slovenian SKB Banka resulted in a number of new functions, and the platforms have become more transparent and user-friendly.

Our Ukrainian subsidiary introduced ClickPay, a new mobile banking application for corporate customers. In addition, the smart banking service of retail customers now supports instant credit transfers, and an automated chatbot service was introduced.

Our Russian subsidiary enhanced its mobile application, introducing more than 60 new services and functions during the year.

The Moldavian subsidiary was the first in its country to set up a net bank for corporate customers, and the mobile application also became available in pilot phase. A new online banking and mobile banking service for retail and MSE customers commenced operations in pilot mode.

We modified the chatbot of our Romanian subsidiary during the year to include the registration of the deferred payment applications of customers.
Focus on customers

III. Main areas of focus

1. Addressing the pandemic
2. Focus on customers
3. Improving financial literacy
4. Expert financial services
5. Ethical business behaviour and security
6. Responsible employer
7. Environmental protection
8. Citizenship

I. Our approach to Sustainability

II. Responsible Corporate Governance

At the parent bank and at the Bulgarian subsidiary, branch and back-office employees helped out temporarily in carrying out the duties of the Contact Centre.

To improve the speed and efficiency of Contact Centres, we introduced across the Group the categorisation of calls by order of importance so that the important matters of customers could be processed faster.

The ongoing replacement of the IT system in the Contact Centre of OTP Bank allows for a faster selection of menu options by customers, while switching customers to a clerk has also accelerated. The first phase was implemented in 2020; full-scale migration will be completed in 2021.

Electronically available products

At OTP Bank, from 2020 applications for the junior account, credit cards and OTPdirekt access can be also submitted in a fully digital form, via Videobanking. Online applications for loans with real estate collateral have also become available; thus, if our customer prefers the convenience of this solution, the branch needs to be visited only once – when signing the loan contract.

For new customers, DSK Bank made account opening as well as card, online banking and mobile banking applications fully digitalised in 2020. Cards are delivered by a courier service.

This option has also become available for new cards or replacement cards; in the first four months of 2020, we delivered around 58 thousand bank cards via courier services mainly to former Expressbank customers.

Our Serbian subsidiary introduced mCash: fully online, app-based applications for personal loans.

Starting from 2020, the Lezero bank account of our Romanian subsidiary can be requested online.

In developing the newly introduced Unique personal loan at our Albanian subsidiary, it was a key goal to simplify and accelerate processes, which also includes the fully electronic receipt of documents.

ZeroFriday

Our Romanian subsidiary announced the ZeroFriday campaign as a replica of Black Friday. All customers who registered on the dedicated website and met the conditions of the campaign received free current account management, internet bank access, a deposit card and an unlimited number of credit transfers through the internet bank; in addition, they had an option to apply for a POS terminal with preferential transaction fees.

Robots

The first robotised solution of OTP Bank – supporting the Baby Loan product – started live operations in January 2020. In the spring, we built a robot in the span of a few weeks for processing applications for the repayment moratorium.

The digital assistance processed 24 thousand statements during a single weekend, and by the end of 2020 our robots processed more than 260 thousand items. At the end of 2020, performing lending-related administrative tasks, 16 robots provided a helping hand primarily to the Back-Office Directorate.

At our Romanian subsidiary a robot performs tasks related to the rescheduling of loan instalments. More than 50% of the applications received was processed by the robot. In addition, querying SME data from the Central Credit Information System was rendered fully automated by a robot.

Our Croatian, Slovenian, Ukrainian, Bulgarian and Montenegrin subsidiaries envisage the application of the software robotisation technology in relation to several processes.

BG

BG

BG

BG

HR
ST
UA
BG

16 robots working at the end of 2020 at OTP Bank

141% increase in the number of mobile banking transactions at the Bulgarian DSK Bank
OTP LAB

Besides the software robotisation competence centre, our internal innovation centre facilitated the expansion of the culture of innovation and the practical application of innovative solutions in numerous areas. As a significant step forward, the foreign members of OTP Group also joined the most important programmes of OTP LAB in 2020.

13 mature-phase businesses were invited to participate in the 2019/2020 OTP Startup Partner Programme to implement pilot projects in conjunction with Hungarian and foreign members of the Banking Group, each supported by a dedicated domain. The startups were selected from 370 candidates from a total of 56 countries.

Representatives of the selected businesses participated in one-on-one mentoring and workshops during the 3-month-long pilot period before the programme was concluded with an Online Demo Day allowing the teams to gain significant international recognition. The presentation of the results was followed by more than 1,100 viewers, including a 10-member expert group composed of members of the senior management of the Banking Group and partner corporations.

As early as 2020, long-term cooperation began with four businesses of the selected 13 – in two cases under the auspices of foreign subsidiaries.

The 2020/2021 programme was launched with the full participation of our foreign subsidiaries; thus we were seeking startup partners for 100 group-wide innovation requests. We had a record number of candidates: 469 applications arrived from 51 countries.

In addition to group-level programmes, OTP banka Srbija a.d.Beograd also supports local startups. In 2020 it supported two digital projects in the Gamechanger competition that are designed to assist in overcoming the consequences of the coronavirus crisis by offering new opportunities for small and medium-sized enterprises.

1,329 startups registered for the TP Startup Partner Programme by the end of 2020

OTP LAB organised four meetups in 2020 for the Fintech Meetup@Budapest group for an audience of 2,000. The events addressed such current topics as the role of BigTech firms in finances, the robotisation of banking processes or FinTech for Good, which relies on the tools of technology to achieve sustainability goals. Lecturers at the latter event presented numerous trends and motivations that underpin the importance of social responsibility and value (purpose)-driven operations. They also offered guidelines on how to assess the contribution of fintech solutions to the public good, and listed the factors that play a role in an organisation’s commitment to ESG values.

OTP LAB continued its innovation knowledge sharing practices; the educational webinars and bi-weekly newsletters are now available in English for all subsidiaries.

Details on the idea competitions conducted on the Idea Portal are presented in Section 11 (Idea Portal) and Section 6.4.

In-branch services

In 2020 the number of customers served in branches was significantly reduced by the pandemic, but we implemented or commenced preparations for numerous future-oriented developments.

While we find it a positive development that a great deal of cash transactions have moved to the digital space, we are convinced – and experience confirms – that branches will continue to play a role when it comes to complex financial decisions that necessitate the professional expertise, advice and support of our branch employees.

Our branch network was determined by two key trends in 2020. Firstly, we introduced a new branch image. Secondly, we streamlined the network in countries where, as a result of recent acquisitions, the branches were located too close to each other.

OTP Group awaits its customers in 1,500 branches in 11 countries of the region. We have the largest branch and ATM network in Hungary, Bulgaria and Montenegro, and the availability of branches is outstanding in Serbia and Moldova as well. Due to our acquisitions, our streamlining efforts in Bulgaria, Serbia and Montenegro resulted in the closure of a significant number of branches.
New branch image

2020 The most important branch development in 2020 was the commencement of a full overhaul of the image and functionality of branches. The ‘Branch of the Future’ concept responds to changing customer needs as digitalisation is gaining ground:

– it is an important criterion to create more private spaces for our consulting services, a comfortable and informal atmosphere with an attention to soundproofing and relaxing colours; cash payment is limited to fewer service counters;

– we encourage self-service banking in the branches by increasing the space of self-service zones equipped with ATMs and self-service terminals;

– we display tablets and phones in waiting lounges for the purposes of digital education – customers are assisted by our hosts/hostesses on the customer floor in using the devices;

– spaces in the background are carefully designed to create a pleasing and inspiring space for our colleagues.

In 2020 we opened four branches with the new image, in addition to downtown Budapest also in the metropolitan area and larger towns across the country. The experience of the four branches were used to fine-tune the concept. We also involved our foreign subsidiaries in the introduction of the new concept, and commenced the transformation of one branch each in Romania and Croatia.

The reception of the revamped branches was extremely favourable both among customers and among our staff in the branches. Customers and staff members both appreciate the increased privacy, the possibility of separation both from waiting customers and from the adjacent counters at closed and open consulting desks alike. Customers are also pleased to use the displayed educational devices.

In the next two years we envisage to rejuvenate an additional 60 branches based on the new image.

We opened yet another two cashless branches in 2020 in two towns in the countryside, whereby the number of cashless branches rose to six in Hungary. The first cashless branch of our Romanian subsidiary opened in the capital city. In Ukraine we have been operating such a branch since 2019.

Cashless branches

Parallel to the new branch image, we increase the number of cashless branches. Since consulting functions will naturally become predominant with the lack of cash, these branches will match the new concept very well. Cash-related transactions in these branches will be performed on smart ATMs.

Arts banking

Our Russian subsidiary opened a branch with a special concept in Moscow for private banking customers. The branch was a response to customers’ intensified interest in contemporary arts. The branch recommends investment opportunities in contemporary and authentic works of art. In addition, the branch enables customers to gain a deeper insight into the arts market and trends by organising arts events, consultations with art gallery managers, art historians and leading market experts and introductions of artists.

Booking appointments

The extension of the option of booking appointments was a major project in 2020 for customer service in OTP Bank. The pandemic situation underpinned our previously identified goal of increasing the percentage of customer visits by appointment, which makes banking a more predictable process both for our customers and for our staff. We increased the number of time slots open for appointments, simplified the process of making an appointment, and made this service available via various communication channels. We launched an external and internal communication campaign focused on the appointment service, and supported our staff by training. In OTP Bank, the number of appointments grew by 50% to 485 thousand in 2020 year-on-year; 8% of non-cash customer consultations was carried out by appointment. It is possible to make an appointment at most members16 of the Banking Group; similar to the experiences of the parent bank, the use of appointments increased in 2020.

Waiting times

Because of the pandemic, waiting times are hard to compare to the previous period. At OTP Bank, 79.6% of the customers were called to the counter within 10 minutes, which is practically the same as in the previous year.

As regards our foreign subsidiaries, due to the significant drop in customer traffic, waiting times sharply declined. Waiting times worsened only at one of our Serbian subsidiaries – OTP Banka Srbija a.d. Beograd –, where the percentage of customers waiting for more than 25 minutes

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16 We suspended the service in Russia because of the low utilisation rate, while the service is unavailable in Romania and the Serbian Vojvodjanska banka a.d.
remained above 10% for a longer period of time. Given that the queue management systems were only partially operational (to avoid touch-screen contact) and that due to the restrictions in place in the branches, our customers were unfortunately forced to wait outside in the street in many cases. Precise data in this regard is unavailable.

In 2020, the queue management system was introduced also at the Serbian Vojvodjanska bank a.d. and at our Romanian subsidiary – this should guarantee more convenient and efficient service and more precise measurements in the future.

In a pilot system, in three branches of the Romanian subsidiary customers are greeted by hosts/hostesses in line with the already operational practice at the parent bank. By providing basic information to customers and teaching the use of digital channels, hosts/hostesses facilitate smoother administrative processes.

Convenience features
We try to make the time spent in the branch more comfortable or useful even during the waiting time and the administrative processing17.

Free WiFi18 has been available for a while at several members of the Banking Group, and in 2020 it was installed in 79 branches – around 65% of the branches – at our Croatian subsidiary. Wherever technically feasible, we installed water fountains in our larger branches in Hungary.

Water fountains are available in all branches of the Moldavian subsidiary, 90% of the Ukrainian and Romanian branches and also in some branches of the Serbian subsidiaries.

Phone chargers are available to customers at all of our consulting desk and in the ‘Digital Ambassador’ branch of the Ukrainian subsidiary.

Remote expert customer service system
In 2020, we launched our renewed remote expert customer service at OTP Bank. The objective of the system is to enable the population in small regions across the country to receive high-quality advice from our professional and highly-experienced employees. In a dedicated meeting room, customers are served by a call centre employee via video link. The essence of the change introduced in 2020 is that remote experts undertake more tasks and roles in relation to loans with 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. At the end of 2020 the system was available in four regions; the fifth region is expected to be connected in 2021. Remote experts approved around 800 transactions during the year; our goal for 2021 is a significant increase in this number. Another goal for the future is to receive video calls that were initiated by the customer directly from the website.

Deposit ATM

In addition to strengthening the advisory function of branches, we increase the options allowing for convenient and simple transaction execution; thus we increased the number of deposit ATMs within the OTP Group.

The number of these ATMs rose somewhat to 256 in Hungary, 182 in Russia, 120 in DSK Bank; 105 in Ukraine, 94 in Romania, 29 in Croatia and 28 in Moldova. In Serbia, the number of smart ATMs grew to 6 and 30 deposit ATMs are available specifically for small and medium-sized enterprises (SMEs). In Slovenia cash deposits were accepted at 44 ATMs, some of which are not automated. In Montenegro the number of deposit ATMs remained unchanged at 6. In Hungary, we are planning a significant increase in the number of smart ATMs in 2021, and expect to introduce them in Albania\(^9\).
### OTP Group / Our approach to Sustainability

#### III. Main areas of focus

1. Addressing the pandemic
2. Focus on customers
3. Improving financial literacy
4. Expert financial services
5. Ethical business behaviour and security
6. Responsible employer
7. Environmental protection
8. Citizenship

#### I. Our approach to Sustainability

#### II. Responsible Corporate Governance

Access points in disadvantaged regions20

<table>
<thead>
<tr>
<th>Country</th>
<th>Branch</th>
<th>ATM</th>
</tr>
</thead>
<tbody>
<tr>
<td>OTP Bank – Hungary21</td>
<td>69 (19%)</td>
<td>184 (10%)</td>
</tr>
<tr>
<td>Number of access points (% – as a percentage of the total)</td>
<td>0 (1%)</td>
<td>3 (11%)</td>
</tr>
<tr>
<td>Number of new access points (as a % of all new ones)</td>
<td>2 (25%)</td>
<td>18 (10%)</td>
</tr>
<tr>
<td>Number of terminated access points (as a % of total terminated)</td>
<td>-3%</td>
<td>0%23</td>
</tr>
<tr>
<td>Change from the previous year %</td>
<td>-6%</td>
<td>-6%</td>
</tr>
<tr>
<td>DSK Bank – Bulgaria</td>
<td>n/a – there are no disadvantaged regions defined</td>
<td></td>
</tr>
<tr>
<td>OTP Bank – Montenegro</td>
<td>0 (0%)</td>
<td>3 (3%)</td>
</tr>
<tr>
<td>Number of access points (% – as a percentage of the total)</td>
<td>0 (-)</td>
<td>0 (-)</td>
</tr>
<tr>
<td>Number of new access points (as a % of all new ones)</td>
<td>1 (-)</td>
<td>0 (-)</td>
</tr>
<tr>
<td>Number of terminated access points (as a % of total terminated)</td>
<td>-100%</td>
<td>-40%</td>
</tr>
<tr>
<td>Change from the previous year %</td>
<td>-6%</td>
<td>-6%</td>
</tr>
<tr>
<td>OTP Bank – Slovenia</td>
<td>15 (29%)</td>
<td>16 (20%)</td>
</tr>
<tr>
<td>Number of access points (% – as a percentage of the total)</td>
<td>0 (-)</td>
<td>0 (-)</td>
</tr>
<tr>
<td>Number of new access points (as a % of all new ones)</td>
<td>1 (50%)</td>
<td>1 (100%)</td>
</tr>
<tr>
<td>Number of terminated access points (as a % of total terminated)</td>
<td>-6%</td>
<td>-6%</td>
</tr>
<tr>
<td>Change from the previous year %</td>
<td>-13%</td>
<td>+2%</td>
</tr>
<tr>
<td>OTP Bank – Romania24</td>
<td>42 (44%)</td>
<td>42 (28%)</td>
</tr>
<tr>
<td>Number of access points (% – as a percentage of the total)</td>
<td>0 (1%)</td>
<td>0 (1%)</td>
</tr>
<tr>
<td>Number of new access points (as a % of all new ones)</td>
<td>0 (1%)</td>
<td>0 (1%)</td>
</tr>
<tr>
<td>Number of terminated access points (as a % of total terminated)</td>
<td>0 (1%)</td>
<td>0 (1%)</td>
</tr>
<tr>
<td>Change from the previous year %</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>OTP Bank – Croatia</td>
<td>1 (7%)</td>
<td>51 (10%)</td>
</tr>
<tr>
<td>Number of access points (% – as a percentage of the total)</td>
<td>0 (1%)</td>
<td>0 (1%)</td>
</tr>
<tr>
<td>Number of new access points (as a % of all new ones)</td>
<td>0 (1%)</td>
<td>0 (1%)</td>
</tr>
<tr>
<td>Number of terminated access points (as a % of total terminated)</td>
<td>1 (2%)</td>
<td>1 (2%)</td>
</tr>
<tr>
<td>Change from the previous year %</td>
<td>-13%</td>
<td>-2%</td>
</tr>
<tr>
<td>OTP Bank – Serbia</td>
<td>49 (23%)</td>
<td>54 (17%)</td>
</tr>
<tr>
<td>Number of access points (% – as a percentage of the total)</td>
<td>0 (1%)</td>
<td>0 (1%)</td>
</tr>
<tr>
<td>Number of new access points (as a % of all new ones)</td>
<td>0 (1%)</td>
<td>0 (1%)</td>
</tr>
<tr>
<td>Number of terminated access points (as a % of total terminated)</td>
<td>1 (2%)</td>
<td>1 (2%)</td>
</tr>
<tr>
<td>Change from the previous year %</td>
<td>n/a25</td>
<td>n/a</td>
</tr>
</tbody>
</table>

20 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.

21 OTP Bank Albania, SKB Banka and Mobiasbanca have not been able to provide data for 2019 yet.

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

23 None, not applicable.

24 The number of ATMs located in disadvantaged regions was also 184 in 2019.

25 Data comparability with 2019 is not possible due to the acquisition.
III. Main areas of focus

1. Addressing the pandemic
2. Focus on customers
3. Improving financial literacy
4. Expert financial services
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8. Citizenship

I. Our approach to Sustainability

II. Responsible Corporate Governance

OTP Group

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).

2.2. Accessible customer service

In line with our objective formulated in our accessibility strategy, we seek to provide equal access for persons living with disability through services adapted to their special needs.

In 2020, we served customers primarily relying on our previously introduced and applied accessible assets.

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

- Physical accessibility is provided in all branches in Hungary, with one exception. Similarly, only one branch in Romania and Slovenia each is not wheelchair 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, 74% of the branches are accessible to customers with reduced mobility.

- The OTP Bank website supports one-handed use.

To help blind and visually impaired customers:

- Tactile guide strips are available in 132 OTP Bank’s branches, while 93% of our Russian branches have a tactile sign at the entrance.

- Almost all of our ATMs feature Braille script at Group level. OTP Bank has 765 ATMs (40%) that are already equipped with text-to-speech software; devices automatically switch to speech mode when someone plugs in their earphones. 30% of Mobiabanca ATMs provide audio support in Moldavia.

- Text-to-speech software supports the use of OTP Bank’s website content, and accessibility to digital platforms is provided at most subsidiaries as well.

To help our hard of hearing customers:

- KONTAKT Interpreter Services can be used by customers in 167 branches nationwide; this is a service allowing a sign language interpreter to assist with administrative tasks in the branch through live video chat. Recourse to the service dropped somewhat due to the pandemic situation, with 669 customers using this option.

- 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.

- 50 staff members understand sign language at the Serbian Vojvodjanska Bank.

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

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.

99% of OTP Bank branches and 74% of branches across the Group are physically accessible.
2.3. Responsible marketing communication, clear and objective information

GRI 102-12

OTP Bank joined the initiative of the Advertising Self-Regulatory Board and, as part of advertising self-regulation, pledged to contribute to positive cultural changes through the power of marketing communication and through the responsible presentation of human diversity in ads, and to act transparently in the implementation – and measuring the achievement – of these goals.

GRI 417 DMA

OTP Group is committed to responsible and fair marketing communication. A key criterion for designing a standardised image for our advertising is to ensure the clear visibility and plain, understandable language of the information important to our customers. As regards our written communications to customers, we strive to be informative with comprehensive, yet easy-to-understand and concise information. At Group level, in 2020 we continued to extend our practices aimed at easy-to-understand communication.

In order to ensure adequate information provision, from the design of services to their introduction, we continuously control our compliance with consumer protection and other legal criteria.

Embracing human dignity and diversity in ads

OTP Bank reviewed its online and offline messages and marketing materials to make sure that they are even more concise and transparent in relation to pricing and terms of use.

Due to the constraints on personal communication, the Bulgarian subsidiary created several videos and a Frequently Asked Questions list on the merger of the two banks and the terms of use of former Expressbank services, as well as the potentially necessary activation process.

CKB incorporated the requirement of avoiding complicated language into the design process of new products.

Life without Leftovers

We are convinced that it is important to call attention to social and environmental problems; therefore we take a stand on selected issues year after year. In 2020, we supported the ‘Life without Leftovers’ campaign launched by the Media Union Foundation and the Hungarian Food Bank Association for the reduction of food waste. The initiative was supported by online appearances and a communication campaign through the television, radio, press and billboards, concentrating, primarily, on education in relation to the topic. A part of the campaign is the Life without Leftovers website, where viewers can read about food poverty, complete a test geared towards raising awareness about food waste, and find recipes and tips about how to avoid it. Besides financial support, OTP Bank implemented an internal attitude-shaping communication campaign among its employees.
2.4. Responsible selling

It is an important criterion of customer focus to recommend and sell products that fit customers’ life circumstances and true needs, and help achieve their financial goals. The development projects implemented in 2020 are intended to improve the enforcement of our focus on customers.

Product-neutral sales

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.

In 2020 we tested a new solution, the completely product-neutral engagement system in relation to retail products in one of the regions of OTP Bank. In applying the method we defined a single sales indicator which included all products concerned; thus, while recognising sales, we eliminated 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.

The initial experiences of the new solution are favourable, and the SQM Index – a measure of customer experience – exceeded expectations in this region. We are planning to roll out this method nationwide in 2021.

AL: Our Albanian subsidiary modified the bonus system in the branch network to ensure that staff members assign even greater focus on customer interests and satisfaction during the sales process.

HR: The Croatian subsidiary implemented a 4n campaign, which is a continuous reminder for colleagues about the primacy of customer focus. The main messages of the campaign explore how to be Partners, Proactive, Committed and Productive. We stressed the importance of high-quality customer relations on posters, in articles and by handing out useful gifts.

2.5. Improvements to complaint management

We strive to achieve error-free customer service; we investigate and properly address the reported complaints, consult with the domains continuously and improve our practices. We operate our complaints handling system with due care, improving it continuously.

Complaint management follows the same principles across OTP Group. In the case of new subsidiaries, the implementation of the principles is a scheduled process. We prepare a report (typically semi-annually) on complaints and their handling, which is received by the top managers of OTP Group members. In order to prevent complaints, we assign great significance to the continuous training of our employees, keeping their knowledge up-to-date. Across the Group, we strive to investigate complaints faster than prescribed in legislation, and we aim to reduce response times. In 2020, we implemented numerous processes in the parent bank – for example, in connection with the payment account directive (PAD) or instant payments – as a result of which complaints can be resolved immediately.

The practice of complaints-related satisfaction measurement was suspended in 2020 to mitigate the overload of Contact Centre colleagues.

In order to develop the processes and improve customer service, OTP Ingatlanpont published a summary article in its internal magazine on customer notifications.
The Serbian subsidiary drew up a short description of typical complaints for employees in order to facilitate more efficient resolution.

The Romanian subsidiary changed its complaints handling process, as a result of which it can now offer an adequate solution to the conversion of CHF loans (a source of extremely frequent complaints in the past). Moreover, the Bank introduced the circulation of regular reminders to branch employees for the timely registration of complaints. It also enhanced its complaints handling IT system for better classification.

Our Albanian subsidiary improved the efficiency of its complaints handling process in response to previously explored customer requests; the changes resulted in a closed-system process.

The Russian subsidiary achieved a reduction in the number of complaints received by enhancing its business processes.

During the year, OTP Factoring and the Moldavian Mobiasbanca also managed to cut the response time to complaints.

### OTP Bank*

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Complaint Cases Closed</th>
<th>Number of Warranted Complaints</th>
<th>Compensation Awarded (HUF thousand)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>120,988</td>
<td>78,245</td>
<td>171,366</td>
</tr>
<tr>
<td>2017</td>
<td>144,842</td>
<td>97,780</td>
<td>234,620</td>
</tr>
<tr>
<td>2018**</td>
<td>157,190</td>
<td>101,858</td>
<td>58,853</td>
</tr>
<tr>
<td>2019***</td>
<td>189,882</td>
<td>125,242</td>
<td>144,406</td>
</tr>
<tr>
<td>2020</td>
<td>302,166</td>
<td>202,040</td>
<td>84,476</td>
</tr>
</tbody>
</table>

* OTP Bank. OTP Jelzálogbank, OTP Lakástakarékpénztár

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

*** We modified our procedures in 2019 in response to the legislation on instant credit entry. This is the reason for the significant variance between the 2018 and 2019 figures.
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.

<table>
<thead>
<tr>
<th>Customer complaints</th>
<th>OTP Group</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016</td>
</tr>
<tr>
<td>Number of complaint cases closed</td>
<td>n/a</td>
</tr>
<tr>
<td>Number of warranted complaints</td>
<td>n/a</td>
</tr>
<tr>
<td>Compensation paid (HUF million)*</td>
<td>268</td>
</tr>
<tr>
<td>Amount of compensation per warranted complaint (HUF)*</td>
<td>2,200</td>
</tr>
</tbody>
</table>

* 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

The most typical complaints at Group level were related to the repayment moratoriums adopted in response to the coronavirus pandemic and, in the case of the banks involved in the integration, to the merger, products and services. Apart from the above, the following issues triggered the most complaints:

At OTP Bank, several customer inquiries were received in response to the first statement of fees sent out at the beginning of 2020 in relation to the PAD Directive. In addition, there was a significant number of complaints after the introduction of the instant payment system with regard to the service. Complaints about card purchases were also typical and some of them could be attributed to online fraud.

At OTP Banka Srbija a.d.Beograd, typical complaints involved bank card services. Some complaints were related to the operation of the mobile bank and to incorrect SMS messages regarding customer transactions.

The most typical complaints received by our Romanian subsidiary involved bank card use (transactions, balance, 3D security code).

The most frequent complaints addressed to our Slovenian subsidiary involved bank cards (online payment, card quality, refunds), the costs associated with international transactions and the use of the bonuses attached to bank account switches.

The most typical complaints received by our Ukrainian subsidiary were related to problems with bank card payments, dissatisfaction with branch employees, prices and product conditions.

The most typical complaints handled by our Albanian subsidiary called attention to problems about current accounts, debit cards and ATM transactions.
2.6. Measuring customer satisfaction

GRI 102-43, 102-44

At Group level we use the TRI*M methodology for the standardised assessment of customer satisfaction; some of our member companies also use additional measurement methods.

TRI*M

OTP Bank has been using the TRI*M methodology to measure customer satisfaction since 2011. From 2020, all of our foreign subsidiaries apply the same method, except for the Russian subsidiary. During the year, we performed one measurement per country on a representative27 sample of 1,000 persons. TRI*M gauges the overall satisfaction and loyalty of the customers of our own banks and all major competitor banks, along with the main factors for satisfaction. Information is also analysed by customer segment (e.g. career starters, juniors, premium customers).

OTP Bank’s customer retention power stood at 6628 points in 2020, falling short of the level recorded in the previous year.

Our result is still slightly lower than the average of Hungarian competitors (75 points) and the overall satisfaction value of Central-European banks (71 points). In order to understand this result, consideration must be given to the change in methodology (personal inquiry being replaced by sampling online and by telephone) and the impact of the pandemic, which reduced the average satisfaction value of the sector as a whole. OTP Bank’s ATM network and internet bank achieved a high level of customer satisfaction (the former also being one of the key determinants of satisfaction).

OTP Group TRI*M score, 2020

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

The TRI*M score can range between -66 and 134 points.

27
28
III. Main areas of focus

1. Addressing the pandemic
2. Focus on customers
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Overall satisfaction with members of the OTP Group is close to the level of the competition, which typically significantly exceeds the average of Central European banks. The perception of the performance of our Slovenian subsidiary rose sharply (by 19 points); therefore its satisfaction level is far above the average of the competitors. There was also a prominent increase in satisfaction with our Croatian subsidiary; consequently, the Bank approached the sectoral average. Overall satisfaction is significantly higher than the regional average in Bulgaria; satisfaction with DSK Bank was at the same high level in 2020. We compare the performance of our Romanian and Ukrainian subsidiaries to secondary banks as based on their profile, these banks are typically not main banks.

Several subsidiaries use the Net Promoter Score methodology to assess customer satisfaction. The results of our Bulgarian subsidiary have been improving continuously; in 2020 it scored 59, while the Ukrainian subsidiary scored 70, showing a slight increase compared to the previous year.

SQM

OTP Bank measures Service Quality Management (SQM) in retail branches by contacting customers online. Surpassing our target, service quality was 85% in 2020.

Our strategic goals

- Refurbishing 60 branches as per the new image in the next two years in Hungary, to increase their number at the subsidiaries
- Ensuring that 40% of the customers requesting advisory services visit the branch by appointment
- Nation-wide rollout of the product-neutral sales method in Hungary
- Further rollout of the agile operation method at Group level
- Putting Robots into operation in Croatia

29 On a scale of −100 to +100
30 All branches are measured, either on a semi-annual or a quarterly basis. The number of questionnaires depends on the frequency of transactions in the preceding period.
Main areas of focus

3. Improving financial literacy
Platypus: A Finlit Story

“It is the fundamental mission of the OK Centre to convey basic financial-economic knowledge to youth in the most state-of-the-art and innovative form available. Our goal is to transfer lasting knowledge, which is almost impossible to achieve through the traditional, frontal education system in such a critical target group as adolescents. I am convinced that a key to our success is the edutainment31 methodology, on which we continued to rely for this project.

We launched a large-scale project to reach an even broader audience: we developed a mobile app featuring a great deal of financial trivia in conjunction with SuperCharge Kft. and Nuage Kft. Its graphic design, story and pace is adapted to the tastes and expectations of youngsters.

The two heroes of the game must rid the universe of enemies spreading financial destruction.

Players get to know the various areas of finance topic through selected topics. Besides a wide variety of tasks, the game gives a deeper insight into these topics – household finances, enterprise, state, banks, financial awareness – through short videos and dialogues. The player races through a series of challenges, which keeps the learning process fun and entertaining. Usability even in a class setting or larger groups was an important consideration in designing the game. It can be downloaded free of charge.

The popularity of the game exceeded our expectations: by the end of December almost 31 thousand users downloaded the application, and their feedback is definitely positive. The application won two awards at the Website of the Year 2020 competition: the special award ‘Application of the Year’, and the quality award ‘Creative Solution of the Year’. Our third award should also be mentioned, although it was not won by Platypus per se: the educational portal of the Foundation, the Fáy Digital Education Programme also earned a special award.”

Henrik Balázs Gróf, educational director at OTP Fáy András Foundation

Commitment
Ensuring that the population has the knowledge required for informed and responsible money management

Approach
We consider the financial education of young people a priority, and also offer assistance in expanding the knowledge of the adult population.

Activity
– Free, unique financial and money management training in several countries of the region, through the OK Educational and Innovation Centres
– Additional programmes to foster financial literacy
– Videos presenting banking products and context
– Marketing campaigns promoting responsible finances
Improving financial literacy has been the most prominent, most influential corporate social responsibility of OTP Group for years. We have fostered the expansion of the population’s knowledge with numerous tools for a long time as indeed, in all countries in which we operate, financial knowledge and financial awareness need to be improved. It is our belief that financial education is an important prerequisite of the development of our region.

For details on our permanent programmes and practices related to the development of financial literacy, visit our website.

### 2019 Our commitments

- Increasing the impact and recognition of the OK Educational Centre further (ongoing).
- Implementation of the Digital Simulation Programme.
- Adult training at the OK Educational Centre, development of educational content for adults.
- Opening an OK Centre in Moldova.
- Introducing new digital educational methods at the OK Educational Centre in Hungary.
- Introducing training on career guidance and planning at the OK Centre in Romania.

### 2020 Our results

- Among others, we used television campaigns to increase recognition in 2020.
- We finished the development of AR and VR solutions.
- We developed 16 new training materials to support adult training.
- The new Centre opened in December.
- We worked out the Fáy Digital Education Programme
- Because of the coronavirus pandemic, the OK Centre received fewer students, and for this reason, the training was postponed.
Improving financial literacy

OTP Self-provision Index – Self-provision has gained significance but thoughts are not always followed by actions

We are convinced that self-provision is an important part of individual financial welfare. Thus, it is important for us to survey year after year, the population’s attitude and to publish our findings in order to raise awareness. It is a positive result of the 2020 self-provision survey of OTP Bank that, after a negative trend of four years the value of the Index was up 1 point over the previous year, rising to 35 on a scale of 100. The results of the survey were presented by Antal Kovács, Deputy CEO at a press conference.

“The coronavirus pandemic had a considerable impact on propensity to save, although as we can see, not everyone was affected equally. For those who have the means but have not started so far to save regularly on a monthly basis, the uncertainty arising from the pandemic may bring a turnaround in terms of savings attitudes, especially long-term planning”, said Antal Kovács.

The percentage of those who talked about the topic of self-provision with acquaintances rose to 21% from 15% compared to the previous year’s survey. Most respondents continue to have positive thoughts about the topic, but the unpredictable situation and the lack of adequate funds head off the implementation of any plans that they may have in this regard. The percentage of respondents who had at least one of the 16 key savings forms reviewed dropped to an unprecedented level of 40%. It was an important lesson to find that only 8% of those who had no savings reported that they could afford setting aside savings regularly. Only 9% of the respondents were able to start saving more than before, mainly those who were better off financially to begin with.

The survey also underpinned that people have increasingly complex thoughts about self-provision. Today, strengthening family bonds or preserving one’s health definitely play a greater role in planning the future than 9 years ago, but protecting the environment has also gained importance.

The number of people who hold their savings partially or fully in cash increases year after year. While the former group represented 41% in 2018, by 2020 their share was 47%. The percentage of those holding their savings fully in cash rose to 23% in 2020 from 18% in 2018. The most important argument for cash is to have it handy when needed. It is encouraging that savings held in cash are not driven by a lack of confidence in banks; in fact, confidence in banks increases continuously. The most important criteria for the selection of savings products include clarity, transparency, quick access and the ability to contract even with smaller amounts.

The survey definitely confirmed the significant negative impact of the pandemic on the financial situation of the population. While the financial situation of 62% of the respondents did not change, 35% reported a deterioration in their financial status. 17% was concerned that they may lose their jobs in the coming period and their situation would become even worse. Half of the respondents had to resort to their savings to cope with the financial problems; predominantly, they used up their cash reserves.

On a positive note, the percentage of respondents preparing a short-term and longer-term financial plan rose to 49% from 45% within a year.

OTP Bank published for the thirteenth time its OTP Self-Provision Index, which measures the condition and progress of Hungarian society in the field of self-provision. To facilitate comparability, the survey methodology was unchanged: we examined financial (e.g. financial planning, different types of savings held) as well as non-financial components (e.g. approach to environmental protection, preventive health). The survey polled 1,500 persons.

3.1. Improving financial knowledge regarding banking services

We continued our practice to explain financial products and their operation; moreover, we renewed our publicly accessible financial planner. In this section we present tools that are accessible not only by customers but by anyone interested.

GRI 417 DMA
Safer with a card

In response to the coronavirus pandemic, we launched an educational campaign to demonstrate how to pay with a bank card securely from home or make contactless payments in the store.

Knowledge bank: our video series was available in 2020 as well. The 38 animation episodes covered the topics of loans, credit cards, housing loans, savings and banking relations, touching upon a number of issues that cause a great deal of headache in our day-to-day lives, such as how to give a tip at the POS terminal. We
presented the key features of a particular topic in 2 or 3 minutes through practical examples and pieces of advice. 29 videos are available to anyone, while 9 videos were meant specifically to our customers. In 2020 our short videos were viewed 56 thousand times; the most popular clips were the ones explaining the operation of credit cards and the online application for personal loans. We are planning to renew the videos in 2021.

Support for a series of articles

We created our 3-part video series in conjunction with the wmn.huportal, in which Győző Nyitrai, director of the Retail Savings and Investment Management Directorate talked with a few well-known representatives of the X, Y and Z generations about their attitude to finances. Through the videos, more than 40 thousand readers encountered with our educational contents calling attention to the importance of savings.

OTP Alapkezelő sponsored the publication of an educational series of articles on investment funds on the bankmonitor.hu portal.

Financial planner

The Financial Planner is available on the website of OTP Bank. After entering a few basic data and their financial goals, the tool outlines users’ financial situation across their entire lifecycle, broken down by time horizon segments. Navigation similar to that found on tablets and smartphones also allows for the calculation of alternatives. Users receive recommendations on a savings portfolio that matches their goals; the advantages of the recommended portfolio are displayed in an easy-to-understand format. Non-customers can access the simplified version, whereas our customers receive more detailed plans and, once they sign on the internet bank, personalised product offers as well. In addition, when they visit the branch, branch employees are able to support their planning even more efficiently.

There’s no place like home

Our Croatian subsidiary started a website called www.evomedoma.hr. Essentially, the website is an online guide to real estate purchase, renovations or loans, providing future owners with a collection of useful information on a single platform.

Virtual financial advisor for students

The Croatian subsidiary also entered into cooperation with the studentski.hr portal. The Bank’s advisor replies to the financial questions sent by students through the portal. Among others, the questions are related to the student loan, bank cards, mobile banking and scholarships. In 2020 we replied to 200 questions, while the portal was visited on more than 50 thousand occasions. The Bank’s Finance for 5 sub-page also remained available. This site provides information on financial issues to pupils, students and pensioners, aligned with their life circumstances.

Serbian Vojvodjanska banka a.d. launched a sub-page on its website entitled ‘Financial classroom’. Readers are given an opportunity to improve their knowledge on banking products and financial correlations.

The Subsidiary organised a complimentary online workshop on digital banking in cooperation with the Forum for Responsible Business. The workshop was intended to increase general knowledge on e-banking and to call attention to the safety of this method during the coronavirus pandemic. The event was open to everyone but the focus was specifically on the elderly and vulnerable social segments.

On the website of our Ukrainian subsidiary a dedicated sub-page is devoted to financial knowledge and awareness.
I. Our approach to Sustainability

II. Responsible Corporate Governance

III. Main areas of focus

1. Addressing the pandemic
2. Focus on customers
3. Improving financial literacy
4. Expert financial services
5. Ethical business behaviour and security
6. Responsible employer
7. Environmental protection
8. Citizenship

3.2. OTP Fáy András Foundation

GRI 417 DMA

The OTP Fáy András Foundation plays a key role in our efforts to improve financial literacy; the Foundation exerts a notable impact on both the national and the international levels.

In addition to training courses and programmes for students, our Foundation nurtures direct relationships with educational institutions, educators and other organisations in order to make sure that the latest financial knowledge reaches as many people as possible.

The Foundation operates the OK Educational and Innovation Centre, which offers complimentary courses at two locations in Hungary (Budapest and Nyíregyháza), through its sister foundations in Romania and, since end-2020, in Moldova as well. Concerning finance and economics subjects and career choices, these courses are offered to secondary and primary school pupils. The courses are unique due to their methodology of educational entertainment, important components of which are a carefully devised curriculum and teaching methodology, an inspirational environment in the training rooms and the use of the latest technologies.

As almost all activities in 2020, the work of the Foundation was greatly determined by Covid-19. Instead of classroom training, the focus shifted to digital education programmes; consequently, the preparation of digital materials became an important task.

Fáy digital education programme

One of the objectives of the developments was to satisfy public education and vocational training needs, while the other objective was to put in place the digital dimension of adult training.

Our digital programme includes a 3+1 solution:

- Stream lectures: live lectures at pre-specified times irrespective of grades, with a consultation opportunity provided to the attendees. The lectures can be viewed in groups in a classroom setting.

- Online videos: knowledge transfer takes place via pre-recorded media without live tutor participation, aligned with the requirements of the National Curriculum. The videos can be shared in the classroom or used individually.

- E-learning materials (a total of 46): a digital programme coloured by presentations, knowledge testing, video and interactive contents. It can be performed and paced individually.

- Platypus: A Finlit Story game application: A mobile application targeting the 12–19 age group. Teachers and/or students can select their own training courses. For ease of use, training materials can be also accessed from mobile devices.

As part of the digital programme, we completed our development project implemented jointly with external experts. Thanks to the development, augmented reality (AR) and virtual reality (VR) solutions were added to the available training options.
Improving financial literacy

III. Main areas of focus

1. Addressing the pandemic
2. Focus on customers
3. Improving financial literacy
4. Expert financial services
5. Ethical business behaviour and security
6. Responsible employer
7. Environmental protection
8. Citizenship

Age-specific digital curriculum packages

Adult training

After a wide-ranging professional and social consultation process, we created 16 new training materials on finance, economy and financial management for the adult training programme. The development primarily implied rejuvenated content, training environment and technology.

Outdoor trainings

In our experience, in the first wave of the coronavirus pandemic in smaller schools the teaching shifted – for safety reasons – to more spacious, outdoor areas of the school instead from the traditional classroom setting. We responded in kind, organising 2-hour-long outdoor finance/economy training sessions. We prepared three programmes for primary schools and one for the secondary school age-group. We tested the programmes in the autumn and they are expected to become broadly available after the end of the pandemic.

After a continuous development of two years, we finalised our educational product entitled ‘Ninja Box – Financial Awareness in the Legendary World of the Far East’. Among others, the product is aimed at physically restless, hyperactive children.

Raising awareness

Due to the coronavirus pandemic, our awareness raising programme in South-Eastern Hungary could be implemented only in part. More than 50 primary schools participated on 16 occasions in school events fostering financial awareness. In addition, a Family Day was arranged in six towns where more than a thousand visitors familiarised themselves with the activity of the OTP Fáy András Foundation and learnt about the importance of financial literacy development. 53 attitude-shaping television episodes were created on the programme, broadcasted on the local channels of the six towns on around 500 occasions.

In the framework of the national programme, our short films on the topics of Self-Provision, Digital Banking Solutions from Household Log Books to Online Banking, and The Aware Consumer were shown on 800 occasions on several, national commercial television channels. We displayed the videos on online platforms as well.

Finlit tales

With the assistance of our EU grant awarded in 2020, we created folkloire tales related to financial literacy in conjunction with the Slovakian Constantine Philosopher University (Nitra); the tales are aimed at Hungarian and Slovakian primary schools. We worked out the programme in 2020, and it will become available at schools from 2021.

In 2020, the successful programmes of the Foundation continued, including in-service teacher training with the Eötvös Loránd University Faculty of Education and Psychology, the OK Teachers’ Club – which was arranged online –; the Model School Programme and Experience Week.

Hungarian OK Centre

Since their opening, the Budapest and Nyíregyháza institutions of the OK Educational and Innovation Centre have received thousands of students every year; in 2020, however, there was a downturn not only due to the coronavirus pandemic but also due to the renovation of the Budapest location during the year. After the delivery of the building, programmes can be arranged with a larger capacity and an even more modern infrastructure that can cater to the needs of teachers and students more efficiently and at a higher level of quality. We updated our existing training modules during the year, and also created new modules.

In 2020, besides the Nyíregyháza OK Educational Centre, classroom trainings were held at temporary location with the attendance of 2,212 students in total.

GRI 413 DMA, 203-2

Results in figures – 2020

- personal training for 2,200 students in Hungary
- 2,000 students trained via digital educational programmes
- 30,700 downloads of the Platypus: A Finlit Story application
- 12 tutors
- 1,300 persons (900 children and 400 adults) trained in Romania
- 9 tutors
- 500 persons trained in Moldova
- 4 tutors
III. Main areas of focus

1. Addressing the pandemic  
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6. Responsible employer  
7. Environmental protection  
8. Citizenship

3.3. Additional programmes aimed at improving financial literacy

GRI 417 DMA

In addition to our own foundations, members of the Banking Group advance the cause of financial education as active participants in local initiatives and through their own additional programmes. Because of COVID-19, the number of programmes implemented in 2020 decreased.

OK educational centre in Romania

The activity of the Romanian OK Educational Centre was also determined by the pandemic. It provided training to 937 students of 11 schools during the year; in addition, it continued its Financial Fitness training series aimed at (young) adults. The training was attended by almost 400 persons from 4 towns. Owing to the limitations on in-person training, the content of the training courses was adjusted to online requirements. The Centre established a strategic partnership with the Romanian Free Education Association (FSLI), in order to disseminate the educational materials of the Centre to the 180 thousand teachers comprising the Association’s membership. The first training materials transferred were focused on digital competencies and emotional intelligence.

Moldavian OK educational centre

The Centre opened in December. Its training concept is based on the methodology and training materials of the Hungarian Centre. The Centre made available the BankIng and MoneytainmentBox educational games used in Hungary, as well as the Romanian Financial Fitness training series. The Centre engages two tutors each for adult and children training.

In 2020, more than 500 students and adults participated in 50 online training occasions. The adult training sessions were attended by the employees of our Moldavian subsidiary, Mobiasbanca. In order to increase participation in adult training, our Foundation operating the Centre signed five cooperation and partnership agreements with health and sports institutions and privately owned companies.

Keep it in the Family!

OTP Bank implemented an online video campaign to call attention to the importance of conscious money management and being role models as parents and as a family.

In our videos, prompted by directed questions, two parent-children pairs talk about money and their attitudes to money, attempting to achieve interesting or even shocking reactions.

The goal of the Instagram Story ad and the short, unblockable YouTube video is to raise awareness and to stimulate interest in watching the longer video. The message of the campaign aptly reflects our conviction: “Money management can be learnt”. The awareness raising videos were viewed more than 1.2 million times, while the longer video was watched almost 430 thousand times; these results are consistent with our preliminary targets.

European money week

Linked to the Global Money Week and European Money Week initiatives, several programmes are implemented in several countries of the region; members of OTP Group join local initiatives at numerous locations.

In Hungary, the programme is entitled Money Week, and in 2020 it was arranged in similar style as in previous years. The focus of the programme was the topic called ‘From Idea to Enterprise’, which sparked a heretofore unprecedented amount of interest. 12 thousand classes were attended by 217 thousand students in more than 1,200 schools. A total of 900 volunteers participated in the programme, including 163 employees from OTP Bank and OTP Jelzálogbank. Our volunteers led unconventional, entertaining classroom sessions following predefined exercises and frameworks but also adding their own experiences.

OTP banka Srbija a.d. Beograd also joined the Money Week initiative in 2020. The programmes offered workshops, roundtable discussions and classes to students and other participants.

Vojvodjanska banka a.d. scheduled the opening of its dedicated sub-page, the Financial Classroom, to coincide with its joining the initiative.

32 OTP Bank and the OTP Fáy András Foundation also took part in compiling the learning materials.
OTPedia

In 2020, as well, OTP Bank published numerous current affairs articles and interesting pieces in an easy-to-read format on the www.otpedia.hu website on topics like money, money management, banknotes, the financial system and history trivia.

National financial Olympiad

Once again in 2020, DSK Bank organised its own financial education competition. Children and their parents competed in pairs, where the main prize was a scholarship for the equivalent of HUF 50,000 for the next school year Finansiada. This year, the event was geared towards a younger generation, and promoted the programme with the involvement of their favourite influencers/ambassadors.

National Geographic Children's Jamboree 2020

For the fifth consecutive year, DSK Bank was general sponsor of the National Geographic Children's Jamboree. The programme in 2020 was dedicated to career choice. The organisers awaited visitors of the event with countless educational games and fun entertainment in seven towns of Bulgaria.

Our Bulgarian subsidiary has supported specialist financial and insurance education for many years via the Atanas Burov Foundation and the Prof. Dr. Veselav Gavriiisky Foundation, contributing to sponsoring scholarships and implementing summer schools and competitions that offer financial prizes.

Learn. Give a sense of meaning to money!

Our Moldavian subsidiary joined the initiative of the National Bank and the National Committee on Financial Markets. During the campaign information and infographics were shared on such financial topics as inflation, the operation of the financial system, annual interest or loan categories.

The subsidiary is planning to implement a 6-month programme in conjunction with the European Business Association. Entitled 'GDPR and AML Basics', the programme is aimed at university students and educators. The Bank offers up a scholarship in the framework of the cooperation.

Our Russian subsidiary supported the financial education programme of SOS Children's Villages with a financial donation, and it is planning to develop a programme aimed at the improvement of financial literacy among orphaned children.

**Learn. Give a sense of meaning to money!**

430,000 views for our Keep it in the Family! awareness raising campaign

163 volunteering employees giving Money Week lectures in Hungary

245,000 persons reached by the financial literacy programme of DSK

805,000 persons reached by our financial education programmes at Group level

Our strategic goals

- Renewing Knowledge Bank videos
- Implementing the FinLit Tales programme in Slovakia
- Developing a programme on financial basics for orphaned children in Russia
- Implementing customer-focused financial education in Serbia
Main areas of focus

4. Expert financial services committed to sustainability
Sustainability opportunities and risks at OTP Bank

“More and more investors are getting attracted by products related to sustainable development and the use of green, renewable energy sources, and we can see that a growing number of them demand that their investments adhere to social and environmental requirements and avoid investments which deteriorate the environment. It can be partly attributed to this trend that the net asset value of our OTP Climate Change Fund has exceeded HUF 15 billion by now. It was around the second half of 2019 that investors of the Bank started to ask questions about how we addressed environmental and social risks and what role we assumed in green investments.

For many actors, this is a period for collecting information and seeking directions. Interest is perceivable both on the retail and on corporate sides; it is a hot topic and people would like to find out more. Perhaps it is even more important that on the corporate side; economic actors apparently want to understand how they are affected by the possibility of green finance. The Green Program Directorate is a relatively new area at OTP Bank. We participate in numerous discussions with our customers at a point when they already have an idea; they just try to find the right solution. Large corporate or SME clients often request information about the forms of assistance available.

Many participants have lots of expectations of the banks and when it comes to sustainability, so do regulators, customers, investors and the supervising authority as well. At the same time, many questions relevant to sustainability have no clear answers as yet. There are many open questions, and we keep working on trying to find straightforward answers in certain areas, such as renewable energy production.

The recast of risk management is an extremely exciting topic. Risks associated with sustainability and the climate should be incorporated into our risk management framework and our lending process in a similar format as traditional financial risks. The important difference between the two is that the management of quantified financial risks looks back to a tradition of 150 years, whereas the quantification – or indeed, the mere assessment – of climate risks barely has 15 months of experience.

We believe that banks need to work together with sectors that are deeply and directly affected by the impacts of climate change. Our goal is not to deny them our assistance but to help finance their transition toward more sustainable business management. Obviously, if the activity of an economic agent carries high risks – whether in terms of direct climate risk or regulatory risk –, we need to proceed with extreme caution but at the same time, we must offer to them some financing options, products or recommendations that will help them transition to more sustainable production. We need to draw the line somewhere, and thus there are certain activities that we must refuse to finance and, from the second half of 2021, the list of activities that cannot be tolerated from a sustainability standpoint, will increase. We can only hope that this will be a very small portion of the economy.”

Gergely Pókos,
Head of the Green Programme Directorate of OTP Bank
I. Our approach to Sustainability

OTP Group aims to serve the financial needs of all customer segments acting in compliance with the principles of ethical and fair product development at all times. Our products help achieve financial welfare and a healthy financial status. We offer products with preferential terms and/or adapted to the special needs of different social groups (including the youth and pensioners) as well as corporate segments. We promote environmental sustainability primarily by actively participating in government schemes and financing renewable energy projects.

Please visit our website to read more about our existing products.

2019 Our commitments

- Providing energy and SME development finance opportunities under cooperation agreements.

2020 Our results

- Market share in excess of 20% in agricultural lending in Hungary (2020).
- Developing preferential loans and conditions for smaller municipalities, residential building renovations and the pre- and co-financing of EU funds; targeted financing for agricultural customers (OTP Banka Slovensko).
- Improving the provision of personal services in the micro- and small business segments at the parent bank.
- Implementing the medium-term agricultural strategy, including the development of green financing solutions and services.
- Boosting agricultural financing further at the subsidiaries.

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4.1. Households and residential communities

The products of our Banking Group contribute in countless ways to the achievement of individual financial stability and welfare and the implementation of fundamental needs.

Young people

OTP Group pays special attention to young people even through its products. Besides several services (e.g. OTP Junior Next application), we also support their responsible money management and financial decisions by offering financial products geared towards specific age groups.

At Group level, 11% of our customers are below 26, and they are offered preferential schemes in 9 countries in which we operate. The selection of products varies from country to country. It includes account packages, savings for children, overdraft facilities, bank cards and student loans. At the end of 2020, almost 1 million customers took recourse to Special products at the members of OTP Group.

In the course of 2020, DSK Bank enabled young customers to open a supplementary account for bank accounts to which credit transfers are made. The supplementary accounts are used mainly by students with scholarships.

The elderly, pensioners

In many countries, pensioner customers account for 10% or more of the total clientele. Therefore, in Bulgaria, Serbia, Croatia, Montenegro and Albania special products are offered to pensioners and elderly customers.

Bank account for low-income customers

Our banks operating in EU Member States offer the EU basic payment account for low-income retail customers; in addition, we offer minimum packages for customers who need a limited range of services.

Baby loan

While the pandemic triggered a sharp decline in demand for consumer credit, the subsidised loan offered in Hungary to families planning to have / expecting children continued to be very popular in 2020. The outstanding debt on the maximum HUF 10 million interest-free loan will convert into a non-repayable subsidy if minimum three children are borne during the term. At 40%, the market share of OTP Bank continued to be outstanding in the case of this product in 2020.

42% market share for Baby Loans

Access to real estate, modernisation

GRI 203-2

Members of the Banking Group play an important role in the housing goals of the population primarily through mortgage loans. In addition to our own products, we serve our customers by taking an active part in state-subsidised schemes. We provide predictable loans that are aligned with the debt service capacities of our customers, and promote the use of energy-efficient solutions.

E-LAK

OTP Bank enabled online applications for loans backed by real estate collateral by putting in place the E-LAK service. Thanks to the process, if our customers so prefer, they only need to visit the branch upon signature.

Certified consumer-friendly housing loans

The role of Certified Consumer-Friendly Housing Loans increased further in Hungary. They are available for interest-subsidised housing loans and for purposes such as home purchase, home enlargement, modernisation and renovation. The share of certified consumer-friendly housing loans in all newly contracted housing loans was around 95% in 2020.

Similar to 2019, we concluded about 25 thousand housing loan contracts during the year in Hungary. The share of used home purchases in all new lending was 60%, new home purchases or construction accounted for 24%, while other loan purposes amounted to 16%. In Hungary, the number of housing loans outstanding stood at 212 thousand at the end of the year.

OTP

33 Hungary, Bulgaria, Montenegro, Croatia, Slovenia, Romania, Albania, Ukraine, Moldova. The age limit is not 26 for all schemes.
34 OTP Bank Russia does not offer mortgage loans.
35 OTP Core and OTP Ingatlanleízing
Despite the pandemic, DSK Bank boasted a 38% increase in housing loans; at the end of the year it had around 55 thousand loans outstanding.

At the end of 2020, the number of housing loans outstanding at OTP Group amounted to 360 thousand, new loans stood at 43 thousand. Besides Hungary and Bulgaria, Serbia, Slovenia, Croatia and Moldova contributed the most to house purchases and renovations.

**360,000**

*live housing loans at Group level*

**Energy Efficient Mortgages Initiative pilot programme**

OTP Jelzálogbank was the first Hungarian credit institution to join the Energy Efficient Mortgages Initiative (EEMI) pilot. The main purpose of the Initiative is to allow participating institutions (which also include energy companies, research centres, regulatory and supervisory authorities in addition to credit institutions) to jointly develop best practices in green lending and to support the overhaul and energy modernisation of the housing stock.

In the framework of the programme, more than 60 credit institutions from 17 countries undertook to test the possible adoption of the Energy Efficient Mortgages framework and its integration into their existing product portfolio and processes. The goal is to harmonise financing forms for the energy-efficient upgrades of buildings across Europe, and to establish a joint platform for credit institutions, borrowers and investors to develop the conditions for mortgage lending, supporting the build-up of an energy-efficient housing stock or for the issuance of green mortgage bonds.

“At OTP Group, the implementation of projects aimed at green objectives and reliance on the use of renewable energy sources is a priority; we joined the programme in order to support this endeavour. It is extremely important to us to establish the conditions for pursuing green lending activity whereby we can contribute to supporting and expanding the number of projects that are aimed at increasing the energy-efficiency of Hungarian housing stock. I work with my colleagues on a daily basis to complete the tasks associated with green mortgage lending and mortgage bond issuance. I trust that knowledge-sharing between the participating members of the programme will help us achieve our green finance goals as soon as possible.” – Csaba Nagy, Deputy CEO of OTP Jelzálogbank.

**Subsidised housing loans**

In 2020, as well, the Family Housing Allowance (CSOK) scheme was available in Hungary, but the market share of subsidised loans dropped to 15% from the 18% value recorded in the second half of 2019. After a 5-percentage point decline, the ratio of CSOK loans was 30% at our Bank; our market share, however, was an outstanding 61.5%. We contracted with more than 19,500 families for a total of HUF 82 billion during the year, which represents a 30% year-on-year increase.

Our Croatian subsidiary also sells state-subsidised housing loans, which were met with growing interest in 2020. We concluded 800 new loan contracts during the year in the amount of HUF 22.9 billion, bringing up the number of active contracts to almost 1,500.

In Romania, as well, our subsidiary offered the state-subsidised ‘First Home’ scheme; this preferential loan is intended to support the first home purchase of young customers. In 2020, we disbursed 158 preferential housing loans at a total value of HUF 2.6 billion.

The preferential mortgage loan offered under the ‘First Home’ scheme is also available at our Moldavian subsidiary. The adjustment of credit terms allowed for greater recourse to the scheme in 2020, almost 600 customers applied for the loan.

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 restarted in 2020 but the Bank did not yet receive any applications during the year.
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OTP Group

Expert financial services committed to sustainability

19,500
CSOK contracts at a value of HUF 82 billion

77,000
live, state-subsidised housing loans Group-wide

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.

OTP Condominium grant

OTP Bank announced a tender for the 12th time in 2020 for the modernisation of condominiums, supporting 20 residential communities by a total of HUF 15 million. 872 communities applied for the grant in two, relatively equally distributed categories: ‘Home in the Community’ and ‘Home in the Future’. This year, as well, the majority of the winners (60%) comprised condominiums outside of Budapest. We received numerous sound plans with diverse proposed solutions: the grant assisted, for example, in the rejuvenation of a 300m2 internal courtyard and a 1.5-hectare park. Composters were installed in several places for the utilisation of organic garden material and kitchen waste, thereby promoting, at the same time, environmental awareness within the residential communities.

“Once again in 2020, the grant demonstrated that winners can use the grant to improve their housing conditions also in areas that directly affect their day-to-day lives. It is a pleasure to see that the grant was able to ease – if only to a small degree – the difficulties of winning communities in a year full of uncertainties.”

Bernadett Engler-Dancs, director of the MSE segment of OTP Bank.

Almost 37,000 condominium customers at OTP Bank

Environment-friendly use of energy

MFB Point

In 2020, as well, OTP Bank led a consortium of credit institutions to intermediate the products of the Hungarian Development Bank (MFB) at MFB Points, involving EU-refinanced and MFB’s proprietary products alike. In our branch network, we operated 167 MFB Points nationwide (46% of our branches) at which our partners were able to access schemes designed for retail and corporate clientele alike. In 2020, in response to Covid-19 OTP Bank and the MFB jointly formulated procedural rules whereby we minimised the number of administrative tasks that require personal contact at our MFB Points, as well.

The loans available to individuals, condominiums and housing associations are intended specifically for environmental protection purposes: we offer the EU-refinanced interest-free loans available under the Széchenyi 2020 Programme until the end of 2022 for energy efficiency and renewable energy consumption projects. In 2020 we contracted for and disbursed 5,263 loans for a total of HUF 16 billion. Between 2017 and 2020 we granted loans under this scheme at a total value of HUF 36 billion.

HR
Our Croatian subsidiary supports the purchases of environment-friendly and electric vehicles through two preferential products. However, there was no demand for the preferential schemes in 2020.

ME
At the end of 2020, CKB and OTP Bank Albania signed an agreement with the EBRD (European Bank for Reconstruction and Development) on the Green Economy Financing Facility (GEFF). The loan products linked to the facility will become available at our subsidiaries from early 2021, supporting the use of renewable energy sources and the implementation of energy-efficiency projects in residential buildings.

AL

Almost 19,500
CSOK contracts at a value of HUF 82 billion

Almost 77,000
live, state-subsidised housing loans Group-wide

Almost 37,000
condominium customers at OTP Bank

Almost 19,500
CSOK contracts at a value of HUF 82 billion

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condominium customers at OTP Bank

Almost 19,500
CSOK contracts at a value of HUF 82 billion

Almost 77,000
live, state-subsidised housing loans Group-wide

Almost 37,000
condominium customers at OTP Bank
Self-provision

Several OTP Group members offer products specifically aimed at enabling and encouraging regular savings. We anticipate the launch of a new Savings Programme at OTP Bank in 2021, with a focus on promoting regular, low-amount savings.

My future

On the My Future website available to the customers of OTP Bank at www.azenjovom.otpbank.hu we publish useful information on savings. During the autumn campaign, by completing a short questionnaire composed of 6 questions our customers were able to assess where they were standing in terms of their savings. Based on the answers, we classified customers into three categories: cautious, on the right track, conscious. After the presentation of the results we made recommendations for next steps. Cautious savers were encouraged to watch educational videos, while those on the right track were offered the online Financial Planning option.

Conscious customers were recommended to make an appointment.

Investments for environmental purposes

The MiFID Directive 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. Also ensuring MiFID2 compliance, the Financial Planner (see Section 3.1) includes an optional answer that states a preference for sustainability, and from early 2020 investments serving environmental and climate protection purposes can also be selected as investment targets. The percentage of natural person customers selecting this option increases quarter after quarter; in 2020 Q4 almost 5% of the customers indicated this purpose.

Responsible investment fund

The objective of the OTP Climate Change 130/30 Fund of OTP Alapkezelő is to provide an opportunity to invest at the global level in the shares of companies that may be the beneficiaries of the directives, legislation and changes in economic policy that are aimed at reducing climate change impacts. In 2020 the assets of the Fund grew by more than HUF 23 billion compared to the end of 2019, and it achieved an outstanding yield of more than 70%. At the Klasszis awards of Privátbankár.hu, the Fund won its category for the fifth time in 2020, earning The Best Global Equity Fund 2020 award. During the year we promoted the Fund by PR appearances and in this context, we also raised awareness on responsible investments.

OTP Alapkezelő is planning to earn ESG compliance and the responsible fund qualification for two developed market equity funds (OTP Climate Change 130/30 Fund and OTP Omega Fund) in 2021.

Our Bulgarian subsidiary started to distribute more than 20 mutual funds of Schroders Investment Management from 2020; some of them are specifically aimed at investing in the conversion to renewable energy and adjustment to or prevention of climate change. All mutual funds were classified into an ESG-based risk rating during 2020.

70% yield in the OTP Climate Change 130/30 responsible investment fund in 2020
III. Main areas of focus

1. Addressing the pandemic
2. Focus on customers
3. Improving financial literacy
4. Expert financial services
5. Ethical business behaviour and security
6. Responsible employer
7. Environmental protection
8. Citizenship

4.2. Micro, small and medium-sized business customers

Serving the financial needs of small and medium-size businesses remained an important objective in 2020. OTP Group helped enterprises hit by the pandemic by active participation in state initiatives and its own programmes alike.

At Group level, we definitely focused on managing the consequences of the pandemic in 2020; thus we temporarily suspended several ongoing projects.

GRI 203-2
MFB Points

At MFB Points, OTP Bank led a consortium of credit institutions to intermediate the products of the Hungarian Development Bank (MFB) at MFB Points, involving EU-refinanced and MFB's proprietary products alike. In our branch network, we operated 167 MFB Points nationwide (46% of our branches) at which our partners were able to access schemes designed for retail and corporate clientele alike. In 2020, in response to Covid-19 OTP Bank and the MFB jointly formulated procedural rules whereby we minimised the number of administrative tasks that require personal contact at our MFB Points, as well.

We strongly believe that our attitude during the pandemic played a key role in the fact that OTP Bank was able to increase its market share in the micro and small enterprise segment both in terms of customer number and loan volume. Within a year, our share in the credit market rose by 10 percentage points to 28.5%.

One of them was offered for projects where the development was aimed to improve the level of technology, while the purpose of the other product was to maintain undisturbed liquid operation.

7 disbursements for a total of HUF 230 million were made in 2020 in relation to the transition to a low-carbon economy. (Due to the depletion of the facility, the programme was suspended earlier, hence the low amount). We lent a total of HUF 73.5 billion through MFB Points, which is a significant increase compared to 2019.

EBIZ Once again in 2020, the eBIZ digital financial assistant was available to our customers, allowing for the financial administration of micro, small and medium-sized enterprises, and communication with their vendors, suppliers and accountant on a single platform. In 2020, synchronisation was put in place between the invoicing programmes of eBIZ and the National Tax and Customs Administration (NAV). By the end of 2020, the digital services of eBIZ were used by more than 24 thousand enterprises.

In order to help enterprises with limited access to financial resources, our Ukrainian subsidiary developed a number of product schemes for small and medium-sized enterprises and agricultural smallholders.

OTP Hungaro-projekt

Our grant applications consultancy company serves primarily the SME sector. In 2020, at the end of the EU budget cycle, it focused primarily on project management tasks; moreover, we prepared tender applications within the Rural Development Programme for pandemic prevention developments and tender notices in the agricultural area (livestock farms, horticultural modernisation, irrigation development). Of the 121 applications submitted by the OTP Hungaro-Project, 93 applications were related to the Rural Development Programme.
OTP Consulting Romania

This Romanian subsidiary is also a provider of application consultancy and project management services, drafting 140 grant applications and helping more than 70 municipalities and private companies implement their projects in 2020. The projects of the subsidiary cover a large spectrum; some of them are intended to serve environmental protection purposes. During the year, OTP Consulting Romania participated in designing two projects for renewable energy utilisation; two projects for protecting biodiversity; a plan aimed at the sustainable mobility of three towns; and a number of projects for improving the energy efficiency and renewable energy use of residential and public buildings and reducing carbon-dioxide emissions in the education infrastructure. We performed project management tasks in three municipality projects for improving water management and sewage management, and six projects for the development of public lighting.

We continued our cooperation with the Romanian Chamber of Commerce to support young and local entrepreneurs by providing training to them. The project amount was almost HUF 4 billion. 184 businesses took part in the three projects, and 280 jobs were created.

Partnerships

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

CKB extended its cooperation with the European Investment Fund and the European Programme for Employment and Social Innovation (EaSI) with respect to loans backed by a guarantee agreement, which were previously highly popular among micro enterprises. During the year, 137 applicants were granted loans in the total amount of HUF 638 million.

The cooperation of our Serbian subsidiary with the EaSI was delayed by the Covid-19 pandemic; the product is expected to become available from 2021.

Mobiasbanca is one of the reference banks in Moldova for the EU and the International Financial Institutions (IFIs). Our subsidiary continued to offer the EU4business EBRD loan that provides preferential terms under the Deep and Comprehensive Free Trade Area (DCFTA) programme, a joint initiative of the EU and the EBRD (European Bank for Reconstruction and Development). 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 53 loans for a total of HUF 3.3 billion under the scheme in 2020; at the end of the year the total portfolio comprised 225 customers and HF 6.6 billion.

The Fruit Garden scheme of EIB was available with unchanged conditions in 2020. During the year we extended loans to 21 customers in an amount of HUF 520 million; at the end of the year, the number of active customers participating in the scheme was 66, and total loans amounted to HUF 2.3 billion.

The Loans for Young Entrepreneurs scheme was also available at the subsidiary. 30 new customers took recourse to the preferential loan during the year; at the end of the year we recorded 55 active customers, and loans outstanding amounted to HUF 496 million.

The public procurement consultancy services of the member company is not linked to the SME sector, but it is important from the point of view of corporate social responsibility that in this area we work together with healthcare institutions or research centres, and help the work of local governments.

In 2020, we won 9 tenders aimed at the use of renewable energy sources; the grants amounted to a total of HUF 256 million. Five applications were submitted in 2020 and four bids were received earlier.

The Fruit Garden scheme of EIB was available with unchanged conditions in 2020. During the year we extended loans to 21 customers in an amount of HUF 520 million; at the end of the year, the number of active customers participating in the scheme was 66, and total loans amounted to HUF 2.3 billion.

The Loans for Young Entrepreneurs scheme was also available at the subsidiary. 30 new customers took recourse to the preferential loan during the year; at the end of the year we recorded 55 active customers, and loans outstanding amounted to HUF 496 million.
OTP Group continues to assign special significance to serving agro sector customers. In 2020 OTP Bank not only achieved but even outperformed its target, a 20% market share. Despite the pandemic, the agricultural loan portfolio of our foreign subsidiaries increased significantly, by 15% during the year.

At the end of 2020, the market share of OTP Bank was 21.4%, which was accompanied by a portfolio increase of 16%. The goal of our agricultural strategy for 2021–2027 is to maintain our market share above 20% and to remain one of the first three creditors. During 2020, all of our foreign subsidiaries drew up their respective medium-term agricultural strategies for 2021–2027, which were approved by the Management Committee. The goal of the Banking Group is to become a major agricultural creditor in the Black Sea region as well.

The pre- and co-financing of European Union subsidies plays an important role in the agricultural lending of EU Member States. There were few tender opportunities in the last year of the budget cycle; the options available primarily provided funding to smaller farmers.

Green corridor

In 2020, as well, our Green Corridor service was available to give our customers access to pre- and co-financing, and supports the utilisation of the funding by offering a simplified lending process. OTP Bank gives a bank guarantee for drawing down the subsidy advance, pre-finances the remaining amount of the assistance, and extends 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 2020, as well, the Green Corridor service provided significant assistance in the implementation of the projects launched under the Rural Development Programme, the second pillar of the Common Agricultural Policy of the EU. In numerous cases, the projects financed under the Rural Development Programme were intended to support the implementation of environmental/conservationist purposes; energy efficiency and restoring the state of the ecosystems are among their main priorities.

Subsidy factoring

OTP Bank uses 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 2,000 grasslands. The scheme was available for the pre-financing of 35 grant titles in 2020. With this product, our customers can access funding within just a few days, at conditions that they can meet more easily.

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 and their delivery to the farms.

GRI 203-2
Double SAPS

The pre-financing of land-based subsidies is the key agricultural product of our banks operating in EU Member States. One of the significant advantages of this service is the fact that a single application and credit approval process is now sufficient for the two-year pre-financing of EU direct subsidies, which has halved administrative costs. Given the uncertainty of the purposes of the assistance, we did not accept any new applications in 2020; however, in accordance with the EU decision on maintaining the land-based subsidies, we will offer the product once again from 2021. Through financing related to the tenders of the Rural Development Programmes, our subsidiaries also provided significant help in the implementation of environmental/conservation goals.

Development projects at the subsidiary banks

In 2020 the focus on agriculture further intensified across the Banking Group. Of the new developments, below we present those available to small producers.
OTP Group / OTP banka Srbija a.d. Beograd offers micro loans in cooperation with the Agroinvest micro-financing institution. Under the scheme, Agroinvest undertake guarantees to secure the loans. At the end of 2020, we had around 4,400 active loans amounting to a total of HUF 1.2 billion. Our Serbian subsidiary accelerated the process of credit approval for agro sector customers during the year.

In Montenegro we introduced a new loan product for agricultural small producers. The product is covered by EIF guarantee, which simplifies acceptance and disbursements significantly.

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.

AL Our Albanian subsidiary signed a cooperation agreement with the Rural Credit Guarantee Foundation for a credit guarantee facility of almost HUF 12.5 billion. One of the main advantages of the product offered as a result of the agreement is the 12-month long grace period provided to customers before starting instalment payments.

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

59 projects via the Green Corridor programme.

4.4. Large corporate projects with environmental benefits

With regards to project financing, our Group has given high priority for years to projects aimed at the utilisation of renewable energy sources. In 2020, our lending policy was to increase the support for lending to this sector even further; in addition, to offer even more competitive terms and conditions, we also reviewed our lending guidelines applicable to the solar energy sector.

Energy finance was in high demand in 2020 despite the pandemic.

Renewable energy

During the year, we disbursed a total loan amount of HUF 9.2 billion under project financing to the renewable energy sector, financing a total of 30 MW in solar power capacities. At the end of the year the total loans outstanding under renewable energy financing amounted to HUF 24.3 billion in the case of OTP Core, while the sector was granted HUF 88.0 billion from the portfolios of our subsidiaries. The portfolio of OTP Group comprised renewable energy sources of 609 MW. Solar plants account for 47% of the capacities, while the share of hydroelectric power stations is 35%; the most significant capacities are financed by our subsidiaries in Bulgaria and Albania.
Green office building

In our project financing, we also give special attention and preference to office building projects with sustainability / environmental certification. Our portfolio comprises several certified buildings; most of them are rated BREEAM Excellent or LEED Gold. Building 15 at Business Park Sofia which has been in the portfolio of the Banking Group for years, achieved the highest rating in its category (LEED Platinum).

In addition to projects aimed at the use of renewable energy sources, DSK Bank also financed a PET recycling equipment in 2020.

Moreover, the subsidiary also provided financing for improving the energy efficiency of public buildings (e.g. community centres, stadiums, swimming pools) through the Regional Urban Development Fund. In cooperation with the Fund and with OTP Leasing, the Bank also takes part in the financing of an environment-friendly public transportation.

OTP Banka Slovensko has been involved since 2018 in financing projects specifically aimed at reducing carbon-dioxide emissions under the SLOVSEFF scheme pursuant to an agreement with the EBRD. In 2020 – up until its demerger from OTP Group –, the subsidiary disbursed 56 loans (almost HUF 2 billion) for the construction of residential homes and for industrial energy efficiency and renewable energy projects.

Our strategic goals

Implementing the ESG project in order to improve the ESG performance of OTP Group

ESG based risk assessment of our investment funds

Launching a New Savings Programme at OTP Bank to promote regular, low-amount savings

Implementing the medium-term agricultural strategy at Group level

Financing green technologies at our Serbian subsidiary to reduce air pollution

Portfolio components by sector
I. Our approach to Sustainability

III. Main areas of focus

1. Addressing the pandemic
2. Focus on customers
3. Improving financial literacy
4. Expert financial services
5. Ethical business behaviour and security
6. Responsible employer
7. Environmental protection
8. Citizenship

Micro and small enterprises
Group Members’ assets by sector, on-balance sheet and off-balance sheet exposure to own customers, without consolidation, %, 31/12/2020

<table>
<thead>
<tr>
<th>Sector</th>
<th>Hungary (OTP Core and Merkantil Group)</th>
<th>Bulgaria</th>
<th>Russia</th>
<th>Ukraine</th>
<th>Croatia</th>
<th>Romania</th>
<th>Serbia</th>
<th>Montenegro</th>
<th>Albania</th>
<th>Moldova</th>
<th>Slovenia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, forestry, fishing</td>
<td>16%</td>
<td>17%</td>
<td>-</td>
<td>1%</td>
<td>12%</td>
<td>19%</td>
<td>3%</td>
<td>2%</td>
<td>3%</td>
<td>30%</td>
<td>-</td>
</tr>
<tr>
<td>Mining and quarrying</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>8%</td>
<td>14%</td>
<td>3%</td>
<td>30%</td>
<td>11%</td>
<td>12%</td>
<td>27%</td>
<td>13%</td>
<td>15%</td>
<td>14%</td>
<td>21%</td>
</tr>
<tr>
<td>Electricity, gas, steam and air conditioning supply</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Water supply; sewerage, waste management and remediation activities</td>
<td>-</td>
<td>1%</td>
<td>-</td>
<td>-</td>
<td>1%</td>
<td>1%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1%</td>
<td>-</td>
</tr>
<tr>
<td>Construction</td>
<td>16%</td>
<td>8%</td>
<td>9%</td>
<td>-</td>
<td>10%</td>
<td>14%</td>
<td>7%</td>
<td>7%</td>
<td>8%</td>
<td>4%</td>
<td>2%</td>
</tr>
<tr>
<td>Wholesale and retail trade; repair of motor vehicles and motorcycles</td>
<td>24%</td>
<td>30%</td>
<td>8%</td>
<td>58%</td>
<td>20%</td>
<td>27%</td>
<td>36%</td>
<td>40%</td>
<td>21%</td>
<td>27%</td>
<td>24%</td>
</tr>
<tr>
<td>Transportation and storage</td>
<td>6%</td>
<td>10%</td>
<td>1%</td>
<td>2%</td>
<td>6%</td>
<td>3%</td>
<td>8%</td>
<td>12%</td>
<td>3%</td>
<td>4%</td>
<td>9%</td>
</tr>
<tr>
<td>Accommodation and food service activities</td>
<td>2%</td>
<td>4%</td>
<td>-</td>
<td>-</td>
<td>9%</td>
<td>6%</td>
<td>5%</td>
<td>11%</td>
<td>34%</td>
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<td>3%</td>
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<td>Information and communication</td>
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<td>2%</td>
<td>1%</td>
<td>1%</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
<td>1%</td>
<td>2%</td>
</tr>
<tr>
<td>Financial and insurance activities</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2%</td>
<td>-</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
<td>1%</td>
<td>-</td>
</tr>
<tr>
<td>Real estate activities</td>
<td>6%</td>
<td>1%</td>
<td>-</td>
<td>2%</td>
<td>1%</td>
<td>5%</td>
<td>-</td>
<td>1%</td>
<td>-</td>
<td>6%</td>
<td>7%</td>
</tr>
<tr>
<td>Professional, scientific and technical activities</td>
<td>6%</td>
<td>4%</td>
<td>75%</td>
<td>4%</td>
<td>5%</td>
<td>3%</td>
<td>5%</td>
<td>5%</td>
<td>1%</td>
<td>2%</td>
<td>8%</td>
</tr>
<tr>
<td>Administrative and support service activities</td>
<td>4%</td>
<td>1%</td>
<td>1%</td>
<td>-</td>
<td>19%</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Education</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1%</td>
<td>-</td>
<td>1%</td>
<td>-</td>
<td>2%</td>
<td>1%</td>
<td>-</td>
</tr>
<tr>
<td>Human health and social work activities</td>
<td>1%</td>
<td>4%</td>
<td>-</td>
<td>-</td>
<td>2%</td>
<td>1%</td>
<td>1%</td>
<td>-</td>
<td>3%</td>
<td>3%</td>
<td>2%</td>
</tr>
<tr>
<td>Arts, entertainment and recreation</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1%</td>
<td>-</td>
<td>1%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other services</td>
<td>5%</td>
<td>4%</td>
<td>1%</td>
<td>-</td>
<td>2%</td>
<td>-</td>
<td>1%</td>
<td>2%</td>
<td>4%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>Total (HUF billions)</td>
<td>506</td>
<td>57</td>
<td>18</td>
<td>0,03</td>
<td>60</td>
<td>217</td>
<td>69</td>
<td>10</td>
<td>33</td>
<td>14</td>
<td>159</td>
</tr>
</tbody>
</table>

37 Exposure calculations are not based on Schedule RC-C and Schedule RC-I, and the classification is not in line with the NAKCS classification.
38 The table contains the data of only those sectors whose share is above 0.5%. Because of that and because of rounding, not all columns add up to 100%. We do not identify potentially significant environmental and social impacts by sector. Industrial classification is according to UN (ISIC) classification. Company sizing complied with the available legal categorisation.
### Medium and large enterprises

Assets by sector, on-balance sheet and off-balance sheet exposure to own customers, without consolidation, %, 31/12/2020

<table>
<thead>
<tr>
<th>Sector</th>
<th>Hungary (OTP Core and Merkantil Group)</th>
<th>Bulgaria</th>
<th>Russia</th>
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<th>Croatia</th>
<th>Romania</th>
<th>Serbia</th>
<th>Montenegro</th>
<th>Albania</th>
<th>Moldova</th>
<th>Slovenia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, forestry, fishing</td>
<td>8%</td>
<td>5%</td>
<td>1%</td>
<td>15%</td>
<td>3%</td>
<td>10%</td>
<td>5%</td>
<td>2%</td>
<td>-</td>
<td>6%</td>
<td>-</td>
</tr>
<tr>
<td>Mining, quarrying</td>
<td>-</td>
<td>1%</td>
<td>2%</td>
<td>3%</td>
<td>-</td>
<td>-</td>
<td>3%</td>
<td>2%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>12%</td>
<td>27%</td>
<td>16%</td>
<td>21%</td>
<td>19%</td>
<td>16%</td>
<td>26%</td>
<td>4%</td>
<td>21%</td>
<td>23%</td>
<td>19%</td>
</tr>
<tr>
<td>Electricity, gas, steam and air conditioning supply</td>
<td>3%</td>
<td>4%</td>
<td>1%</td>
<td>1%</td>
<td>3%</td>
<td>7%</td>
<td>6%</td>
<td>1%</td>
<td>12%</td>
<td>-</td>
<td>7%</td>
</tr>
<tr>
<td>Water supply; sewerage, waste management and remediation activities</td>
<td>1%</td>
<td>1%</td>
<td>2%</td>
<td>-</td>
<td>1%</td>
<td>1%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1%</td>
</tr>
<tr>
<td>Construction</td>
<td>6%</td>
<td>6%</td>
<td>7%</td>
<td>-</td>
<td>12%</td>
<td>11%</td>
<td>9%</td>
<td>8%</td>
<td>22%</td>
<td>3%</td>
<td>2%</td>
</tr>
<tr>
<td>Wholesale and retail trade; repair of motor vehicles and motorcycles</td>
<td>24%</td>
<td>21%</td>
<td>44%</td>
<td>45%</td>
<td>18%</td>
<td>22%</td>
<td>25%</td>
<td>35%</td>
<td>34%</td>
<td>44%</td>
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<tr>
<td>Transportation and storage</td>
<td>5%</td>
<td>3%</td>
<td>1%</td>
<td>3%</td>
<td>6%</td>
<td>3%</td>
<td>6%</td>
<td>2%</td>
<td>1%</td>
<td>2%</td>
<td>10%</td>
</tr>
<tr>
<td>Accommodation and food service activities</td>
<td>3%</td>
<td>5%</td>
<td>-</td>
<td>-</td>
<td>7%</td>
<td>3%</td>
<td>1%</td>
<td>14%</td>
<td>2%</td>
<td>2%</td>
<td>1%</td>
</tr>
<tr>
<td>Information and communication</td>
<td>1%</td>
<td>2%</td>
<td>5%</td>
<td>3%</td>
<td>2%</td>
<td>-</td>
<td>5%</td>
<td>4%</td>
<td>-</td>
<td>7%</td>
<td>3%</td>
</tr>
<tr>
<td>Financial and insurance activities</td>
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<td>15%</td>
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<td>5%</td>
<td>33%</td>
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<tr>
<td>Real estate activities</td>
<td>13%</td>
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<td>4%</td>
<td>2%</td>
<td>15%</td>
<td>3%</td>
<td>-</td>
<td>-</td>
<td>3%</td>
<td>-</td>
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<tr>
<td>Professional, scientific and technical activities</td>
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<td>3%</td>
<td>2%</td>
<td>1%</td>
<td>4%</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
<td>-</td>
<td>1%</td>
<td>3%</td>
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<tr>
<td>Administrative and support service activities</td>
<td>5%</td>
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<td>-</td>
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<td>1%</td>
<td>1%</td>
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<td>-</td>
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<tr>
<td>Education</td>
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<td>-</td>
<td>-</td>
<td>-</td>
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<td>-</td>
<td>-</td>
<td>1%</td>
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<td>Human health and social work activities</td>
<td>-</td>
<td>1%</td>
<td>-</td>
<td>-</td>
<td>1%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Public administration and defence; compulsory social security</td>
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<td>-</td>
<td>-</td>
<td>18%</td>
<td>-</td>
<td>1%</td>
<td>23%</td>
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<td>Arts, entertainment and recreation</td>
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<td>-</td>
<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Other services</td>
<td>2%</td>
<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Activities of extraterritorial organisations and bodies</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1%</td>
<td>-</td>
<td>-</td>
<td>-</td>
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</tr>
<tr>
<td>Total (HUF billions)</td>
<td>2548</td>
<td>1763</td>
<td>250</td>
<td>440</td>
<td>1078</td>
<td>373</td>
<td>1072</td>
<td>254</td>
<td>143</td>
<td>65</td>
<td>565</td>
</tr>
</tbody>
</table>

Note: The table contains the data of only those sectors whose share is above 0.5%. Because of that and because of rounding, not all columns add up to 100%. We do not identify potentially significant environmental and social impacts by sector. Industrial classification is according to UN (ISIC) classification. Company sizing complied with the relevant legal categorisation.
Main areas of focus

5. Ethical business behaviour and security
Ethical business behaviour and security

III. Main areas of focus
1. Addressing the pandemic
2. Focus on customers
3. Improving financial literacy
4. Expert financial services
5. Ethical business behaviour and security
6. Responsible employer
7. Environmental protection
8. Citizenship

I. Our approach to Sustainability
II. Responsible Corporate Governance

Efficiency and compliance

We have launched a campaign in OTP Bank to communicate the tasks of the Compliance Directorate to as many employees as possible. We presented a series of interviews to demonstrate the meaning of the term ‘compliance’ and why it is important for the Bank. We explained the precise meaning of terms such as consumer protection, whistleblowing, conflict of interest declaration.

“Compliance, in short, means adherence; adherence to the rules applicable to the Bank. Compliance addresses all types of reputation risks. In other words, we protect the Bank’s reputation by safeguarding the numerous operational, legal and ethical rules applicable to the Bank. Of course, in addition to reputation, ‘non-compliance’ may also violate financial interests, e.g. in the form of penalties.

We must be compliant not only at the level of the company as a whole as indeed, the Bank is composed of us co-workers. It is not good practice to bend the rules sometimes at the individual level or to turn a blind eye from time to time, willing to go along with irregular solutions. This is not only a legal but also an ethical issue. The first step, therefore, is for all of us to understand that we cannot take risks even at the personal level as this behaviour does not comply with our Bank’s corporate culture, and none of the employees may decide to undertake a risk without authorisation. I would call this behaviour compliance awareness.

The task of the compliance domain is to consistently design and operate the methods that can guarantee the compliance of subsidiaries and of OTP Group as a whole. Obviously, there are differences regarding the level of centralisation of individual topics. The two extremes are sanctions – which are centralised at Group level – and consumer protection, which falls within local competence. It would not make sense to centrally regulate the latter as indeed, all countries formulate their own consumer protection rules the severity of which may differ from one another.

Having said that, our goal is to bring the different attitudes and adopted practices closer together in the long run – a part of this is the uniform, monthly and annual compliance reporting of subsidiaries. One of the key tasks for 2020 was to extend the comprehensive risk analysis reviews to foreign subsidiaries as well.

It should also be noted from a strategic perspective that the focus clearly shifted from prudence to consumer protection in the supervision of the banking sector. This is the main direction of contemporary bank regulation and oversight. When I was a career starter, consumer protection was a 5-person department at the Supervisory Authority; ten years later it worked in parallel, but as a less prominent directorate, with the Prudential Supervision Directorate led by me. By now, the focus has turned around.

The main task of the consumer protection domain is to manage and eliminate the consumer protection risks arising in the case of existing and newly developed products and services. Our goal is to identify any irregular practices integrated in the process as soon as possible, and to initiate their correction before they significantly harm the interests of our customers.”

Dr. Zoárd Gázmár,
Head of the Compliance Directorate
Commitment
Strengthening confidence in the reliability and integrity of the banking system, ethical and safe operation

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

Activity
- Full compliance with laws and regulations
- A consumer protection activity focusing on preventing the violation of customer interests
- Strict, conservative risk management
- Reliable, continually improving security systems, protection

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

We are convinced that compliant and ethical operations and transparency are important values; they help improve our competitiveness, preserve our reputation and increase our recognition both in Hungary and internationally. Numerous new ESG regulations have been adopted recently, which require the broad integration – and disclosure – of environmental, social and governance criteria in certain product groups and in operations. Our Banking Group has commenced the preparatory work for and implementation of the activities required for legal compliance.

We consider security fundamental both for the Banking Group's stability and for the protection of our customers. The coronavirus pandemic further underpinned the importance of IT and cybersecurity.

For our basic principles and comprehensive objectives relating to compliance and security see our website.

2019 Our commitments
Completing the replacement of OTP Bank's credit approval system in 2021.

Establishing a 24/7 cybersecurity centre at OTP Bank.

Fully harmonising security operations across the Group.

Meeting instant payment conditions.

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

2020 Our results
✓ The replacement continued but has not been completed.
✓ The regular operation of the centre has begun.
✓ Implemented.
✓ Done.
✓ In the case of new loans, we stipulated that no loan application may be approved for constructions where the completed real estate does not comply with the new energy requirements.

✓ Implemented
✓ Implementation in progress
✗ Not implemented
5.1. Compliance and adherence to laws and regulations

OTP Group considers it a fundamental principle to adhere to the law, international standards and ethical requirements. We monitor the new ESG requirements continuously, and, meeting the tight deadlines, we incorporate them into our operation.

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

In 2020 we continued to strengthen the governance system of Group level compliance, as a part of which domestic subsidiaries prepare a quarterly and foreign subsidiaries a monthly report for the parent bank. We have also completed the technical governance regulation. The number of employees in the compliance domain of the parent bank increased by 10 employees during the year, in part in order to further the compliance integration of the 11 domestic subsidiaries.

We also implemented the integration of the legal operation of domestic subsidiaries, as a result of which the parent bank has become the legal service provider of the 33 companies concerned. We enhanced the methodology of professional supervision in relation to foreign subsidiaries. We designed and enhanced the Group level regulation and implementation methodology in line with the MNB’s requirements.

We set up a European Law Centre of Excellence in order to provide for the legal expertise required for ensuring compliance with EU regulations and other legal materials.

We digitised our filing system in the area of conflict of interest documentation, and we are planning to roll out the system to domestic subsidiaries.

Renewal of regulatory practice

In view of the successful pilot, a decision was made to gradually convert OTP Bank to a process-based internal regulation. Accordingly, we modified the regime of internal regulations.

Compliance officer network

We conducted due diligence on our compliance officer network, and implemented full coverage by designating new responsible persons. We have 90 compliance officers at OTP Bank, and organised a series of workshops for them to strengthen their compliance awareness and clarify their tasks and powers. One of the tasks of the compliance officers is to participate in compliance risk assessment two times a year. Risk assessment is a shared exercise. All risk types – including ethical risks – are assessed once a year. The result of the assessment is forwarded to the Operational Risk Management Committee and it is also a part of the annual Compliance Report. Risk assessment at the subsidiaries is performed in line with the parent bank’s methodology. In all high-risk areas, we expect the relevant organisations to draft and implement action plans.

Compliance training

Through annual compliance training we ensure that the compliance expertise of our employees is up-to-date at all times. In the course of 2020 we reviewed the compliance training materials, and compiled job-specific training materials to ease the burden on our employees and ensure that they only receive relevant information.

The Anti-Corruption Policy was revised at several subsidiaries in 2020. SKB Banka organised an e-learning session for this, which was compulsory to attend by all employees. Attention is called to anti-corruption in the awareness raising newsletter of the subsidiary as well.

Awareness

We implemented a very successful internal communication campaign at OTP Bank to raise the compliance awareness of our employees. The articles of the 4 parts of a series of interviews presenting the tasks and introducing the employees of the compliance domain were viewed on four thousand occasions. We also revamped and updated the compliance-related materials of the intranet.

Our Romanian subsidiary conducts an annual survey on compliance culture. Based on the results, the Bank was classified into the best category in 2020.

Competition law training

During 2020, we completely renewed our competition law training material. The mandatory training material prescribed for a specific group of employees has been completed by thousands...
of employees in OTP Bank. The expanded version of the training material is accredited; therefore, successful completion was also worth credit points in the compulsory in-service training system for chamber-registered lawyers.

**GRI 415 DMA**

**Lobbying**

It is predominantly through the Hungarian Banking Association and the Association of Investment Service Providers that OTP Bank participates in the reviewing of legislation concerning the financial sector and coordinating that review process. We also take part in the work of the Corporate Governance Committee of the Budapest Stock Exchange.

We commented on the drafts of the financial omnibus act and certain pandemic-specific legislation through the Hungarian Banking Association. In addition, we submitted proposed legislative amendments warranted from a pandemic viewpoint during the state of emergency directly to the Ministry of Finance and the Prime Minister’s Office. We have prepared numerous independent – independent of ongoing legislative processes – proposed legislative amendments.

OTP Bank is an active participant of the Sustainability (formerly: Energy) working group of the Hungarian Banking Association, and shares the common position on climate financing, which supports sectoral regulation and the definition of objectively measured criteria.

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 rating**

We tightened supplier ratings in our purchase policy and practice. Compliance rates suppliers before contracting on an annual basis where the value of the purchase is expected to exceed gross HUF 1 million. The extension of supplier ratings to all procurement areas of the Bank is in progress.

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. 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.

**Code of Ethics and whistleblowing**

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 acquisition of knowledge is verified by testing.

All banks in OTP Group operate a whistleblower system. The conditions for filing whistleblower 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.
These reports can be written in the official language of the particular country. It is forbidden to bring retaliatory measures against, or impose negative consequences on, whistleblowers acting in good faith. During the year, there were a total of 40 instances of reports across the Group to the ethics whistleblowing line; including cases carried over from 2019, a total of 47 reports have been closed. 26 cases were qualified as ethics cases, of which 11 cases involved ethical offenses. (6 cases of which were related to the Slovakian subsidiary sold in 2020.) During the management and closure of ethical offenses, we took the appropriate steps.

16 reports during the year concerned discrimination, and our subsidiaries investigated each and every case. Of the reports three cases proved to be justified; all three belonged to OTP Bank Romania. The subsidiary adopted an action plan for the enforcement of equal opportunity and non-discrimination ([1] see HR, RO Diversity action plan).

The senior management of our Romanian subsidiary approved an action plan to support the implementation of the equal opportunity for men and women principle. The plan includes numerous measures; for example, dedicated equal opportunity training, workshops, educational and awareness raising events for the prevention and handling of discrimination and abuse (including mobbing, humiliation, sexual abuse). The statutory requirements were also integrated into all relevant internal regulations and policies (e.g. remuneration policy, collective bargaining agreement, recruitment and selection policy).

Proceedings by authorities and other legal procedures

Following a procedure by the competition authority, the Supreme Court (Kúria) concluded two significant lawsuits involving several banks in 2020. The Hungarian Competition Authority (HCA) commenced the ‘Multilateral Interchange Fee’ case in relation to conduct exhibited between 1996–2008, and imposed a fine of HUF 281 million on OTP Bank in 2009. In 2017, with its second-instance decision the Metropolitan Court of Budapest repealed the HCA’s ruling, and required the HCA to conduct a new procedure. After the inclusion of the Kúria and the Court of Justice of the European Union, in its ruling the Kúria maintained the ruling of the Court of Justice of the European Union, which was favourable to the Bank. The lawsuit was settled with a binding decision.

In the ‘BankData’ case the Kúria established by final decision that the HCA’s 2016 resolution imposing a fine for an alleged infringement against the Hungarian Banking Association and the International Training Centre for Bankers had been unsubstantiated. OTP Bank was indirectly involved in the procedure.

The MNB completed several procedures at OTP Bank and its Hungarian subsidiaries in 2020; it imposed fines in three procedures. Regarding a number of deficiencies detected in relation to the prevention of money laundering and terrorism financing, the MNB imposed a total fine of HUF 124.2 million on 6 financial institutions, of which OTP Bank was required to pay HUF 11 million, remedy the detected deficiencies and provide extraordinary data supply. OTP Bank fulfilled its obligations within the required time limit; it modified its internal risk management, reporting practice and the operation of the internal lines of defence as required. The MNB imposed a fine of HUF 7.5 million on OTP Ingatlan Befektetési Alapkezelő Zrt. after a comprehensive audit. In addition, the Supervisory Authority conducted a thematic audit on the legal compliance of the commercial communication of Merkantil Bank in relation to financial lease for the purpose of car purchase finance. As a result of the inspection, a fine of HUF 8 million was imposed. MNB called upon the Bank to comply with statutory provisions on indicating in its commercial communications the Annual Percentage Rate, a representative example and – in the case of tied intermediaries – data on representation.

A total fine of HUF 10.5 million was imposed on OTP Faktoring Zrt. in five cases due to the infringement of data protection regulations.

OTP Bank Croatia was required to pay a total fine of HUF 28.8 million in relation to four supervisory procedures.
## III. Main areas of focus

1. Addressing the pandemic    
2. Focus on customers    
3. Improving financial literacy    
4. Expert financial services    
5. Ethical business behaviour and security    
6. Responsible employer    
7. Environmental protection    
8. Citizenship

### OTP Group

#### I. Our approach to Sustainability

#### II. Responsible Corporate Governance

#### OTP Bank

<table>
<thead>
<tr>
<th>Violation Category</th>
<th>Number of closed proceedings</th>
<th>Amount of fines paid (HUF million)</th>
<th>Number of procedures closed with fines</th>
<th>Number of procedures not closed with a sanction / closed with a non-financial sanction</th>
<th>Number of procedures closed in the framework of conflict management procedure</th>
<th>Number of procedures closed with acquittal</th>
<th>Number of procedures converted into court procedures</th>
</tr>
</thead>
<tbody>
<tr>
<td>violation of competition rules*</td>
<td>1</td>
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<td>0</td>
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<td>violation of marketing communication rules</td>
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<td>0</td>
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<td>violation of information provision rules</td>
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<tr>
<td>other procedures that may result in the imposition of fines**</td>
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<td><strong>Total 2020</strong></td>
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<td><strong>16.1</strong></td>
<td><strong>9</strong></td>
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<td><strong>Total 2019</strong></td>
<td><strong>33</strong></td>
<td><strong>136.2</strong></td>
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<td><strong>Total 2018</strong></td>
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<td><strong>29</strong></td>
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* Also includes breaches of antitrust and anti-monopoly rules.  
** As from 2018, excludes Financial Arbitration Board cases, because these are ad hoc cases triggered by complaints.

For 2019 data, see page 64 of the Sustainability Report for 2019.
For 2018 data, see page 55 of the Sustainability Report for 2018.
For 2017 data, see page 48 of the Sustainability Report for 2017.
For 2016 data, see page 54 of the Sustainability Report for 2016.
Administrative and other legal procedures closed during 2020

<table>
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<th>Violation Type</th>
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<th>Number of procedures closed in the framework of conflict management procedure</th>
<th>Number of procedures closed with acquittal</th>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Violation of data protection rules</td>
<td>17</td>
<td>15.4</td>
<td>10</td>
<td>4</td>
<td>0</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Other procedures that may result in the imposition of fines**</td>
<td>23</td>
<td>0.3</td>
<td>9</td>
<td>0</td>
<td>0</td>
<td>14</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total 2020</strong></td>
<td><strong>168</strong></td>
<td><strong>83.3</strong></td>
<td><strong>66</strong></td>
<td><strong>19</strong></td>
<td><strong>18</strong></td>
<td><strong>50</strong></td>
<td><strong>15</strong></td>
</tr>
<tr>
<td><strong>Total 2019</strong>*</td>
<td><strong>2521</strong></td>
<td><strong>265.4</strong></td>
<td><strong>71</strong></td>
<td><strong>317</strong></td>
<td><strong>5</strong></td>
<td><strong>2118</strong></td>
<td><strong>10</strong></td>
</tr>
<tr>
<td><strong>Total 2018</strong></td>
<td><strong>579</strong></td>
<td><strong>1,502.2</strong></td>
<td><strong>118</strong></td>
<td><strong>72</strong></td>
<td><strong>12</strong></td>
<td><strong>363</strong></td>
<td><strong>14</strong></td>
</tr>
</tbody>
</table>

* Also includes breaches of antitrust and anti-monopoly rules. Two competition law procedures are pending against OTP Bank Russia.
** As from 2018, excludes Financial Arbitration Board cases, because these are ad hoc cases triggered by complaints.
*** Excluding the figures of the Ukrainian subsidiary, which was unable to provide data.

For 2019 data, see page 65 of the [Sustainability Report for 2019](#).
For 2018 data, see page 56 of the [Sustainability Report for 2018](#).
For 2017 data, see page 48 of the [Sustainability Report for 2017](#).
For 2016 data, see page 55 of the [Sustainability Report for 2016](#).
5.2. Enhancement of risk management systems

The pandemic affected all areas of risk management fundamentally, and required a fast response in order to maintain business continuity and protect customers (see Section 1.3). In addition to tackling the consequences of the pandemic, we assigned great significance to the expansion of automated processes and to continue the ongoing replacement of our credit approval system.

Credit risks

OTP Bank continued the replacement of its credit approval system in the retail segment; we started to apply the new system for the disbursement of new housing loans and overdraft facilities. We launched a project for the introduction of a uniform, Group level credit approval system, which was intended to cover four key subsidiaries in three years. The system will be highly standardised and fully digitalised.

We continued the rollout of standardised processes in the corporate segment in order to put in place a quick and simple approval option under a specific exposure level in the case of customers that meet the pre-defined risk parameters.

In the countries of our subsidiaries, the focus for 2020 – besides the management of the pandemic situation – was the adaptation of integration processes and – in the case of recently acquired banks – the risk management standards of OTP Group. The pandemic situation impeded the expansion of the partially completed standardisation in the micro and small enterprise segment and the development of an approval (scoring) model; instead, we concentrated on examining the extent to which the activities of our customers were affected by the pandemic.

Based on our regulations, our Banking Group requires – and verifies – compliance with applicable environmental regulations in lending. At the time of the internal approval of the financing of a project and before first disbursement, the availability of the required permits is verified by the Bank; in the case of investment loans typically with the involvement of external consultants (legal and/or technical experts). The Bank subsequently ensures compliance by obtaining regular declarations from the customer and conducting its own monitoring. The credit agreements stipulate sanctions for any breaches of commitments made or requirements imposed.

Our corporate financing policy regulates the credit risk classification of each sector and provides guidance for our lending activities to different sectors. The policy is reviewed annually.

Fraud prevention

In order to step up the prevention of credit fraud, we adopted a Group level fraud prevention policy. We assessed the lending processes fraud prevention metrics, introduced a report, and back-tested and fine-tuned the fraud prevention parameters of the credit approval system. As a result of process optimisation and parameter adjustments, the number of early defaults decreased; however, we were unable to perform precise back-testing in the extraordinary period of the moratorium.

Management of operational risks

Operational risk management was clearly focused on the pandemic during the year (see Chapter 1). In addition, in the new subsidiaries we introduced the risk management framework applied at Group level.

In line with the preliminary plans, we tested at Group level the selected controls of operational risks, placing emphasis on manual controls and controls entailing significant residual risks. We enhanced our practices based on the testing results. We implemented the management of outsourcing risks in accordance with the EBA Guidelines: we identified the outsourcing risks and the criticality of risks is assessed before any outsourcing decisions.

GRI 102-11

We assessed operational risks based on the previously applied methodology. We estimate the expected losses for the next year, and this
assessments serve as a basis for calculating the capital requirement for operational risk. Since starting from 2023 we will be required to calculate the capital requirement based on the Standardised Measurement Approach (SMA), we have commenced the necessary preparations.

In the framework of risk self-assessment, we define expected future losses with a process-based assessment; in addition, we maintain a database on historic losses. The Group Operational Risk Management Committee receives a summary on the result of the risk self-assessment. We expect the relevant domains to take action with regard to any material operational risks identified. We determine the materiality threshold in a quantified manner when collecting loss data, against the limits in the case of key risk indicators, and on the basis of testing in the case of business continuity plans.

We perform a scenario analysis in order to assess unlikely, but potentially high-impact events. We evaluated the effect of climate change under three scenarios: natural or civilisation-induced disaster; a sudden shutdown of utility services, unrecoverable collateral. In our estimate, around 5% of the risks can be linked to climate change under all three scenarios. In 2020, expected loss(41) under the three scenarios rose by a total of 13% compared to the previous year.

### Risks identified

Based on the self-assessment, legal risks represent the most significant operational risks of the Banking Group, but risks associated with operations receive an increasing amount of attention. Administrative and human errors also entail significant risks, as well as external fraud, including information or cyber-attacks and fraud.

#### 5.3. Security and data protection

As digitisation is gaining ground, information and cybersecurity becomes an increasingly important issue in the operation of the Company. OTP Group continues to consider security a priority. Once again in 2020, we enhanced our systems and procedures in numerous areas with a view to ensuring the safe operation of the Group and the protection of our customers.

### Framework of prevention

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

As part of our security policy, the Information Security Policy defines, among others, 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. An information security strategy is developed based on the IS Policy, which is reviewed annually. In addition to statutory provisions, the Information Security Management System is based on the NIST800-53 standard and Decree No. 41/2015 of the Ministry of the Interior. IT protection includes cybersecurity as well; in 2021 we are drawing up a cybersecurity strategy.

In view of the risks and vulnerabilities of its systems reliant on digital technologies, our Banking Group develops protection proportionate to the risks and operates state-of-the-art technology solutions. The details of risk management are determined by the Information Security Policy, which regulates the assessment of risks and requires the preparation of action plans for the mitigation of the risks. 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. In 2020 the number of vulnerability tests doubled compared to the previous year.

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.

We operate an IT screening system to screen instances of abuse. Our Banking Group continually improves its ability to prevent, detect, respond to and overcome information security incidents in order to reduce to a tolerable level the probability...
and impact of incident occurrence. We have a central control system in place in which regular comprehensive, thematic and targeted audits are conducted to monitor the application of security requirements.

In 2020 we established a closer cooperation with the National Cyber Security Centre of the Special Service for National Security, as a result of which we receive information on bank card data circulating in the black market and other threats; in the case of severe attack campaigns, at our request the Cyber Security Centre takes action with the involvement of internet service providers and international peer organisations.

DSK Bank participates in the campaign against money mules42 for the sixth year. The global campaign is organised by the European Cybercrime Centre of Europol in conjunction with the European Banking Federation. Our subsidiary assists the authorities in the enforcement of the law; in addition, it actively participates in the prevention and investigation of financial crime.

The Bank’s goal is to develop the competency of employees, which contributes to mitigating the impact – and reduces the probability – of incidents and fraud affecting the IT systems, and increases the ability to detect incidents significantly.

With a view to improving the security of electronic purchases, our Albanian subsidiary has also introduced 3D Security user identification. Moreover, it commenced the use of a new, anti-money laundering screening and control system for customer transactions. It implemented the second phase of the development of KYC ('Know Your Customer') and PEP (politically exposed person) processes.

Cybersecurity centre

From 2020 OTP Bank operates a 24/7 Security Operations Center (SOC). The Centre allows for continuous monitoring, detection and alert, whereby the time during which a harmful activity can exert its impact can be reduced. Applied technologies and processes have been continuously expanded since their introduction. The Centre is also notified of IT attacks at foreign subsidiaries, and it shares the data needed for detecting and eliminating the attack with all subsidiaries, which results in Group level resilience. It was because of this that we were able to prevent Group level attacks in numerous cases in the past.

Thanks to our efforts and our results, we received the Incident Manager of the Year award on the International Computer Security Day in 2020.

IT fraud and attacks

The number of IT attacks quadrupled on a global scale during – and partly as a result of – the pandemic.

DDoS attacks increased not in number but in intensity and complexity, for which our Bank prepares by using a new protection solution. It happened only in the case of the most severe DDoS attack that several services operated by the Bank became partly or fully unavailable for a short period of time, but the Bank was able to eliminate even this series of attacks. There were no data losses/leaks concerning customers. As regards our

Persons unwittingly participating in the laundering of illegally obtained money under the guise of an easy work from home scheme.
There was a significant rise in the number of attacks by malware and their combination with other modes of attack (e.g. data theft, data leak threats, distributed denial-of-service). Our Security Operations Centre received 263 such notifications from the subsidiaries.

There were many attacks through the e-mail system whereby the senders attempted to circumvent security procedures. For the time being, our protection systems did not require an update, but the expansion of our capacities has become necessary.

More and more attacks involved deception or psychological pressure (social engineering) or their combination with other methods, as well as attacks carried out through the supplier chains.

In 2020 hundreds of phishing notifications were sent to the Security Operations Centre. According to our established process, in such cases we initiate the blocking of the websites to which the perpetrators redirect customers in order to obtain personal information. We sent 122 notifications to PhisLabs; it was found in 64 cases that there was a phishing campaign at that moment; thus the number of such cases decreased compared to the previous year.

Beyond general phishing mails, the employees of OTP Bank were approached by numerous methods in an attempt to talk them into skimming, extortion or fraud. An example is the ‘CEO Fraud’ that affected several subsidiaries: the perpetrators tried to obtain information or give instructions in the name of senior executives.

There were several notifications regarding fake webshops, which navigate the user after making a purchase to a webpage that is used to steal bank card data.

### Bank card fraud

Compared to turnover, 2020

<table>
<thead>
<tr>
<th>Bank</th>
<th>2020 turnover</th>
<th>Fraud %</th>
</tr>
</thead>
<tbody>
<tr>
<td>OTP Bank</td>
<td>0.0058%</td>
<td></td>
</tr>
<tr>
<td>SKB Banka</td>
<td>0.0181%</td>
<td></td>
</tr>
<tr>
<td>OTP Bank Croatia</td>
<td>0.0046%</td>
<td></td>
</tr>
<tr>
<td>OTP Bank DSK Bank</td>
<td>0.0078%</td>
<td></td>
</tr>
<tr>
<td>OTP Bank Serbia (ÖS)</td>
<td>0.0185%</td>
<td></td>
</tr>
<tr>
<td>OTP Bank, Romania</td>
<td>0.0050%</td>
<td></td>
</tr>
<tr>
<td>OTP Bank, Ukraine</td>
<td>0.0100%</td>
<td></td>
</tr>
<tr>
<td>OTP Bank, Russia</td>
<td>0.0150%</td>
<td></td>
</tr>
<tr>
<td>OTP Bank Albania</td>
<td>0.0324%</td>
<td></td>
</tr>
<tr>
<td>OTP Bank, Moldova</td>
<td>0.0050%</td>
<td></td>
</tr>
<tr>
<td>European average</td>
<td>0.0450%</td>
<td></td>
</tr>
</tbody>
</table>
III. Main areas of focus
1. Addressing the pandemic
2. Focus on customers
3. Improving financial literacy
4. Expert financial services
5. Ethical business behaviour and security
6. Responsible employer
7. Environmental protection
8. Citizenship

In 2020 we prevented losses from bank card fraud in the amount of HUF 305 million in Hungary.

All of our banks report bank card fraud to total turnover ratios that are significantly lower than the European average published by MasterCard.

305 million
HUF 305 million in prevented losses from bank card fraud at OTP Bank

0.0058%: 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 (0.0378%)

Additional security events

Intellectual crime dominated other security events, as well, in 2020. The most frequent incidents at OTP Bank involved fraud or money laundering. Lending fraud was more typical at foreign subsidiaries. Some of our subsidiaries also detected fraud incidents by employees, which were followed by the termination of all employees concerned with criminal reports filed. In 2020 OTP Bank filed a total of 262 criminal reports on money laundering. Expected loss from financial fraud amounted to HUF 680 million, while losses prevented amounted to HUF 138 billion.

We monitor suspected fraud alerts received from ATM equipment 24 hours a day. Expected loss relating to branches, ATM devices and facilities/equipment amounted to HUF 6 million; prevented losses were calculated at HUF 65 million. In 2020 only our Montenegrin subsidiary experienced a software attack.

Awareness

In order to prevent fraud, it is our priority at Group level to raise awareness among our customers and employees and to call attention to risks and conduct to be avoided.

In 2020 we fully reviewed and recast our security awareness training materials; the compulsory training must be completed annually with the relevant test passed. In addition to security awareness, the training covers the fight against money laundering and terrorism financing, as well as all areas of bank security. Branch employees receive on-site and e-learning training more frequently, on two occasions every year.

We are also planning to engage suppliers and their employees in the strengthening of IT security by organising special training programmes.

Think Before U Click!

Once again in 2020, we organised the Cyber Security Month and, aligned with the motto of European Cyber Security Month, the centre of our campaign was an alert to phishing activities. We called attention in several articles to the threat of phishing and the risks of using an inappropriate workstation, and showed how to ward off security incidents. We held two lectures in conjunction with OTP LAB, which was available to employees real time, online, or via replayable video. The second lecture specifically targeted the employees of foreign subsidiaries.

As the conclusion of the campaign we organised an online consultation: leaders of the information security domain replied to questions submitted in advance by the employees.

Placing emphasis on both theoretical and practical preparedness, for the first time in the Bank’s history we conducted a phishing simulation. For the exercise, we randomly selected 5,136 employees to whom we sent e-mails encouraging them to enter a prize competition and provide their e-mail address. The design of our e-mail was identical with that used by phishing e-mails, and only the typical warning signs suggested that the e-mail served ‘fake’ purposes. It was a positive result that we received hundreds of reports during the exercise about the investigation of suspicious e-mails. At the same time, one third of the addressees opened the letter, and almost 1,500 employees also clicked on the link. Thankfully, the number of colleagues providing data on the phishing site was far smaller. The results, the warning signs of phishing e-mails and the risks associated with each step taken from opening the mail to providing the data were presented in a detailed article during the Cyber Security Month.

Our customers can also do a great deal to ensure their security. In order to encourage them to do so, we compiled a security awareness information material for them on phishing and on the safe use of smartphones. Also, we displayed information on major phishing campaigns both on the website of OTP Bank and in the media. We warned the population through a radio interview on the occasion of two particularly serious attacks.

Our foreign subsidiaries also used various methods to notify their customers of attempted fraud and security risks.
Keep Calm on Internet

Our Bulgarian subsidiary launched an educational campaign entitled Keep Calm on Internet. The campaign targeted not only customers but also all users of financial and other online services. We wished to present the main aspects of safe online banking and safe internet use in a simple and easy-to-understand format.

The webpage dedicated to the topic of cybersecurity specifically targets customers. It displays useful educational publications about electronic and mobile banking, and shows the most frequent types of online fraud and the various methods of prevention in a video series.

Our Serbian subsidiary sent messages to customers on cybersecurity.

Our Slovenian subsidiary communicates with customers and employees regularly about cybersecurity, and shares educational content.

The Russian subsidiary implemented an integrated communication campaign in 2020. It created a cybersecurity section on its website, and the programme also included media appearances and an interactive game on social media.

Our Ukrainian subsidiary disseminated the most important rules and messages in its communications spruced up by video contents.

Our Moldavian subsidiary uses its website and social media platforms to alert customers to bank card fraud and alternative methods of abuse.

The Albanian subsidiary drew up an information document specifically on safe banking.
III. Main areas of focus

1. Addressing the pandemic
2. Focus on customers
3. Improving financial literacy
4. Expert financial services
5. Ethical business behaviour and security
6. Responsible employer
7. Environmental protection
8. Citizenship

I. Our approach to Sustainability

II. Responsible Corporate Governance

In compliance with statutory requirements, the protection of the confidential data of customers and of the Banking Group is a priority for us. The Banking Group applies the most modern solutions continuously for data processing and data security and in order to prevent data leaks. At OTP Group banks, dedicated data protection officers and data owners are responsible for ensuring compliance with the data protection requirements (e.g. supervising personal data processing, principle of data minimisation, the processing of high-risk data).

We assess the risks regularly and focus on maintaining and increasing awareness. Data protection is part of the annual compliance training of our employees. 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.

GRI 418 DMA
Data protection

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

<table>
<thead>
<tr>
<th>Abuse of personal information</th>
<th>OTP Bank</th>
<th>OTP Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>number of substantiated complaints by external parties</td>
<td>1</td>
<td>14</td>
</tr>
<tr>
<td>number of complaints by regulatory authorities</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>number of breaches of customer privacy</td>
<td>0</td>
<td>8</td>
</tr>
<tr>
<td>number of times data were stolen</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>number of times data were lost by the organisation</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

1  Az ukrán léánybank nem tudott adatot szolgáltatni.
2  99%-ban az OTP Bank Russiahoz köthető panaszok.
3  2017-ig érintett 68, 2018-tól esetszám

89 Ethical business behaviour and security
5.4. 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 DMA

The financial indicators continue to confirm the stable operation of our Banking Group. In 2020 OTP Group’s annual adjusted profit after taxes amounted to HUF 310 billion. At 15.4%, at the end of the year the Banking Group’s audited Common Equity Tier 1 ratio exceeded the regulatory minimum requirement significantly. Due to the pandemic, the European stress testing of banks was not carried out in 2020; it was postponed to 2021.

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### GRI 102-7, 201-1

#### Economic value generated

<table>
<thead>
<tr>
<th>Year</th>
<th>HUF billion</th>
<th>Year</th>
<th>HUF billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>155,914</td>
<td>2019</td>
<td>169,098</td>
</tr>
<tr>
<td>2017</td>
<td>138,750</td>
<td>2020</td>
<td>15,286</td>
</tr>
<tr>
<td>2018</td>
<td>147,320</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>165,049</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>17,365</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Distributed economic value

<table>
<thead>
<tr>
<th>Year</th>
<th>HUF billion</th>
<th>Year</th>
<th>HUF billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>13,950</td>
<td>2019</td>
<td>16,170</td>
</tr>
<tr>
<td>2017</td>
<td>15,286</td>
<td>2020</td>
<td>17,365</td>
</tr>
<tr>
<td>2018</td>
<td>13,950</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>16,170</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>17,365</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

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

45 The difference between Economic value generated and the Distributed economic value is Retained earnings: OTP Core: HUF 122 billion, OTP Group: HUF 487 billion (the latter differs from the value calculated as per the above because of rounding)

46 Personnel expenditures – Contributions on wages

47 Operating costs – Personnel costs – Depreciation – Other income taxes – Donations

48 Dividends

49 Total tax liability = Adjusted corporate income tax + Other income taxes (including transaction levy and banking tax) + Contributions on wages

50 Donations

---

### Tax liability of OTP Group

#### HUF million

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>All other taxes</td>
<td>155,914</td>
<td>138,750</td>
<td>147,320</td>
<td>165,049</td>
<td>169,098</td>
</tr>
<tr>
<td>Special tax on financial organisations (after taxes)</td>
<td>13,950</td>
<td>15,286</td>
<td>17,365</td>
<td>16,170</td>
<td>17,365</td>
</tr>
</tbody>
</table>

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43 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.
## III. Main areas of focus

1. Addressing the pandemic
2. Focus on customers
3. Improving financial literacy
4. Expert financial services
5. Ethical business behaviour and security
6. Responsible employer
7. Environmental protection
8. Citizenship

### I. Our approach to Sustainability

#### II. Responsible Corporate Governance

<table>
<thead>
<tr>
<th>Taxes paid, HUF millions, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted corporate taxes + Other taxes on gross profits (incl. transaction levy and banking tax) + Contributions on wages</td>
</tr>
<tr>
<td>Hungary (OTP Core + other Hungarian subsidiaries)</td>
</tr>
<tr>
<td>Bulgaria</td>
</tr>
<tr>
<td>Croatia</td>
</tr>
<tr>
<td>Serbia</td>
</tr>
<tr>
<td>Slovenia</td>
</tr>
<tr>
<td>Romania</td>
</tr>
<tr>
<td>Russia</td>
</tr>
<tr>
<td>Ukraine</td>
</tr>
<tr>
<td>Montenegro</td>
</tr>
<tr>
<td>Albania</td>
</tr>
<tr>
<td>Moldova</td>
</tr>
<tr>
<td>Other group members and eliminations</td>
</tr>
<tr>
<td><strong>OTP Group consolidated</strong></td>
</tr>
</tbody>
</table>

#### Our Moldavian subsidiary received the reliable taxpayer qualification from the National Tax Service.

#### In 2020 five members of the Banking Group received typically minor financial assistance in the form of tax benefits or allowance. OTP Bank received the largest tax allowance for implementing the energy efficiency measure. CKB received a tax benefit for paying the corporate income tax within the time limit.

<table>
<thead>
<tr>
<th>Financial assistance (HUF millions)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
</tr>
<tr>
<td>OTP Bank</td>
</tr>
<tr>
<td>OTP Bank Croatia</td>
</tr>
<tr>
<td>OTP Bank Romania</td>
</tr>
<tr>
<td>CKB</td>
</tr>
<tr>
<td>Mobiasbanca</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

* 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.

#### Our strategic goals

- Compliance with ESG requirements
- Introducing a standardised Group level credit approval system within three years, involving four key subsidiaries
- Ensuring access to debtor protection programmes during and after the pandemic
- Group level survey of the implementation of the compliance policy
- Developing a cybersecurity strategy
- Applying the Standardised Measurement Approach (SME) for the calculation of the capital requirement for operational risk from 2023
Main areas of focus

6. Responsible employer
Employees end enhancing the employee experience are in the centre of the transformation of HR. Why couldn't we aim to make OTP the best workplace for people in the long term? Or rather: should we even contemplate anything else? I am convinced that we shouldn't.

But it doesn't happen overnight. We cannot instruct anyone to be committed, happy and satisfied starting from tomorrow. Because this, in itself, will not make it happen. But we can work toward it. The employee experience approach can be aptly illustrated by drawing a parallel between a Booking.com trip and a new job. Support provided at the right time and in the right way goes a long way toward making sure that the first day is enjoyable, inspiring and intuitive, whether it is about the discovery of a new city or a new workplace. And this is exactly our goal. After signing the contract, in the period of waiting, future employees will be given regular, useful information about the workplace and about the team; they can ask anything from a designated employee, and they will be able to feel that their arrival is appreciated and that they are warmly welcome. And on the first day, the new colleague will be received by an orientation plan, a start-up kit and a line manager who is happy to help them settle in.

The objective of our new HR organisation and the HR transformation is to make sure that our employees are happy. With that in mind, our new organisation is divided into three main parts:

1. Business HR support: HR business partners actively participate in recruitment/selection, and support the operation of HR processes in cooperation with the managers.

2. HR Support Centre: The HR Support Centre will start its operations from 2021. It will support all employees of OTP Bank through customer service and employee self-service.

3. HR Centre of Expertise: support is provided at the key moments of the employee's career path, covering employee experience, talent acquisition, career management, development and knowledge management, remuneration and incentives, as well as digital processes.*

Annamária Zentai,
Director of the HR Centre of Expertise
Responsible employer

III. Main areas of focus
1. Addressing the pandemic
2. Focus on customers
3. Improving financial literacy
4. Expert financial services
5. Ethical business behaviour and security
6. Responsible employer
7. Environmental protection
8. Citizenship

I. Our approach to Sustainability

II. Responsible Corporate Governance

OTP Group / GRI 401, 404 DMA

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 be 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

In many regards, the pandemic have overwritten our preliminary plans; in addition to implementing extraordinary measures, we needed to accelerate the digital changeover, for example, in the area of training. Preserving the health of our employees and safeguarding business continuity enjoyed absolute priority; all other projects had to take second place. Having said that, the integration of new subsidiaries continued in several countries, and we commenced the changeover to the Agile organisational operation at three subsidiaries.

For our additional principles and comprehensive objectives relating to our employees, see our website.

HR strategy

In 2020 we took a significant step forward in all six key areas of the employee experience-oriented HR strategy.

We defined the key moments of the employee career path, tested the use of a digital platform intended to improve cooperation and provide the means for feedback, measured employee engagement on several occasions using different methods (See Sections 6.4., 6.5.).

We completed several training courses in order to facilitate a standard, Group-level management development concept (See Section 6.3).

We enhanced our talent management system, performance assessment and the incentive systems (See Section 6.2).

2019 Our commitments

Achieving our HR strategic objectives at OTP Bank (2021).

Enhancing corporate culture at our Montenegrin, Croatian and Serbian subsidiaries.

Conducting a Group level satisfaction survey.

Introducing a Group level rotation programme.

2020 Our results

The implementation of the strategy is in progress.

In Serbia the related programmes have only been partially completed.

Postponed to 2021 because of the pandemic.

The implementation of the talent programme was delayed by the pandemic.
Integration of subsidiaries

After the financial closure of the acquisition, the integration of DSK Bank and Expressbank took about a year and a half; it was completed in 2020. Due to the pandemic situation, around 90% of the integration was carried out in home office.

Integration has begun in Serbia, as well. At the end of 2020, the subsidiaries were at the 11th step of the integration process that consists of 14 milestones. It is an apt indication of the task’s magnitude that 600 persons worked 460 thousand hours on the implementation in 2020. We conducted a satisfaction survey among employees on two occasions with respect to the integration. According to the results, confidence in the success of the integration increased during the year. During the second survey, an extremely high percentage of employees had a positive assessment of the integration both in general and in their domain (98% and 93%, respectively). The survey demonstrated that it is important to communicate the factors behind business decisions and even minor results, and that cooperation between the banks needs improvement. We facilitated the latter by several programmes.

6.1. Employment

GRI 102-8
Headcount

In 2020 38 thousand employees worked at OTP Group51.

We placed great emphasis on harmonising the corporate culture of the two banks and on strengthening the culture of innovation. With that in mind, we launched the ‘Corporate innovation’ project; important elements of the project included the rotation of employees, and the designation of the ambassadors of change and the joint organisational culture. About 80 employees of the two banks participated in the project.

Changing the organisational culture was also in the focus in Montenegro: we designated organisational culture ambassadors and introduced a number of channels for two-way communication. We strengthened the new values via monthly newsletters, the visual appearance of the Code of Conduct and the public recognition of ambassadors; in addition, we organised informal social events for the creation of an ambassador community.

The focus of 2020 was the enhancement of organisational culture at our Croatian subsidiary as well. Initiatives improving employee engagement played an important role, in the framework of which we conducted four employee opinion polls, and – also responding to expectations – designated employer brand ambassadors. We redesigned the remuneration system and the e-learning platform, and introduced an employee referral system.

GRI 205-2
Number of employees per country employees, total

In 2020 38 thousand employees worked at OTP Group51.
### I. Our approach to Sustainability

#### II. Responsible Corporate Governance

#### III. Main areas of focus

1. Addressing the pandemic
2. Focus on customers
3. Improving financial literacy
4. Expert financial services
5. Ethical business behaviour and security
6. Responsible employer
7. Environmental protection
8. Citizenship

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#### GRI 102-8

**Employee headcount (as at 31 December)**

<table>
<thead>
<tr>
<th></th>
<th>OTP Group</th>
<th></th>
<th></th>
<th>OTP Bank</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-time employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>34,453</td>
<td>26,970</td>
<td>35,658</td>
<td>35,029</td>
<td>8,279</td>
<td>26,040</td>
</tr>
<tr>
<td>Men</td>
<td>7,483</td>
<td>26,970</td>
<td>26,040</td>
<td>8,279</td>
<td>26,040</td>
<td>36,364</td>
</tr>
<tr>
<td>Women</td>
<td>26,970</td>
<td>35,658</td>
<td>36,364</td>
<td>8,279</td>
<td>36,364</td>
<td>10,078</td>
</tr>
<tr>
<td>Part-time employees</td>
<td>1,497</td>
<td>1,313</td>
<td>1,340</td>
<td>1,139</td>
<td>1,481</td>
<td>1,246</td>
</tr>
<tr>
<td>Total</td>
<td>35,950</td>
<td>28,283</td>
<td>27,586</td>
<td>26,401</td>
<td>9,855</td>
<td>27,653</td>
</tr>
<tr>
<td>Men</td>
<td>1,497</td>
<td>1,313</td>
<td>1,340</td>
<td>1,139</td>
<td>1,481</td>
<td>1,246</td>
</tr>
<tr>
<td>Women</td>
<td>28,283</td>
<td>26,540</td>
<td>26,401</td>
<td>9,855</td>
<td>27,653</td>
<td>37,815</td>
</tr>
<tr>
<td>Employees, total</td>
<td>37,440</td>
<td>34,283</td>
<td>35,029</td>
<td>35,856</td>
<td>37,508</td>
<td>37,815</td>
</tr>
<tr>
<td>Women/men ratio</td>
<td>100%</td>
<td>21%</td>
<td>22%</td>
<td>25%</td>
<td>26%</td>
<td>27%</td>
</tr>
<tr>
<td>Percentage of those employed under fixed term contracts</td>
<td>7% 5% 7% 6% 6% 7% 5% 6% 4% 7%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of those employed under fixed term contracts</td>
<td>2,399 398 2,669 475 2,194 2,132 459 2,633 456 2,177 2,283 392 1,891</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

The data are accurate and derive from our internal records.

Apart from the sales agents of OTP Bank, only an insignificant number of external workers participate in carrying out the activity of the Banking Group. At Group level – other than the sales agents of OTP Bank – we engage only a small number of sales agents that are not the employees of the Bank.

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**Employee headcount (as at 31 December)**

<table>
<thead>
<tr>
<th></th>
<th>OTP Bank</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-time employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>6,981</td>
<td>4,890</td>
<td>5,023</td>
<td>5,307</td>
<td>5,509</td>
<td>3,328</td>
</tr>
<tr>
<td>Men</td>
<td>2,091</td>
<td>4,890</td>
<td>5,023</td>
<td>5,307</td>
<td>5,509</td>
<td>3,328</td>
</tr>
<tr>
<td>Women</td>
<td>4,890</td>
<td>1,800</td>
<td>1,800</td>
<td>1,800</td>
<td>1,800</td>
<td>1,800</td>
</tr>
<tr>
<td>Part-time employees</td>
<td>1,497</td>
<td>1,313</td>
<td>1,340</td>
<td>1,139</td>
<td>1,481</td>
<td>1,246</td>
</tr>
<tr>
<td>Total</td>
<td>7,478</td>
<td>6,203</td>
<td>6,363</td>
<td>6,486</td>
<td>6,989</td>
<td>4,449</td>
</tr>
<tr>
<td>Men</td>
<td>1,497</td>
<td>1,313</td>
<td>1,340</td>
<td>1,139</td>
<td>1,481</td>
<td>1,246</td>
</tr>
<tr>
<td>Women</td>
<td>6,203</td>
<td>4,890</td>
<td>5,023</td>
<td>5,307</td>
<td>5,509</td>
<td>3,328</td>
</tr>
<tr>
<td>Employees, total</td>
<td>7,971</td>
<td>6,803</td>
<td>6,563</td>
<td>6,986</td>
<td>6,989</td>
<td>4,449</td>
</tr>
<tr>
<td>Women/men ratio</td>
<td>27% 73%</td>
<td>28% 72%</td>
<td>30% 70%</td>
<td>32% 68%</td>
<td>35% 65%</td>
<td></td>
</tr>
<tr>
<td>Percentage of those employed under fixed term contracts</td>
<td>8% 8% 8% 9% 8% 6% 8% 4% 7% 4% 2% 5%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of those employed under fixed term contracts</td>
<td>658 165 656 156 500 652 119 443 83 356</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

At the end of 2020 OTP Bank had 4,449 sales agents.

The data are accurate and derive from our internal records.
The total number of employees at the Banking Group was affected by the downsizing resulting from the integration at the Bulgarian and Serbian subsidiaries, which was carried out in accordance with local legislation. Due to the sale of the Slovakian subsidiary, the number of employees at this bank is no longer included in the end-of-year data.

The headcount of OTP Bank increased by around 500 persons compared to the previous year. The former temporary workforce of the Contact Centre was almost completely replaced by workers employed by the Bank.

In addition, there was a restructuring within the Group: Monicomp and eBIZ merged into OTP Bank, and part of the workforce of OTP Faktoring and OTP Inogatianüzemeltető have become employees of the parent bank.
New hires, 2020 employees hired by country as compared to the closing headcount

Proportion of new hires within employee category as a percentage of the closing headcount of each category

Note
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.
In 2020 the internal referral system was also introduced at our Croatian subsidiary.

Our Ukrainian subsidiary was included in the list of TOP-50 Employers of Forbes Ukraine.

In view of the positive experiences, by 2020 the new selection procedure developed at the Contact Centre in 2019 fully replaced the former, traditional methodology. Both the colleagues conducting phone interviews and the subjects of the interviews gave positive feedback about the conversation; the retention rate of new colleagues has clearly improved.

It was the high turnover rate at the Contact Centre that signalled to us the need to change the selection methodology: instead of the best interview subject, we should select the most suitable candidate. By using the Predictive Index system we can define the competencies of the ideal employee precisely. These competencies are then inputted into an interview software, which in turn helps designing the most suitable series of questions. The answers accurately indicate applicants’ basic characteristic features, their behaviour pattern, attitude, soft skills and whether the applicant is a cultural fit for the organisation. It is also possible to measure learning skills with this methodology, which is particularly important at the Contact Centre. At the end of the 25-minute, competency-based conversation, the colleague conducting the interview relies on the answers and on an evaluation guide to decide whether or not the applicant is admitted to the next round.
I. Our approach to Sustainability

II. Responsible Corporate Governance

III. Main areas of focus

1. Addressing the pandemic
2. Focus on customers
3. Improving financial literacy
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8. Citizenship

Diversity action plan

The senior management of our Romanian subsidiary approved an action plan to support the implementation of the equal opportunity for men and women principle. The plan includes numerous measures; for example, dedicated equal opportunity training, workshops, educational and awareness raising events for the prevention and handling of discrimination and abuse (including mobbing, humiliation, sexual abuse). The statutory requirements were also integrated into all relevant internal regulations and policies (e.g. remuneration policy, collective bargaining agreement, recruitment and selection policy).

Due to the pandemic, our Croatian subsidiary postponed the implementation of the diversity action plan undertaken by it when joining the Croatian Diversity Charter. The implementation of the action plan begins in 2021.

At the end of 2020, OTP Group engaged 324 disabled employees. Our Bulgarian and Slovenian subsidiaries recorded the highest rate (~3.5%) of employees with disabilities in the Banking Group.

Overtime

At OTP Bank, overtime volumes decreased year-on-year both in the network and at the head office in 2020. Overtime is still more considerable in the branch network.

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 (58%) of the Banking Group are covered by collective bargaining agreements; the corresponding rate is 98% in the case of OTP Bank employees. OTP Bank, DSK Bank, Vojvodjanska banka a.d., OTP Bank Croatia, SKB Banka, OTP Bank Romania, OTP Bank Ukraine, CKB, OTP Lakástakarék and OTP Jelzálogbank all have collective bargaining agreements in force.

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.

Assistance in times of crisis

OTP Social Foundation was established in 2020 to provide help in Hungary to OTP Group employees, pensioners and their families in crisis situations. Helping colleagues in need is not a new initiative at the Bank; however, the Foundation improved the transparency of the assistance, and approval became more standardised. 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, and it takes only a few days from the receipt of the required documents to reach a decision.

We try to increase the recognition of the Foundation through trade union secretaries and HR experts.

Unfortunately, the earthquake in Croatia damaged the homes of some of our employees (see Section 8).

Labour Complaints

During the year a total of 36 labour procedures commenced, and 25 procedures were closed concerning a member of OTP Group. Of the closed cases, 23 were labour lawsuits, while two procedures were brought by the Labour Inspectorate. 12 procedures resulted in a fine, generating a payment liability of HUF 71 million in total. 13 procedures closed with non-financial sanctions. The procedures concerned the Bulgarian, Croatian, Serbian, Russian and Montenegrin subsidiaries, as well as OTP Ingatlanüzemeltető.

CKB operates a Committee for the management of bullying in the workplace (mobbing), which attempts to resolve the conflict between the stakeholders through mediation.

employees at Group level

Pursuant to legal regulations, senior executives are not covered by collective bargaining agreements.

Responsible employer
Career starters, cooperation with universities

Our Banking Group is committed to working with higher education institutions and students. We believe it is important that the employees of the future receive training and gain experience at a high standard of quality (we also sponsor presentations, research, competitions and case studies), and that they can get acquainted with our banks as potential employees. Our partnerships with special colleges play a key role in the latter.

For 15 years of sponsorship, OTP Bank received the National Case Study Competition Sponsorship Award. We also won the trust of the youth. Year after year, we achieve an excellent ranking in students’ opinion survey on employers. In 2020 OTP Bank won 1st place in the finance category at the PwC Most Attractive Employer Award and 2nd place in overall ranking. Our Bank was number 1 in the secondary school category at the competition of Zyntern.com, a job portal for career starters, and also won the Attractive Employer Award.

Several members of our Banking Group regularly receive trainees; 642 students worked with us across the Group in 2020. Our Romanian and Ukrainian subsidiaries and the Serbian subsidiary OTP banka Srbija a.d. Beograd employed an especially high number of trainees as a percentage of total employees. OTP Bank operates a programme specifically for trainees, with an attendance of nearly 180 trainees this year. Of them, 20 persons will continue to work at the Bank full-time. For shorter or longer periods, the Bank employs students outside of this programme as well, and we also receive interns seeking work experience.

642 trainees at Group level

6.2. Remuneration and rewarding of employees, career opportunities

Performance assessment

The members of our Banking Group evaluate employee performance in different ways. The practice of objective, regular feedback – linked to the organisation’s objectives – has been fully implemented at OTP Bank and at several foreign subsidiaries. During 2020 we standardised the Bank’s incentive systems.

Career opportunities

In 2020 we developed the concept of a transparent, uniform job system, and commenced the detailed technical design, as well as the IT support of the career management system. The advantage of the new system will be the ability to precisely define how career opportunities can be delivered. We expect to complete the implementation of the entire system with the involvement of foreign subsidiaries by end-2022 so that the system can become the backbone of HR processes, also facilitating international mobility. OTP Bank provides a career building overview twice a year for all employees as part of performance assessment, defining the directions for personal growth and discussing development solutions. The career building overview has yet to become a general practice at the remaining members of the Banking Group. 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.

Talent programme

As part of the implementation of the HR Strategy, OTP Bank developed a methodology and framework for the identification, selection and competency testing of talents, as well as for management succession planning. Implementation has begun at the level of senior management.

The development phase of the 2019/2020 talent programme has been completed, but in consideration of the pandemic, we decided to delay rotation across the Group. Our list of objectives for 2021 includes the implementation of both the Group level talent programme and international rotation; we started preparations at the end of 2020.

Our Serbian subsidiaries commenced a talent programme within the framework of the Corporate Innovation Programme, with the participation of the employees of both banks.

The Slovenian subsidiary launches a talent programme every two years; the participants of the next cycle were selected at the end of 2020.
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 employees.

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.

663 persons are involved in OTP Bank’s Employee Stock Ownership Plan programme.

In 2020, larger – at least 5% – pay increases were carried out at CKB, OTP Bank Ukraine and Mobiasbanca. Several members of the Banking Group offer benefits in kind to employees.

**Our Croatian subsidiary introduced payments to the voluntary pension fund as a form of benefit in 2020.**

### 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, we reward outstanding expertise, ideas and managerial performance.

It is now a tradition for OTP Bank to reward at our OTP Gala the employees and teams demonstrating outstanding performance. Because of the virus situation the Gala was cancelled in its traditional form, but we did hand out the awards. We handed out awards to the top three – individual or collective – performers in 11 categories. The nominees were introduced to our employees in video segments.

### 6.3. Training and education

Training had to be fully moved to the digital space almost overnight at the outbreak of the coronavirus crisis. For the efficiency of training, we improved new training forms in accordance with the topics and the preferences of training participants. In an effort to help tackle the pandemic, we held numerous management support courses and prepared several educational and self-development materials.

At Group level, we allocated HUF 1.8 billion for the training of employees. All of our employees receive training. They participate – in line with the annual training plans – in the professional and other training courses necessary for their work (e.g. ethics, compliance, security, health and safety, environmental protection) and in personal and professional development training courses. The training plans are devised with

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54 The practice of the Serbian Vojvodjanska banka a.d. is an exception: part-time and fixed-contract employees are provided life insurance, parental leave and other benefits only to the extent required by law.
the involvement of employees and taking the performance assessment results into account. 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.

At OTP Bank, we continued the transformation of basic training. We improved the learning experience to make sure that the training is better aligned with the learning habits customary today; in addition, we staggered the training to lessen the one-off load. Based on pre-testing, we cancelled training parts on pre-existing knowledge. We started to revise our mentoring system, which will be completed in 2021. The process will be supported both by full-time mentors and by employees only working part-time as mentors in order to further duly monitored professional incorporation.

We converted training to full digital operation, and placed it on completely new platforms in OTP Bank and in Croatia. Based on the positive experiences, even after the pandemic, only a part of the training will return to a classroom setting as indeed, digital training proved to be extremely successful in numerous cases.

Eduardo

At OTP Bank we started to use EDUardo, the training platform that won the special award of the OTP LAB startup programme, which supports the successful training and skill improvement of employees in several topics, through the simulation of real-life situations.

Our Russian subsidiary focused on competency development within the training of its employees.

Aimed at the development of personal skills, our Albanian subsidiary offered training courses on the following topics: situation-based leadership, training of the trainers, critical/analytical thinking, creativity during Covid-19, stress management and performance assessment.

One of the objectives of our strategy is leadership development; an important element of this is the strengthening of a uniform leadership culture with a focus on people-oriented leadership. In 2020 we conducted a 6-month-long, online leadership development training at OTP Bank with the participation of 150 employees and, in the context of the agile transformation, implemented a process preparing for change management. We also launched a programme specifically supporting leadership development in the retail segment.

The management academy of DSK Bank placed the emphasis on promoting the values of the Bank; namely, customer-focus, engagement, responsibility and teamwork.

The online leadership programme of our Slovenian subsidiary focused on the application of leadership skills in a virtual environment. In addition, we stated a leadership team development and middle management programme.

**GRI 404 DMA, 404-1**

<table>
<thead>
<tr>
<th>Per capita training hours (2020)</th>
<th>OTP Bank</th>
<th>OTP Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior manager</td>
<td>47</td>
<td>31</td>
</tr>
<tr>
<td>Middle manager</td>
<td>69</td>
<td>41</td>
</tr>
<tr>
<td>Employee</td>
<td>74</td>
<td>51</td>
</tr>
<tr>
<td>Men</td>
<td>65</td>
<td>36</td>
</tr>
<tr>
<td>Women</td>
<td>78</td>
<td>55</td>
</tr>
<tr>
<td>2020 average</td>
<td>74</td>
<td>50</td>
</tr>
<tr>
<td>2019 average</td>
<td>80</td>
<td>50</td>
</tr>
<tr>
<td>2018 average</td>
<td>80</td>
<td>47</td>
</tr>
<tr>
<td>2017 average</td>
<td>67</td>
<td>21</td>
</tr>
<tr>
<td>2016 average</td>
<td>60</td>
<td>21</td>
</tr>
</tbody>
</table>

1.8 HUF 1.8 billion spent on employee training

1.9 million hours of training in a year, 50 hours/person
6.4. Engagement of employees

GRI 402 DMA

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. Our member companies surveyed employees’ opinion about numerous issues in 2020.

The focus of internal communication during the year was obviously the coronavirus pandemic; to support and provide employees with information. Our activities in this regard are listed in Sections 1.1 and 1.4; in this section we present new practices irrespective of the above activities.

RO Our Romanian subsidiary established the OTP Connect internal communication platform to foster better cooperation, contact and transparent communication between employees. The user-friendly platform allows for instant feedback and recognition (e.g. liking posts and events, chat box).

In addition, we started a separate communication programme in relation to the comprehensive business project aimed at placing special emphasis on customer-focus.

Under the ‘Our Little Talents’ programme, employees’ children were invited to demonstrate their talent and vision in the most diverse areas.

AL Even amid the restrictions covering a large part of the year, our Albanian subsidiary organised several special, symbolic community building events. During the ‘Bank and Breakfast’ event, head office employees were invited for a joint breakfast where they had an opportunity to learn about the new products and results of the Bank. On the occasion of International Coffee Day, coffee waited all employees in the morning, while all divisions received champagne for the New Year.

Idea Portal

In 2020, besides Hungary, we started to use the Idea Portal internal innovation platform in Bulgaria, Croatia and Russia as well. Employees gathered ideas in relation to the coronavirus situation in Bulgaria, Covid-19 and efficient operation in Croatia, efficient operation and the improvement of working conditions and customer experience in Russia (for more detail, see Idea Portal). The other members of OTP Group continued to use their existing forms and channels of internal communication.
III. Main areas of focus

1. Addressing the pandemic
2. Focus on customers
3. Improving financial literacy
4. Expert financial services
5. Ethical business behaviour and security
6. Responsible employer
7. Environmental protection
8. Citizenship

105 Responsible employer

6.5. Employee satisfaction measurement

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

Companies of OTP Group used different methods for their satisfaction surveys in 2020, but the opinion of employees was surveyed at most banks55. At several members, the survey was geared towards the management of the Covid-19 pandemic (see Section 1.5). We postponed to 2021 the Group-level application of the same methodology for the satisfaction survey.

We are testing several measurement tools at OTP Bank. We measured engagement within a limited subset of the Bank’s staff with outstanding results: at a response rate of 81%, the level of engagement was 86%. This result indicates a high level of engagement even by international standards. We conducted two surveys specifically on the management of the pandemic, and found that it was perceived positively by our colleagues.

Three of our subsidiaries use the Net Promoter Score methodology to assess employee satisfaction. The rate of employees promoting the company was 37% at DSK Bank and 30% at OTP Bank Ukraine.

The results of our Croatian subsidiary showed a satisfaction rate of around 60% in terms of organisational culture, reputation, working conditions, career development and management. The Bank also introduced a number of measures to increase satisfaction (e.g. voluntary pension fund contribution, new e-learning platform, transformation of the remuneration system).

The Serbian subsidiaries conducted a satisfaction survey regarding the @Integration has begun in Serbia, as well. At the end of 2020, the subsidiaries were at the 11th step of the integration process that consists of 14 milestones. It is an apt indication of the task’s magnitude that 600 persons worked 460 thousand hours on the implementation in 2020. We conducted a satisfaction survey among employees on two occasions with respect to the integration. According to the results, confidence in the success of the integration increased during the year. During the second survey, an extremely high percentage of employees had a positive assessment of the integration both in general and in their domain (98% and 93%, respectively). The survey demonstrated that it is important to communicate the factors behind business decisions and even minor results, and that cooperation between the banks needs improvement. We facilitated the latter by several programmes.

Employees at our Romanian subsidiary showed the highest rate of satisfaction with workplace safety (85%). They were also highly satisfied with the communication with management. According to employees, remuneration and recognition need improvement primarily. The subsidiary introduced a separate satisfaction survey for new hires, and in relation to the entry process.

At our Russian subsidiary satisfaction ranged between 73–87% except for one topic. The highest value was received by the efficiency of management and the engagement of the team, while remuneration scored the lowest values.

Overall satisfaction among the employees of our Moldavian subsidiary was 82%.

Our Slovenian subsidiary conducts a satisfaction survey once every two years, and decided to postpone the scheduled survey in 2020.


### 6.6. Health, working environment

#### Work-life balance

As regards work-life balance, without a doubt, the greatest step of 2020 was to establish the conditions for home office work at Group level. Due to the pandemic, the measure had to be implemented extremely fast, but it not only ensured business continuity and safe work performance, but also allowed for the completion of household duties.

Even as the coronavirus pandemic eases, we would like to keep open the option of home office work at all member companies, ensuring the optimal balance between home office and office work.

The highest rate (57%) of employees using the home office option was observed in 2020 Q2 at OTP Bank, at that time, home office work accounted for 34% of the working days for the total number of employees. 85% of head office employees managed to work from home, while this ratio was 26% in the branch network. The rate of working from home was similar at all subsidiaries. The goal of DSK Bank was to enable 75% of the employees to work from home.

OTP Group employees have the opportunity to improve their work-life balance also through flexible working hours and part-time arrangements.

OTP Bank pays a monthly premium to disabled employees. OTP Bank Russia grants additional days off and shorter working hours to its employees living with disabilities. At the subsidiary, women with small children can work flexible hours.

In response to the effects of the coronavirus pandemic, we increased the number of lectures and workshops geared towards work-life balance, and stepped up the opportunities for stress management. The programmes available are shown in [Section 1.4](#).

The importance of work-life balance has become a part of the orientation training at the Albanian subsidiary.

#### 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 available in 2020, as well. As part of our bonus trip programme, 85 colleagues spent their vacation with their families in Hungary, and 150 colleagues enjoyed family vacations abroad. Employees have access to reduced-rate holiday resorts at OTP Bank, some of our domestic subsidiaries, at the Romanian subsidiary and at OTP Bank Ukraine.

#### Children

A significant proportion of our employees have young children. When defining permissions for home office work and drawing up the plans for the return to the workplace, we also 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 2020, 139 children visited the summer camp of our Fay Adventure Weeks and 103 children spent their vacation in the computer programming camp. In addition, 360 children received a summer camp contribution.

At Group level, 73% 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.

**Shared events**
Joint family events were cancelled due to the coronavirus pandemic, but some events were held online: for example, children of OTP Bank employees were given an opportunity to talk with Santa online.

**Healthcare and occupational safety and health**

**GRI 403 DMA, 403-2, 403-3, 403-9**

**Health and safety**
The employees of the Banking Group typically work in jobs and workplace environments where health and safety risk is low. At Monicomp – a subsidiary that merged into the parent bank during the year –, riskier positions are more typical due to the printing activity and the maintenance of ATMs. We adjust our occupational health and safety activities there to these higher risks. We perform risk assessment at the frequency required by law: every three years in Hungary, every 6 months at some subsidiaries and at certain subsidiaries new risk assessment is only required in the case of pre-defined changes.

**GRI 403-5**
The annual report on occupational safety and health is signed off by the Chairman & CEO. The report also includes the results of the health and safety inspection. 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 at the frequency prescribed by local statutory requirements. The employees of OTP Bank take part in training once a year, i.e. more frequently than is required by regulations.

We do our utmost to maintain a safe working environment; the low number and low severity of accidents reflects the success of our efforts.

**GRI 403-9, 403-2**

**Accidents**
The number and severity of accidents is low both at Group and at Bank level. At OTP Bank, the rate of work-related injuries was\(^56\) 2.8 in 2020, which is a good result compared to the national statistical average (at 4.4 to 5 accidents at work per 1,000 employees). For OTP Group as a whole, the indicator is 1.1. It is an important achievement that there were no accidents at home during the home office work pattern at OTP Bank.

Work-related injuries typically occurred while walking to the workplace (falls, slipping). 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 2020\(^57\).

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\(^{56}\) Number of work-related accidents per 1,000 employees

\(^{57}\) Of the foreign subsidiaries, DSK Bank, OTP Bank Croatia, Vojvodjanska banka a.d., OTP Bank Romania, OTP Bank Russia and OKB 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.
III. Main areas of focus

1. Addressing the pandemic
2. Focus on customers
3. Improving financial literacy
4. Expert financial services
5. Ethical business behaviour and security
6. Responsible employer
7. Environmental protection
8. Citizenship

I. Our approach to Sustainability

II. Responsible Corporate Governance

OTP Group

<table>
<thead>
<tr>
<th>Work-related injuries</th>
<th>OTP Bank</th>
<th>OTP Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of injuries</td>
<td>14</td>
<td>6</td>
</tr>
<tr>
<td>Rate of work-related injuries (per 1 million hours worked)</td>
<td>0.96</td>
<td>0.38</td>
</tr>
<tr>
<td>Number of high-consequence injuries</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Rate of high-consequence injuries (per 1 million hours worked)</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

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

*GRI 102-48 OTP Bank Ukraine was unable to provide data and is therefore excluded from the basis figures as well. We adjusted the 2018 rate for reasons of methodology. The data supply covers all employees. In 2020, the number of hours worked at OTP Group was 66,571,311 and 16,251,466 at OTP Bank.

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

1.1

At 1.1, the rate of work-related injuries is extremely low even by international standards

GRI 403 DMA, 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. Screening campaigns had to be cancelled because of the pandemic in 2020, but we tested our employees regularly and – up to a predefined limit – financed our employees’ tests at the health insurance provider. In addition, we expanded the scope of the services available under the health insurance policy (e.g. teledoc consultation). Programmes aimed at our employees’ mental and emotional support are presented in Section 1.4.

105,000 Covid-19 tests

Healthy lifestyle, sports

Healthy lifestyle

Because of the pandemic, it was particularly important in 2020 to stress the importance of – and encourage to pursue – a healthy lifestyle. Members of OTP Group assisted in maintaining and improving our employees’ healthy lifestyle primarily through awareness raising campaigns, workshops and self-improvement trainings.

BG The new benefit package of DSK Bank includes vouchers and discounts for healthy meals. In 2021 the subsidiary will organise a wellness academy with lectures discussing the topics relevant to a healthy and happy life.

BG Our Romanian subsidiary organised a series of workshops around physical health, which provided simple and useful tips to employees during the pandemic.

BG The #Vztrajam (’I insist’) campaign of SKB Banka goes beyond sports: it encourages employees to implement lifestyle changes. We implemented several, enormously successful challenges in 2020, with internal and external participants. One such example was our challenge to make it a habit to take 10 thousand steps a day. In order to reach as many people as possible through the campaign, we enabled employees to share their results and experiences on social media via videos and messages.

BG Our Montenegrin subsidiary introduced Health Day in the workplace; moreover, it is planning to promote active lifestyles by arranging sports activities and providing training.

At OTP Bank we are planning to develop a new well-being plan in 2021 to actively promote health preservation and a healthy lifestyle.
III. Main areas of focus

1. Addressing the pandemic
2. Focus on customers
3. Improving financial literacy
4. Expert financial services
5. Ethical business behaviour and security
6. Responsible employer
7. Environmental protection
8. Citizenship

GRI 403 DMA, 403-6

Sports

Our ability to support sports options and sports events was fairly restricted in 2020. In most countries, the traditional intra-bank and inter-bank sports competitions were cancelled; however, the online chess competition announced for the Banking Group as a whole enjoyed great popularity. Men dominated the group of 184 registered players, and employees from Hungary, Bulgaria, Serbia and Albania joined the competition in the greatest numbers. Players spent a total of 12 hours per person playing chess during the competition.

The recreational sports programme of OTP Bank was temporarily unavailable; we only sponsored outdoor events, joint hikes or cycling. OTP Mobil encouraged employees to participate in sports and collect kilometres in running and cycling races.

BG 200 employees participated in DSK Bank’s Sports Day. Colleagues entered races in six sports and were also invited to participate in joint folklore dance, yoga and salsa classes. With their participation, our colleagues also supported the Pediatrics and Rehabilitation Fund of the BCause Foundation; the Bank offered a donation to the Fund as part of the event.

SI Almost a third of the employees – including several retirees – are members of the sports association of our Slovenian subsidiary. Weekly sports activities, sports events and competitions are available through the sports association. In addition, the Bank organises physical exercise classes on an ad hoc basis for recreation and relaxation during working hours.

RU Our Russian subsidiary also held several events during the year to promote a healthy lifestyle; it organised its Spartakiada sports competition again in 2020.

UA Our Ukrainian subsidiary pays its employees’ registration free for sports and health events.

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

OSP 200 participants at DSK Bank’s Sports Day
OSP 184 participants at the Group-level chess competition

Our strategic goals

- Operating the HR support centre from 2021
- Implementing the Group-level talent programme
- Designing a uniform, Group-level job system by the end of 2022
- Drawing up a Well-Being Plan at OTP Bank
III.

Main areas of focus

7. Environmental protection
"In addition to being responsible in our own activities, DSK Bank believes that shaping attitudes is a part of responsible operations. With that in mind, we have attached great significance to improving financial literacy for years, and in 2020 we launched a comprehensive programme among our employees in relation to environmental protection. Our ‘Green Week’ programme is related to the implementation of the Bank’s corporate social responsibility policy, which is aimed at promoting conservation efforts and the protection of the environment. We held the first campaign week in summer 2020 in the spirit of DSK Bank’s motto: ‘DSK Bank – A thought for tomorrow’. The topic of the campaign week was water protection: we shared with colleagues interesting facts and information about water, and of course offered some tips about how to save water and how to use water wisely. We created ‘e-box’ – an electronic idea box –, inviting colleagues to drop in any green ideas and suggestions about how to reduce water consumption at the Bank. We received more than 30 ideas. In addition, our photo competition met with tremendous success with more than 200 photos received.

We organised the second ‘Green Week’ in autumn 2020, this time focusing on waste management. As part of the campaign, we placed PET bottle cap collection containers at each level of the Bank’s 5 head office buildings. Cap collection is perhaps one of the oldest CSR traditions at the Bank; we have been taking care to collect them separately for years. We trust that the collection boxes help spark even greater attention, and encourage employees to collect the caps with even more enthusiasm. We donate the caps to the organisation ‘I Believe and Help’, which passes them on for recycling and spends the proceeds on donating medical equipment to selected hospitals’.  

Gergana Bendurska, Head of the PR and Communication Department, DSK Bank

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

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

Activity
– Active role in government programmes to achieve environmental objectives
– Financing investment projects aimed at climate and environmental protection
– Reducing paper use through digitalisation; using recycled paper
– Rationalising business travel
– Energy-efficient projects; using renewable energy sources
– Improving waste management

GRI 302 DMA, 305 DMA

Climate change and the need to protect our environment pose increasingly urgent tasks and challenges. To read about our commitment arising from our role as financial intermediaries, see the presentation of our products (Chapter 4), and our risk management (Section 5.2). In this Section we provide an overview of the direct impacts associated with our operations. Although Covid-19 also influenced the environmental impacts, we expect that reduced consumption and travel be typically temporary.

For our basic principles concerning environmental protection and the fundamentals of our practice, visit our website.
We produce an annual report on our environmental protection activities; the report is signed off by the manager responsible for environmental protection. The environmental risks associated with our operations are analysed and managed within our operational risk management process. 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. In 2020 we strengthened Group-level control also in areas related to environmental protection. It entailed an increase in OTP Bank’s resource utilisation that our subsidiaries merged into the Bank – Monicomp fully, while OTP Ingatlanüzemeltető partially completed the integration.

GRI 302 DMA, 305 DMA
Energy

Development projects
OTP Group uses state-of-the-art technology in new construction and renovation projects, installing modern engineering solutions and energy-efficient (LED) light sources. As part of the renovation process, we also replace the air conditioning units and take care to ensure that the new units use environment-friendly coolants.

In 2020, OTP Bank identified the branches with the highest relative energy consumption; all immediate actions for mitigating energy consumption were completed at these locations. There were energy-saving renovations at 16 branches of the parent bank, and we replaced boilers in 2 branches. As a result of the projects, we expect to save 412 GJ annually. In 2021 we are planning to conduct a comprehensive energy efficiency review in the head office buildings.

At the subsidiaries, branch refurbishment projects also included energy efficiency measures; our Montenegrin subsidiary continued installing LED lighting and motion detectors at its head office building.

Renewable energy
We are intensifying our reliance on renewable energy taking financial considerations into account. We always examine the possibility of installing solar panels and heat pumps during the renovation of any parent bank branch\(^{58}\). In 2020 we installed solar panels in three branches. The systems of OTP Bank produced a total of 1,243 GJ solar power (due to renovations, the solar collector located in the resort operated less in 2020), while our Croatian subsidiary and Serbian subsidiary produced 332 GJ and 239 GJ, respectively. In 2021 we are planning to equip two additional parent bank branches with solar panels. The central archives facility formerly owned by Monicomp Zrt. was transferred to OTP Bank in 2020, and utilised 3,923 GJ geothermal\(^{59}\) energy.

Energy consumption
OTP Group’s energy consumption\(^{60}\) was 749 thousand GJ in 2020, nearly the same as in the previous year, mainly because the consumption of Expressbank and OTP banka Srbija a.d. Beograd is included in the data for the first time in 2020. In addition, the pandemic also exerted a significant impact on energy consumption. As regards ventilation and fresh air in our buildings, air recirculation was suspended and we applied more intensive ventilation instead, which increased our energy consumption. The significant rate of home office work temporary pointed to a decline in energy consumption, heating and cooling.
### GRI 302 DMA, 302-1

#### Energy consumption within the organisation (GJ)

<table>
<thead>
<tr>
<th></th>
<th>OTP Bank</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016</td>
<td>2017</td>
<td>2018</td>
<td>2019</td>
<td>2020</td>
</tr>
<tr>
<td>Natural gas</td>
<td>63,436</td>
<td>69,828</td>
<td>64,550</td>
<td>65,594</td>
<td>63,827</td>
</tr>
<tr>
<td>Mineral vehicle fuels</td>
<td>29,312</td>
<td>30,194</td>
<td>30,527</td>
<td>31,829</td>
<td>29,444</td>
</tr>
<tr>
<td>Other non-renewable fuel</td>
<td>-</td>
<td>-</td>
<td>285</td>
<td>156</td>
<td>152</td>
</tr>
<tr>
<td>Total non-renewable fuel sources</td>
<td>92,748</td>
<td>100,022</td>
<td>95,362</td>
<td>97,579</td>
<td>93,423</td>
</tr>
<tr>
<td>Biogenic vehicle fuels</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,360</td>
</tr>
<tr>
<td>Total renewable fuel sources</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1,360</td>
</tr>
<tr>
<td>Electricity</td>
<td>126,590</td>
<td>126,864</td>
<td>129,593</td>
<td>129,442</td>
<td>127,537</td>
</tr>
<tr>
<td>District heating</td>
<td>25,569</td>
<td>27,117</td>
<td>23,953</td>
<td>21,584</td>
<td>24,244</td>
</tr>
<tr>
<td>Total indirect energy purchased</td>
<td>152,159</td>
<td>153,981</td>
<td>153,546</td>
<td>151,026</td>
<td>151,781</td>
</tr>
<tr>
<td>Self-generated renewable energy</td>
<td>1,950</td>
<td>1,950</td>
<td>1,996</td>
<td>2,005</td>
<td>5,166</td>
</tr>
<tr>
<td>Total energy consumption</td>
<td>246,857</td>
<td>255,953</td>
<td>250,904</td>
<td>250,610</td>
<td>251,730</td>
</tr>
<tr>
<td>Total energy consumption per employee</td>
<td>31.55</td>
<td>32.15</td>
<td>29.77</td>
<td>28.14</td>
<td>26.75</td>
</tr>
</tbody>
</table>

1. Also includes the consumption of the former Monicomp and eBiz.
2. 302-48 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 local or EU regulations or provided by DEFRA. Some of the solar energy is estimated based on information from the manufacturer.

#### Energy consumption within the organisation (GJ)

<table>
<thead>
<tr>
<th></th>
<th>OTP Group</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016</td>
<td>2017</td>
<td>2018</td>
<td>2019</td>
<td>2020</td>
</tr>
<tr>
<td>Natural gas</td>
<td>96,773</td>
<td>103,986</td>
<td>107,697</td>
<td>143,159</td>
<td>154,738</td>
</tr>
<tr>
<td>Mineral vehicle fuels</td>
<td>93,062</td>
<td>130,729</td>
<td>96,128</td>
<td>99,801</td>
<td>78,248</td>
</tr>
<tr>
<td>Other non-renewable fuel</td>
<td>928</td>
<td>133</td>
<td>475</td>
<td>2,194</td>
<td>1,054</td>
</tr>
<tr>
<td>Total non-renewable fuel sources</td>
<td>190,763</td>
<td>234,848</td>
<td>204,300</td>
<td>245,134</td>
<td>215,040</td>
</tr>
<tr>
<td>Biogenic vehicle fuels</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,949</td>
</tr>
<tr>
<td>Renewable fuel</td>
<td>146</td>
<td>144</td>
<td>118</td>
<td>134</td>
<td>134</td>
</tr>
<tr>
<td>Total renewable fuel sources</td>
<td>146</td>
<td>144</td>
<td>118</td>
<td>134</td>
<td>2,083</td>
</tr>
<tr>
<td>Electricity</td>
<td>343,953</td>
<td>357,612</td>
<td>408,100</td>
<td>404,040</td>
<td>438,810</td>
</tr>
<tr>
<td>District heating</td>
<td>79,661</td>
<td>64,317</td>
<td>62,637</td>
<td>87,574*</td>
<td>86,514</td>
</tr>
<tr>
<td>Total indirect energy purchased</td>
<td>423,614</td>
<td>421,929</td>
<td>470,737</td>
<td>491,614</td>
<td>525,034</td>
</tr>
<tr>
<td>Self-generated renewable energy</td>
<td>5,267</td>
<td>6,189</td>
<td>6,443</td>
<td>6,563</td>
<td>6,855</td>
</tr>
<tr>
<td>Total energy consumption</td>
<td>619,790</td>
<td>663,110</td>
<td>681,598</td>
<td>743,445</td>
<td>749,302</td>
</tr>
<tr>
<td>Total energy consumption per employee</td>
<td>17.62</td>
<td>18.20</td>
<td>19.62</td>
<td>20.37</td>
<td>20.27</td>
</tr>
</tbody>
</table>

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 district heating figure of OTP Bank Russia is an actual measured figure, significantly above the estimated consumption of prior years.
### I. Our approach to Sustainability

#### II. Responsible Corporate Governance

### III. Main areas of focus

1. Addressing the pandemic
2. Focus on customers
3. Improving financial literacy
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7. Environmental protection
8. Citizenship

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#### GRI 305 DMA, 305-1, 305-2

**OTP Group’s Scope 1 and Scope 2 CO₂e emission (t)**

<table>
<thead>
<tr>
<th></th>
<th>OTP Bank</th>
<th>OTP Group</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2016</strong></td>
<td>5,272</td>
<td>11,299</td>
</tr>
<tr>
<td><strong>2017</strong></td>
<td>6,781</td>
<td>15,182</td>
</tr>
<tr>
<td><strong>2018</strong></td>
<td>6,714</td>
<td>14,564</td>
</tr>
<tr>
<td><strong>2019</strong></td>
<td>6,779</td>
<td>18,594</td>
</tr>
<tr>
<td><strong>2020</strong></td>
<td>6,078</td>
<td>15,282</td>
</tr>
</tbody>
</table>

**Direct (Scope 1)**
- Emissions by vehicles: 1,731 t, 2,142 t, 2,183 t, 2,272 t, 2,123 t, 5,897 t, 9,378 t, 9,738 t, 7,204 t, 5,738 t
- From natural gas consumption: 3,541 t, 3,898 t, 3,628 t, 3,686 t, 3,587 t, 5,402 t, 5,804 t, 6,053 t, 8,044 t, 7,572 t
- From air-conditioning equipment: n.a, 741 t, 885 t, 811 t, 358 t, n.a, n.a, 1,536 t, 3,140 t, 1,892 t
- Other non-renewable energy: 0 t, 0 t, 18 t, 10 t, 10 t, n.a, n.a, 37 t, 206 t, 80 t

**Indirect (Scope 2)**
- **Indirect location-based**: 8,509 t, 8,600 t, 10,540 t, 10,786 t, 9,883 t, 32,914 t, 32,919 t, 45,130 t, 47,947 t, 52,711 t
- From electricity: 7,265 t, 7,281 t, 9,374 t, 9,912 t, 8,902 t, 28,959 t, 29,415 t, 42,082 t, 44,012 t, 48,807 t
- From district heating: 1,244 t, 1,319 t, 1,166 t, 874 t, 981 t, 3,955 t, 3,504 t, 3,048 t, 3,935 t, 3,904 t
- **Indirect market-based**: n.a, n.a, 12,973 t, 8,640 t, 8,350 t, n.a, n.a, 47,334 t, 53,196 t
- From electricity: n.a, n.a, 11,807 t, 7,766 t, 7,569 t, n.a, n.a, 43,199 t, 49,292 t
- From district heating: n.a, n.a, 1,166 t, 874 t, 981 t, n.a, n.a, 3,935 t, 3,904 t

**Total (Scope 1 + 2) location-based**: 13,781 t, 15,381 t, 17,254 t, 17,565 t, 15,961 t, 44,940 t, 48,101 t, 59,694 t, 66,541 t, 67,993 t

**Total (Scope 1 + 2) market-based**: n.a, n.a, 19,678 t, 15,419 t, 14,428 t, n.a, n.a, 65,928 t, 68,478 t

**Per-capita location-based**: 1.76 t, 1.93 t, 2.05 t, 1.97 t, 1.70 t, 1.283 t, 1.32 t, 1.72 t, 1.82 t, 1.84 t

**Per capita market-based**: n.a, n.a, n.a, n.a, 1.53 t, n.a, n.a, n.a, n.a, 1.85 t

**Biogenic emissions**: 0 t, 0 t, 0 t, 97 t, 0.6 t, 0.6 t, 0.5 t, 0.6 t, 140 t

---

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, in 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, district heating and the 2019/2020 electricity factors only cover CO2. The GWP values were taken into consideration on the basis of the IPCC’s 4th Assessment Report.

1. Also includes the consumption of the former Monicomp and eBiz.
2. Headcount-proportionate estimate based on the figures from member companies that supplied accurate data.
3. GRI 102-48 Data retroactively corrected due to calculation error.
4. From 2020 it includes renewable-based vehicle fuel emissions.
III. Main areas of focus

1. Addressing the pandemic
2. Focus on customers
3. Improving financial literacy
4. Expert financial services
5. Ethical business behaviour and security
6. Responsible employer
7. Environmental protection
8. Citizenship

I. Our approach to Sustainability

II. Responsible Corporate Governance

<table>
<thead>
<tr>
<th>OTP Group’s other indirect (Scope 3) CO₂e emissions (t)*</th>
<th>OTP Bank</th>
<th>OTP Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business travel</td>
<td>229</td>
<td>870</td>
</tr>
<tr>
<td>Paper use</td>
<td>793</td>
<td>2,339</td>
</tr>
</tbody>
</table>

* 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 2020

<table>
<thead>
<tr>
<th></th>
<th>OTP Bank</th>
<th>OTP Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vehicles</td>
<td>0.225</td>
<td>1.334</td>
</tr>
<tr>
<td>Electricity</td>
<td>0.783</td>
<td>2.340</td>
</tr>
<tr>
<td>Natural gas</td>
<td>0.381</td>
<td>0.314</td>
</tr>
<tr>
<td>District heating</td>
<td>0.104</td>
<td>0.145</td>
</tr>
<tr>
<td>Air conditioning</td>
<td>0.018</td>
<td>0.026</td>
</tr>
<tr>
<td>Other non-renewable</td>
<td>0.001</td>
<td>0.002</td>
</tr>
</tbody>
</table>

### Per-capita breakdown of CO₂e emissions 2020

<table>
<thead>
<tr>
<th></th>
<th>OTP Bank</th>
<th>OTP Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity</td>
<td>0.051</td>
<td>0.078</td>
</tr>
<tr>
<td>Natural gas</td>
<td>0.038</td>
<td>0.056</td>
</tr>
<tr>
<td>District heating</td>
<td>0.014</td>
<td>0.019</td>
</tr>
<tr>
<td>Air conditioning</td>
<td>0.004</td>
<td>0.001</td>
</tr>
<tr>
<td>Other</td>
<td>0.001</td>
<td>0.001</td>
</tr>
</tbody>
</table>
Travel

GRI 302 DMA, 305 DMA

The number of business trips and the size of the vehicle fleet are determined by the needs of the business. Travel rationalisation and the use of videoconferencing is common practice. Group-level total mileage decreased in 2020, mainly because of the Covid-19 pandemic. We strived to transport the protective equipment of the pandemic as part of the transportation of returned goods in order to avoid additional transportation needs. As part of the efforts expended against the pandemic, we provided support for the use of personal vehicles to and from the workplace.

In our vehicle procurement we choose cars with low fuel consumption. In 2020 we did not modify the maximum CO₂ emission limits applied Group-wide. We made it a Group-level practice to include environment-friendly cars among the types that can be selected in our vehicle policies in each category. At the end of 2020, the Bank’s fleet included two electric cars and 34 hybrid vehicles.

Our Croatian subsidiary has one electric car, and our Bulgarian subsidiary has 5 electric and 7 hybrid vehicles. Our Montenegrin subsidiary installed an electric car charging station in front of its head office building during the year.

Total mileage at the parent bank showed a 2% decline year on year. At Group level, there was a 13% decline in car travel, and the total mileage travelled per person decreased somewhat more, by 15%.

Use of own vehicles and taxi cabs

In addition to company cars, in certain cases our employees also use their own cars for business travel (not for commuting to work), and order taxi services as well. We started to estimate the environmental impact involved from 2020. At OTP Bank, travelling by taxi and personal vehicles amounted to 570 thousand kilometres; at Group level this value was almost 4 million kilometres.

Travelling by air

Operating and managing the Banking Group necessarily requires air travel as well. Due to the coronavirus pandemic, the volume of such travel declined significantly year-on-year. At several subsidiaries, our employees did not fly at all during the year. At Group level, our employees took around 1,000 trips, two thirds of which were connected to OTP Bank.

Video conferencing

Our Banking Group increases the number of video conferencing rooms; in 2020 we set up 21 new rooms at the parent bank. At Group level, we used 311 video conferencing devices and equipment; moreover, communication via applications without any specific device has become a daily practice, which we did not measure. Due to the pandemic, video conference calls from office buildings decreased to a half: our employees made around 9,500 video conference calls in total. In our estimate, video conference calls prevented the emission of 108 tons of carbon dioxide.

Cycling

OTP Bank and all of our subsidiaries have bicycle storage available at one or more head office buildings. Bicycle storage is also available at 58% of the branches of OTP Bank. During the year, 48 new storage spaces were created at the head office buildings of the parent bank; moreover, our Serbian and Montenegrin subsidiaries provided new storage at their head offices and the Ukrainian subsidiary installed storage at three locations. Bicycle storages were installed at three locations of our Bulgarian subsidiary, partly for employees and partly for customers.

Paper

OTP Group has been striving for years to reduce its paper use and increase the use of recycled paper. The pandemic obviously reinforced digitalisation, and working from home also reduced the volume of printing. At the same time, statutory requirements still demand paper-based administration in many cases.

Paper use

In 2020 we further expanded the range of products that are also available online (Section 2.1); in addition, digital signature pads are used more and more frequently in the branches, and there is a rising trend in the use of electronic account statements. In 2020 – mainly as a result of the pandemic – most of our member companies cut back on paper use; the consumption of paper decreased by 8% Group-wide, while the use of office paper dropped by 30% at OTP Bank compared to the previous year. We expect a 2–3% decline in paper use at the parent bank thanks to the upcoming printing technology switch.

61 Travel requirement increased significantly after the merger of Monicomp.
62 This information is not comprehensive; our Croatian, Romanian and Russian subsidiaries, one of the Serbian subsidiaries and a few Hungarian subsidiaries were unable to supply data.
63 One-way trip.
64 Group-level estimate based on OTP Bank’s data.
I. Our approach to Sustainability

II. Responsible Corporate Governance

III. Main areas of focus


OTP Group / DSK Bank reduced paper consumption by introducing the use of 70-gsm printing paper instead of the 80-gsm paper used previously.

Our Moldavian subsidiary converted to electronic signature in its internal documents during the year; moreover, bank guarantees are also issued electronically for corporate customers.

At OTP Bank we continued to increase the use of recycled paper (to 20%) in office paper consumption and, supported by an internal campaign, our goal is to achieve an additional increase in 2021. In Hungary, we switched to FSC-certified paper from recycled paper in the case of account statements and marketing publications. All personal hygiene products used at OTP Bank are ECO Label products. Some smaller Hungarian subsidiaries have fully converted to recycled paper.

From 2020, our Serbian subsidiary uses FSC-certified and ECF (Elemental Chlorine Free) paper.

Our Slovakian subsidiary has been using PEFC-certified products for years.

Recycled paper represented 10% across the Group in 2020.

E-statements

We offer electronic account statements to our customers wherever this is permitted by local legislation. We encourage their use through the applicable terms and fees. Most customers do not receive a paper statement from OTP Bank (75% 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. 80% of the customers of the Serbian Vojvodjanska banka a.d. and around half of the customers of our Slovenian subsidiary receive e-statements. The use of electronic account statements is most prominent among the corporate customers of our Romanian subsidiary. For the time being, more customers request paper-based statements at the rest of the subsidiaries.

9,200 mature trees saved by using recycled paper and the reduction of paper use compared to the previous year

Sustainable use and waste management

Prevention

We follow the principle of using all of our equipment, devices and machines for the longest time reasonably possible. We reuse furniture and ensure interchangeability.

In 2020 we donated a total of 550 no longer used computers to charity projects at OTP Bank, DSK Bank, our Serbian subsidiaries and OTP Bank Albania.

The reduction of plastic weight gains increasing significance at Group level. In the filing practice of the parent bank, ethylene and genotherm products were replaced by paper products, and from 2020 we expanded the use of stamps made of recycled plastic. We installed water fountains in the head office buildings in Hungary and Moldavia, and they are also available to customers in the branches. In Moldavia plastic cups were replaced by paper cups in 2020. Water fountains are available in the head office buildings in Slovenia; in addition, they are available in branches in Ukraine, Romania and Serbia (water fountains). A number of our subsidiaries drew up schemes to reduce the use of plastics; implementation is expected in 2021.

Our success in the replacement of plastics is demonstrated by the fact that in 2020 the quantity of selectively collected PET bottles dropped to nearly a fourth at OTP Bank.

Our subsidiaries in Montenegro, Moldova and Slovakia, as well as the Serbian Vojvodjanska banka a.d. use toner refills to reduce toner and ink cartridge waste.
### OTP Group materials and procurement highlights

<table>
<thead>
<tr>
<th></th>
<th>OTP Bank</th>
<th></th>
<th></th>
<th></th>
<th>OTP Group</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of branches</td>
<td>379</td>
<td>374</td>
<td>374</td>
<td>370</td>
<td>362</td>
<td>1315</td>
<td>1,497</td>
<td>1,423</td>
<td>1,732</td>
</tr>
<tr>
<td>Ratio of number of branches</td>
<td>4%</td>
<td>4%</td>
<td>3%</td>
<td>4%</td>
<td>5%</td>
<td>7%</td>
<td>12%</td>
<td>3%</td>
<td>2%</td>
</tr>
<tr>
<td>refurbished</td>
<td>during the year to total number of branches</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of ATMs</td>
<td>1,937</td>
<td>1,945</td>
<td>1,931</td>
<td>1,930</td>
<td>3,904</td>
<td>4,340</td>
<td>4,339</td>
<td>5,015</td>
<td>4,857</td>
</tr>
<tr>
<td>Number of POS terminals</td>
<td>60,000</td>
<td>70,000</td>
<td>78,000</td>
<td>78,000</td>
<td>126,000</td>
<td>81,000</td>
<td>103,000</td>
<td>113,000</td>
<td>137,000</td>
</tr>
<tr>
<td>GRI 201-18 Computers (number of laptops + PCs)</td>
<td>9,000 (excluding laptops)</td>
<td>15,000</td>
<td>18,000</td>
<td>19,000</td>
<td>n/a</td>
<td>n/a</td>
<td>45,000(^1)</td>
<td>51,000(^3)</td>
<td>57,000(^5)</td>
</tr>
<tr>
<td>Weight of ink cartridges and toners used (tons)</td>
<td>7</td>
<td>9</td>
<td>9</td>
<td>8</td>
<td>6</td>
<td>n/a</td>
<td>37(^6)</td>
<td>33(^6)</td>
<td>35(^6)</td>
</tr>
<tr>
<td>Amount of office paper (t)</td>
<td>838</td>
<td>905</td>
<td>685</td>
<td>699</td>
<td>478</td>
<td>2,983</td>
<td>2,159</td>
<td>1,955</td>
<td>2,350(^1)</td>
</tr>
<tr>
<td>Amount of paper used for document sorting and packaging (t)</td>
<td>39</td>
<td>43</td>
<td>43</td>
<td>58</td>
<td>7</td>
<td>107</td>
<td>76</td>
<td>116</td>
<td>117</td>
</tr>
<tr>
<td>Amount of indirectly used paper (t)(^4)</td>
<td>44</td>
<td>9</td>
<td>5</td>
<td>7</td>
<td>584(^6)</td>
<td>989</td>
<td>484(^6)</td>
<td>511</td>
<td>631</td>
</tr>
</tbody>
</table>

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.
Selective waste collection

Waste collection remained unchanged in most respects in 2020. All members of OTP Group collect and manage hazardous waste and paper containing business secrets selectively, in compliance with the relevant legal requirements. Our Romanian subsidiary collects all paper, metal, glass and plastic selectively. Our Slovenian subsidiary also collects communal waste selectively (including biodegradable food waste).

Our Croatian subsidiary has collected paper waste and PET bottles selectively for years, and preparations are in progress for a pilot programme aimed at the selective collection of additional types of waste (metal, other plastics, glass). The selective collection of PET bottles and – at a number of locations – glass is in place in the head office buildings of OTP Bank. Our Serbian subsidiary collects its paper waste selectively, both in its head office building and at its branches.

Similarly, our Albanian subsidiary collects paper waste selectively; in addition, in 2020 the Montenegrin CKB also put in place this option in head office buildings and in 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.

Our Slovak subsidiary collected waste selectively where this is facilitated by the specific municipality. Our Moldavian subsidiary is preparing for establishing the practice of selective paper and PET bottle collection.

<table>
<thead>
<tr>
<th>Quantity of selectively collected waste</th>
<th>OTP Bank</th>
<th>OTP Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Selectively collected waste paper (t)</td>
<td>292</td>
<td>277</td>
</tr>
<tr>
<td>Selectively collected PET bottles (kg)</td>
<td>9,966</td>
<td>11,580</td>
</tr>
<tr>
<td>Communal waste (t)</td>
<td>n/a</td>
<td>n/a</td>
</tr>
</tbody>
</table>
Attitude-shaping

In recent years, most members of our Banking Group have continuously strengthened the practice of raising awareness and taking joint action to protect environmental and natural resources; by now, this has become a tradition. The programmes implemented with the help of our employees cover almost all aspects of nature conservation and environmental protection:

In 2020, OTP Bank continued to support the Hungarian Hikers’ Association’s efforts to promote hiking.

Our Croatian subsidiary sponsored the Adriatic Sea clean-up programme of the scuba diving club in Split.

Vojvodjanska banka a.d. launched a newsletter in response to the pandemic (‘Stay optimistic against the virus’), and one of its editions was dedicated specifically to the protection of the environment, sharing tips with employees on how to use resources responsibly both in the workplace and in their personal lives. Preparing a thematic electronic brochure providing practical advice on environmentally aware behaviour is also among the Bank’s plans.

Volunteers from our Romanian subsidiary participated in the ‘Let’s Do it, Romania!’ cleanup day. We also organised a campaign to raise awareness about energy saving. We displayed awareness raising messages at high-traffic areas in the head office building.

Our Slovenian subsidiary keeps bees on the balcony of its head office building as part of the ‘Nature in the City’ scheme, contributing to the preservation of a Slovenian species. Numerous companies have joined the programme initiated by the Ljubljana municipality. Caring for bees proved to be a true community building project.

At our Russian subsidiary, environmental awareness messages were displayed on monitors and in the offices.

The employees of our Ukrainian subsidiary planted trees at several locations in 2020.

During the year, our Montenegrin subsidiary used regular posters and newsletters as environmental awareness reminders for its employees. In the future, they will also help foster environmental awareness by brochures, posters and stickers. In 2020, the Bank participated once again in nationwide afforestation and environmental protection campaigns.

Our strategic goals

- Construction of OTP Bank’s new head office with LEED Gold certification (2022)
- Conducting a comprehensive energy efficiency review in the head office buildings at OTP Bank
- Further reducing the amount of paper used (ongoing)
- Expanding the use of recycled paper for office paper consumption at OTP Bank
- Cutting back on plastic use at several subsidiaries
- Strengthening attitude shaping in environmental awareness at several subsidiaries
Main areas of focus

8. Citizenship
Earthquake assistance in Croatia

"Zagreb, the capital city of Croatia had to face a double challenge in March 2020: besides the pandemic, an earthquake inflicted enormous damages to buildings, and destroyed a significant part of the central hospital and the institution’s assets. Our Bank helped earthquake recovery efforts by donating HRK 1.5 million (~ HUF 70 million) to hospitals in the capital city. Besides financial contribution to healthcare institutions, we provided financial assistance to households in need among the elderly population directly affected by the quake and to firefighters working in rescue and recovery.

At the end of December, yet another devastating earthquake rocked the country; this time hitting Sisak-Moslavina county and the central parts of Croatia. Unfortunately, some of our colleagues were hit directly by this quake, and their homes were damaged. The Board of Directors decided to set up an assistance fund, from which we provided an emergency aid of HRK 15,000 to each affected employee, and we are helping renovations by another HRK 0.5 million. In addition to expressing our deepest sympathies and condolences to the families of the victims, it was natural to our Bank to provide financial assistance to the population of the region, both in the areas of health care and damage recovery.

The earthquake put an even bigger pressure on doctors and healthcare personnel who were already working in the frontline and reeling from the effects of the Covid-19 pandemic. We hope that our donation helped to ease their situation if only a little, and that it will contribute to enabling the towns hit by the disaster to treat the injured. Through our traditional ‘Green Light’ aid programme, OTP Bank donated HRK 1.5 million to the Sisak hospital, HRK 1 million to the town of Sisak and the county, and HRK 0.5 million to the enterprises affected.

Balázs Békeffy,
CEO of OTP Bank Croatia

Commitment
Supporting the progress of local communities and society, playing a role in overcoming difficulties

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

Activity
– Achieving real results by providing focused support able to deliver change
– Identifying local needs, creating reliable partnerships
– Helping society get involved
– Supporting and encouraging our employees in their efforts to help

GRI 413 DMA
In delivering our financial services, our aim is to help customers achieve their goals. During our support activity, as well, our priority is providing assistance; it is natural to us to contribute to the progress and development of local communities. We are committed to giving a chance to those in need and in trouble. It is particularly true during this extraordinary time of the coronavirus pandemic when support was needed in even more places. OTP Bank is among the largest donors in Hungary, and we are increasing the amounts we donate year after year. 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, and
– 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.
I. Our approach to Sustainability

II. Responsible Corporate Governance

III. Main areas of focus

I. Addressing the pandemic
II. Focus on customers
III. Improving financial literacy
IV. Expert financial services
V. Ethical business behaviour and security
VI. Responsible employer
VII. Environmental protection
VIII. Citizenship

2019 Our commitments

- Launching the operation of the donor platform.
- Renewing the Prima Primissima Awards.
- Establishing conditions for – and starting – pro bono volunteering at OTP Bank.

2020 Our results

- The development of the platform is in progress; launch is expected in early 2021. In the second half of 2020, an ATM pilot was launched.
- Instead of a formal renewal, relevant changes took place in 2020.
- Implementation is delayed due to the pandemic.

GRI 413 DMA

At Group level, we spent HUF 5.0 billion on donations in 2020, 20% more than in the year before. In addition to healthcare, once again we allocated around 20% of our assistance to education, especially focusing on the improvement of Improving financial literacy. 14% of the donations were spent on social purposes. 75% of the donations were made by the parent company. While the donations were predominantly financial contributions, we often provided support in kind, such as donating computers and enabling volunteer programmes.

Also, some of our sponsorship activities are in support of charitable causes. In 2020, OTP Group spent HUF 2.7 billion on sponsorship – almost the same as the year before –, of which 65% was provided by OTP Bank. The majority of our sponsorship was linked to sports (79%); the weight of arts and culture (8%) and local communities (3%) declined, while that of education (7%) increased.

The members of our Banking Group conduct most of their donation and sponsorship activities independently. They provide support to the best of their ability and in awareness of the needs of their local communities, with long-standing priorities. 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 view of the risks involved in meeting in person, several traditionally sponsored events were cancelled in 2020. Even volunteer programmes had to be limited to fewer participants compared to previous years.

Almost all of our member companies gave special focus to supporting healthcare institutions during the year relative to the previous years. 40% of our donations comprised health assistance. Our aids provided in order to fight the coronavirus pandemic and mitigate its effects are presented in detail in Section 1.5.
### Donations by OTP Bank and OTP Group

#### OTP Group

<table>
<thead>
<tr>
<th>Year</th>
<th>Healthcare</th>
<th>Culture</th>
<th>Education</th>
<th>Social</th>
<th>Local communities</th>
<th>Sports</th>
<th>Environmental protection</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>2112</td>
<td>325</td>
<td>1061</td>
<td>715</td>
<td>133</td>
<td>585</td>
<td>21</td>
</tr>
<tr>
<td>2019</td>
<td>82</td>
<td>595</td>
<td>1963</td>
<td>468</td>
<td>146</td>
<td>876</td>
<td>30</td>
</tr>
<tr>
<td>2018</td>
<td>43</td>
<td>678</td>
<td>818</td>
<td>232</td>
<td>104</td>
<td>865</td>
<td>22</td>
</tr>
<tr>
<td>2017</td>
<td>67</td>
<td>455</td>
<td>830</td>
<td>242</td>
<td>19</td>
<td>646</td>
<td>37</td>
</tr>
<tr>
<td>2016</td>
<td>83</td>
<td>123</td>
<td>936</td>
<td>250</td>
<td>39</td>
<td>920</td>
<td>21</td>
</tr>
</tbody>
</table>

#### OTP Bank

<table>
<thead>
<tr>
<th>Year</th>
<th>Healthcare</th>
<th>Culture</th>
<th>Education</th>
<th>Social</th>
<th>Local communities</th>
<th>Sports</th>
<th>Environmental protection</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>1692</td>
<td>292</td>
<td>992</td>
<td>615</td>
<td>9</td>
<td>82</td>
<td>23</td>
</tr>
<tr>
<td>2019</td>
<td>31</td>
<td>566</td>
<td>1807</td>
<td>452</td>
<td>24</td>
<td>583</td>
<td>21</td>
</tr>
<tr>
<td>2018</td>
<td>27</td>
<td>622</td>
<td>723</td>
<td>201</td>
<td>76</td>
<td>356</td>
<td>20</td>
</tr>
<tr>
<td>2017</td>
<td>52</td>
<td>424</td>
<td>766</td>
<td>234</td>
<td>12</td>
<td>319</td>
<td>20</td>
</tr>
<tr>
<td>2016</td>
<td>72</td>
<td>101</td>
<td>867</td>
<td>231</td>
<td>16</td>
<td>297</td>
<td>26</td>
</tr>
</tbody>
</table>
Our sponsorship schemes play a key role in implementing our programmes; their professionalism and goal focus guarantee the efficient and effective use of the grants.

Donation platform
PLATFORMSince we are convinced that improving the culture of donations strengthens important societal values and it is a part of financial literacy, we have made preparations for setting up a complex digital system to support and encourage small-amount donations by retail customers. At the end of the year we tested the platform on our ATM network, but its rollout to all of the planned interfaces – renewed internet and mobile bank – will only take place in 2021.

Creating opportunities

Humanity
The Humanity Social Foundation provided assistance primarily in relation to the coronavirus pandemic in 2020 in order to support the asset purchases of healthcare institutions. In addition, it joined the ‘Digital Fast Track’ initiative of the Banking Association ‘Good Deed Bank’ programme, in the framework of which the Bank offered, through donations, newly purchased computers, tablets and other digital devices, as well as 265 used but fully operational computers. Through the donations of the banking sector under the ‘Digital Fast Track’ programme, digitally disadvantaged schools had access to more than 2,000 new and used, but fully operational computers.

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. The Bank implemented several charity initiatives jointly with employees and cooperating partners.

On the occasion of Children’s Day and in conjunction with the ‘Presence’ programme of the Hungarian Charity Service of the Order of Malta, we announced a joint charity campaign among our employees. The Bank and employees supported disadvantaged families with two or more children by HUF 3 million from which the Hungarian Charity Service of the Order of Malta purchased stationeries, educational booklets, books, toys and sports equipment.

We organised a joint year-ending fundraising in conjunction with our employees, the Humanity Social Foundation, the OTP Fáy András Foundation and its two model schools, as well as the International Children’s Safety Service. The donations eased and brightened the holidays for 155 families in need in Nyíregyháza, Jászárokszállás and Pécs by packages of non-perishable food and various toys. Two kindergartens also received toys, and we sent gift packages to an additional 300 disadvantaged children through our partners.

OTP Bank offered the Community Initiative of the Year award at the tender of the Volunteer Centre Public Foundation, which – based on public voting – went to the SPARK Talent Management Association. The Association is fighting against segregation and for the acceptance of autism, and established the DREAM camp to further these causes. 40 talented children in need of assistance were able to enjoy the camp that offered skill development sessions free of charge.

The Hungarian members of OTP Group also found numerous ways to support disadvantaged children or children in need of assistance.

The employees of Merkantil Bank ‘adopted’ a kindergarten, and provided assistance to the institution and to the children several times during the year. Financial donations were spent on protective equipment against Covid-19 and on gift packages; in addition, the employees collected gifts and vehicles.

OTP Mobil Kft. spent the amount budgeted for team building on donations, whereby it supported the Hand in Hand Foundation.

OTP Ingatlan Befektetési Alapkezelő Zrt. provided assistance to the Brave Little Soul Non-Profit Foundation in order to support the medical care of children suffering from cancer.

Employees of OTP Ingatlanpont joined the shoebox campaign of the Hungarian Baptist Aid.
Value creation, preservation of traditions

The coronavirus pandemic posed serious challenges in the cultural sphere, as well. Maintaining previous partnerships and sponsorships enables this segment, as well, to continue its value creating activities in the future. Given the pandemic situation, numerous events were either cancelled or arranged in a different form than before.

Prima Primissima
One of the most prestigious awards of Hungary has been managed and financed by OTP Bank since 2013, and from the summer of 2020 OTP Bank took over founders’ rights. The mission of Prima Primissima is to present society with role models by recognising prominent people whose achievements, humanity and values can serve as an example for all of us.

In 2020, due to the pandemic situation we did not organise the award ceremony and gala as usual, but the presentation of the awards was not cancelled.

In 2020, the Prima Primissima Foundation presented awards to 10 organisations that were hit heavily by the pandemic. It was an important criterion that the activity of the organisations – which were selected from 200 nominees under an alternative system as an exception – had to be in line with the goals of the Foundation. Recipients were presented the awards – which entailed HUF 20 million per organisation – in the framework of an online event. Winners of the 2020 Prima Primissima Award:

1. Autism Foundation
2. Hungarian Down Foundation
3. Together for Autistic People Foundation
4. Hungarian Association for Persons with Intellectual Disability
5. Childhood Leukemia Foundation
6. Hand in Hand Foundation
7. Hungarian Hospice Foundation
8. Hungarian Charity Service of the Order of Malta
9. Hungarian Ambulance Service Foundation
10. Peter Cerny Foundation for Curing Sick Babies

Brain Bar
Once again in 2020, we supported the Brain Bar event, which was very different from the previous occasions both in terms of organisation and performers. The three-day-long futuretainment festival was arranged online, and attendance was free of charge this time around. Activities had to be fundamentally presented at a personal level, in a digital form, which was solved by the organisers through a variety of innovative techniques.

Under the motto ‘Innovation is our Tradition’, experts of OTP Bank shared with the audience the expertise and experience accumulated in the Bank in the areas of robotisation, the future of the banking system, the design of financial applications and the features necessary for making a good impression.

Dance group meetings
In 2020, in an effort to avoid large gatherings, the events of the XXXIX National Folk Dance Festival and Fair were organised in parallel at multiple venues across Hungary. This year’s Festival may have been unconventional, but we presented, as usual, the OTP Bank Folk Dance Award and cash prize to recognise Hungarian dancers, dancing partners, musicians, singers, music and dance educators who work hard to bring living folklore traditions to as many people as possible.

We continued to support the Museum+ programme of the Museum of Fine Arts.

Investing in the future: 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 2020 as well. An unprecedented number of almost 118 thousand youths from 1,475 schools and 1,765 kindergartens participated in the Institutional Programme this year. At the same time, in view of the pandemic situation we had to cancel the School Year Closing Child Football Festival and Fair Play Cup in May, and the Hungarian Football Federation suspended its programmes for the 2020/2021 school year.

In the 2019/2020 season, the Bozsik Football Club Programme operated in a regional system; 45 Bozsik Centres, 180 groups, 1,125 sports organisations and 67 thousand players registered for the spring season. Subsequently, however the programme went through a complete overhaul.

The accredited educator in-service training programme launched in conjunction with the Hungarian Student Sports Federation (MDSZ) in 2016 was completed. Under the programme, more than 5,000 teachers completed a training on teaching football in physical education classes at school.
Volunteering

Volunteerism looks back to a decade-long tradition at OTP Bank. Once again in 2020, we implemented our OTP Local Value Volunteer Programme, which expresses everything that volunteerism means to our Bank and to the participants of the programme: We are here. We help. We create value. Our employees help social groups whose members have to overcome drawbacks to achieve their goals, or are still at the very beginning of that road.

Announced twice a year, the purpose of the programme is to support employees volunteering in their own communities. Despite the pandemic, our colleagues delivered on their commitments, always in compliance with the prevailing pandemic restrictions, often overwriting the original plans and responding creatively to the given situation. In 2020, 22 teams launched projects nationwide under the Local Value Volunteer Programme; as a result, almost 250 volunteers helped 2,600 persons in need. Apart from fundraising and blood drives, we did not organise any volunteer events at the head office this year.

Responsible for Each Other Award

Year after year, we present the Responsible for Each Other Award to the teams of employees most committed to volunteering. Of the communities engaged in exemplary social activities, in 2020 the 1st place was won jointly by the Jászberény branch of the Southern Great Plain Region and by the Contact Centre Services Department of the Retail Division, while the Regional Centre of the North-East Hungary Region won 2nd place.

Among other activities, all three winners provided assistance specifically in relation to the Covid-19 pandemic; some colleagues sewed masks, made purchases or filled prescriptions; another team conducted 1,000 calls offering mental assistance.

Since numerous volunteer activities had to be cancelled because of the coronavirus pandemic at our subsidiaries, as well, we present those implemented in the next section, alongside the Bank’s support programmes.

To read about OTP Bank’s other donation and sponsorship activities, visit our website.

Citizenship at subsidiary banks

Numerous support programmes are described in previous sections:

- Supporting health institutions.
- Attitude-shaping.
- Improving financial literacy

- [BG] DSK Bank is a strategic partner of SOS Children’s Villages, in the context of which it provides support to two SOS families for a full year; in addition, it enables and encourages customers and employees to offer donations through the ATM network and now also through the internet bank. Donations by customers and employees amounted to almost HUF 150 million in 2020. As a recognition of its partnership, DSK won the Greatest Corporate Partner title for the fourth time in 2020.

The employees of DSK Bank participated in several charity sports events in 2020. Through a mini marathon run together with people with disabilities, the Run2Gether programme calls for acceptance and inclusion. Organisers donated to charity projects 30% of the registration fee for the Business Run team race. 52 employees attended the event, which is an outstanding result.

- [HR] Our Croatian subsidiary worked together with MasterCard to launch the Zaokruži! (Rounding) fundraising project. Customers joining the project donate the difference between the actual total printed on the receipt of their card purchases and the amount rounded to the nearest kuna amount to a designated donation account. OTP Bank opened the account jointly with MasterCard with an initial amount of HRK 1 million (~HUF 47 million). By the end of the year, more than 10 thousand customers activated the donation option. The funds raised supported the asset purchases of two hospitals.

The assistance offered by our Croatian subsidiary in relation to the Earthquake assistance in Croatia was presented at the beginning of the chapter.
I. Our approach to Sustainability

II. Responsible Corporate Governance

III. Main areas of focus

1. Addressing the pandemic
2. Focus on customers
3. Improving financial literacy
4. Expert financial services
5. Ethical business behaviour and security
6. Responsible employer
7. Environmental protection
8. Citizenship

I. Our approach to Sustainability

II. Responsible Corporate Governance

III. Main areas of focus

1. Addressing the pandemic
2. Focus on customers
3. Improving financial literacy
4. Expert financial services
5. Ethical business behaviour and security
6. Responsible employer
7. Environmental protection
8. Citizenship

RS Vojvodjanska banka a.d. sponsored the humanitarian event ‘Responsible Business Forum Our Belgrade 2020’. At the volunteer event, employees of the Bank joined hands with other members of the Forum, and the embassies of the USA and the United Kingdom to prepare a meal together for the most vulnerable citizens of Belgrade.

As a member of the UNICEF Club, we have offered regular cash donations for years to help improve the living conditions of Serbian children.

The Bank also participated in the ‘Letters from Santa’ campaign together with the employees of the Romanian OK Educational Centre, and prepared 200 gift packages for disadvantaged children.

For 27 years, the most significant support activity of our Slovenian subsidiary has been its sponsorship of the Slovenian Olympic Team.

Similar to previous years, our Ukrainian subsidiary supported an orphanage by fundraising.

RU The subsidiary participated in the charity project entitled ‘Donations Instead of Holiday Gifts’.

MD The Moldavian subsidiary sponsors several cultural institutions and programmes, including the 80-year-old National Philharmonic ‘Serghei Lunchevici’, the National Museum of Arts and the ‘Colours of the Spring’ exhibition of the Secondary Art School of Chisinau.

This year, as well, the Bank gave blood donations, and we also participated in the national campaign for the prevention of breast cancer.

The subsidiary is planning to design a comprehensive social programme for helping the most vulnerable groups.

ME CKB sponsored several sports clubs in 2020 as well. The subsidiary also continued its cultural sponsorship, e.g. Accordion Festival, Bocche di Cattaro, Ballet School ‘Princeza Ksenija’.

The Bank supported health institutions even irrespective of the coronavirus pandemic, and offered a donation to the Association for the Parents of Children with Diabetes.

At the start of the school year we donated 2,000 books to the families of socially disadvantaged children.

278 employees volunteered in the #IamSantaClaus programme; our colleagues fulfilled requests to Santa written by children from eight children’s homes, and also replied to the letters of the children.

Our strategic goals

- Introducing a donation platform
- Establishing conditions for – and commencing – pro bono volunteering at OTP Bank
- Developing a social programme at the Montenegrin subsidiary
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 strategic role.

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

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

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

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

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

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

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

Anti-Money Laundering Committee:
In the event of specific money laundering risks arising, it adopts decisions about the possibility 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.
Employee data

GRI 102-8

<table>
<thead>
<tr>
<th>Employees under permanent versus temporary contracts by region, 31/12/2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Hungary</td>
</tr>
<tr>
<td>Bulgaria</td>
</tr>
<tr>
<td>Croatia</td>
</tr>
<tr>
<td>Serbia</td>
</tr>
<tr>
<td>Slovenia</td>
</tr>
<tr>
<td>Romania</td>
</tr>
<tr>
<td>Ukraine</td>
</tr>
<tr>
<td>Russia</td>
</tr>
<tr>
<td>Montenegro</td>
</tr>
<tr>
<td>Albania</td>
</tr>
<tr>
<td>Moldova</td>
</tr>
<tr>
<td>OTP Group</td>
</tr>
</tbody>
</table>

GRI 205-2

Distribution of employees by age, number of employees, 31/12/2020

<table>
<thead>
<tr>
<th>OTP Bank</th>
<th>OTP Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 30 years</td>
<td>1,521</td>
</tr>
<tr>
<td>Between 30–49 years</td>
<td>6,077</td>
</tr>
<tr>
<td>Over 50 years</td>
<td>2,228</td>
</tr>
</tbody>
</table>
### GRI 402-1

**Minimum notice periods regarding significant operational changes that could substantially affect employees**

<table>
<thead>
<tr>
<th>Minimum notice periods</th>
<th>Does the Collective Bargaining Agreement set out a minimum period of notice?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OTP Bank and Hungarian subsidiaries with collective bargaining agreements</strong></td>
<td>15 days yes</td>
</tr>
<tr>
<td><strong>Additional Hungarian subsidiaries</strong></td>
<td>15 days no</td>
</tr>
<tr>
<td><strong>DSK Bank</strong></td>
<td>45 days yes</td>
</tr>
<tr>
<td><strong>OTP Croatia</strong></td>
<td>8 days yes</td>
</tr>
<tr>
<td><strong>Vojvodjanska banka (Serbia)</strong></td>
<td>15 days yes</td>
</tr>
<tr>
<td><strong>OTP banka Srbija a.d. Beograd (Serbia)</strong></td>
<td>30 days no</td>
</tr>
<tr>
<td><strong>SKB Bank</strong></td>
<td>30 days yes</td>
</tr>
<tr>
<td><strong>OTP Bank Romania</strong></td>
<td>20 working days yes</td>
</tr>
<tr>
<td><strong>OTP Bank Ukraine</strong></td>
<td>60 days no</td>
</tr>
<tr>
<td><strong>OTP Bank Russia</strong></td>
<td>30 days no</td>
</tr>
<tr>
<td><strong>CKB</strong></td>
<td>8 days no</td>
</tr>
<tr>
<td><strong>OTP Bank Albania</strong></td>
<td>1-3 months no</td>
</tr>
<tr>
<td><strong>Mobiasbanca</strong></td>
<td>5 working days no</td>
</tr>
</tbody>
</table>

### GRI 404-2

**Programmes provided to upgrade employee skills and to facilitate continued employability and the management of career endings in 2020**

<table>
<thead>
<tr>
<th>Programme</th>
<th>OTP Bank</th>
<th>OTP Group</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>In-house training courses</strong></td>
<td>Available</td>
<td>Typically available</td>
</tr>
<tr>
<td><strong>External training or financial assistance to training</strong></td>
<td>Available</td>
<td>Typically available</td>
</tr>
<tr>
<td><strong>Leave of absence for studying, with job guaranteed to be reserved</strong></td>
<td>Available</td>
<td>Typically available</td>
</tr>
<tr>
<td><strong>Continued training for those who intend to keep on working after retirement</strong></td>
<td>Not available</td>
<td>Typically not available</td>
</tr>
<tr>
<td><strong>Severance pay</strong></td>
<td>Available</td>
<td>Partly available</td>
</tr>
<tr>
<td><strong>If the organisation provides severance pay, does it take into account the employee’s age</strong></td>
<td>Yes</td>
<td>Typically nem</td>
</tr>
<tr>
<td><strong>If the organisation provides severance pay, does it take into account the number of the employee’s years of service</strong></td>
<td>Yes</td>
<td>Részben yes</td>
</tr>
<tr>
<td><strong>Jobseeker assistance for employees made redundant</strong></td>
<td>Not available</td>
<td>Typically not available</td>
</tr>
<tr>
<td><strong>Assistance during the transition to life without employment</strong></td>
<td>Not available</td>
<td>Not available</td>
</tr>
</tbody>
</table>

*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.
<table>
<thead>
<tr>
<th>Indicator number</th>
<th>Indicator description</th>
<th>Where to find it</th>
<th>Note / Reasons for omission</th>
<th>Audited indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td>GRI 102: General disclosures 2016</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>102-1</td>
<td>Name of the organisation</td>
<td>p. 140, website</td>
<td><a href="https://www.otpbank.hu/portal/en/Disclaimer">https://www.otpbank.hu/portal/en/Disclaimer</a></td>
<td></td>
</tr>
<tr>
<td>102-2</td>
<td>Activities, brands, products and services</td>
<td>p. 8, website</td>
<td><a href="https://www.otpbank.hu/portal/en/Retail">https://www.otpbank.hu/portal/en/Retail</a>, the subsidiary websites are available from the website</td>
<td></td>
</tr>
<tr>
<td>102-3</td>
<td>Location of headquarters</td>
<td>p. 9, website</td>
<td><a href="https://www.otpbank.hu/portal/en/AboutUs/OTPGroup">https://www.otpbank.hu/portal/en/AboutUs/OTPGroup</a></td>
<td></td>
</tr>
<tr>
<td>102-4</td>
<td>Operating locations</td>
<td>p. 9, GRI Index</td>
<td>16 countries, of which our Company is engaged in significant operations in 11 countries.</td>
<td></td>
</tr>
<tr>
<td>102-5</td>
<td>Ownership and legal form</td>
<td>Annual Report, website</td>
<td><a href="https://www.otpbank.hu/static/portal/sw/file/210416_Annual_report_032_e.pdf">https://www.otpbank.hu/static/portal/sw/file/210416_Annual_report_032_e.pdf</a> p. 120</td>
<td></td>
</tr>
<tr>
<td>102-7</td>
<td>Scale of the organisation</td>
<td>p. 9, p. 90</td>
<td></td>
<td></td>
</tr>
<tr>
<td>102-8</td>
<td>Information on employees and other workers</td>
<td>p. 95-96, p. 131</td>
<td></td>
<td></td>
</tr>
<tr>
<td>102-9</td>
<td>Supply chain</td>
<td>p. 79, website</td>
<td><a href="https://www.otpfenntarthatosag.hu/hu/kornyezetvedelem">https://www.otpfenntarthatosag.hu/hu/kornyezetvedelem</a></td>
<td></td>
</tr>
<tr>
<td>102-10</td>
<td>Significant changes to the organisation or its supply chain</td>
<td>p. 5, Annual Report, GRI Index</td>
<td>For changes in capitalisation and ownership structure, please refer to the Annual Report.</td>
<td></td>
</tr>
<tr>
<td>102-11</td>
<td>Precautionary Principle or approach</td>
<td>p. 83, website</td>
<td>No major change took place in the supply chain.</td>
<td></td>
</tr>
<tr>
<td>102-12</td>
<td>External initiatives</td>
<td>p. 46, GRI index</td>
<td>OTP Bank, Merkantil Bank, OTP Lakástakarék and OTP Jelzálogbank are signatories to the Hungarian Banking Association’s Code of Conduct.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>OTP Bank is a signatory to the Hungarian Advertising Code of Ethics.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>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.</td>
<td></td>
</tr>
<tr>
<td>102-14</td>
<td>Statement from senior decision-maker</td>
<td>p. 6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>102-16</td>
<td>Values, principles, standards and norms of behaviour</td>
<td>p. 21, p. 79, GRI Index, website</td>
<td>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.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>The Code is available on the websites of OTP Bank and the subsidiaries.</td>
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</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><a href="https://www.otpbank.hu/static/portal/sw/file/OTP_EtikaiKodex_EN.pdf">https://www.otpbank.hu/static/portal/sw/file/OTP_EtikaiKodex_EN.pdf</a></td>
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</tr>
<tr>
<td>102-18</td>
<td>Governance structure</td>
<td>p. 19, 20-22, 130, website</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Executive Board and Management, Responsible Governance Report 16/04/2021.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><a href="https://www.otpbank.hu/portal/en/investor_relations">https://www.otpbank.hu/portal/en/investor_relations</a> - Articles of Association of the Company</td>
<td></td>
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</tbody>
</table>
## Stakeholder engagement

<table>
<thead>
<tr>
<th>Indicator number</th>
<th>Indicator description</th>
<th>Where to find it</th>
<th>Note / Reasons for omission</th>
<th>Audited indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td>102-40</td>
<td>List of stakeholder groups</td>
<td>website</td>
<td></td>
<td></td>
</tr>
<tr>
<td>102-41</td>
<td>Collective bargaining agreements</td>
<td>p. 100</td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>102-43</td>
<td>Approach to stakeholder engagement</td>
<td>p. 15, 20, 24, 50-51, 105</td>
<td></td>
<td></td>
</tr>
<tr>
<td>102-44</td>
<td>Key topics and concerns raised</td>
<td>p. 15, 20, 24, 50-51, 105</td>
<td></td>
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</tr>
</tbody>
</table>

## Reporting practice

<table>
<thead>
<tr>
<th>Indicator number</th>
<th>Indicator description</th>
<th>Where to find it</th>
<th>Note / Reasons for omission</th>
<th>Audited indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td>102-45</td>
<td>Entities included in the consolidated financial statements</td>
<td>p. 5, GRI index, website</td>
<td>The entities included in the organisation's consolidated financial statements are listed in the Annual Report</td>
<td></td>
</tr>
<tr>
<td>102-46</td>
<td>Defining report content and topic Boundaries</td>
<td>p. 4, 15</td>
<td></td>
<td></td>
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<tr>
<td>102-47</td>
<td>List of material topics</td>
<td>p. 4</td>
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</tr>
<tr>
<td>102-48</td>
<td>Restatements of information</td>
<td>p. 43, 108, 113, 114, GRI index</td>
<td>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.</td>
<td></td>
</tr>
<tr>
<td>102-49</td>
<td>Changes in reporting</td>
<td>GRI index</td>
<td>The range of companies covered by the report has changed.</td>
<td></td>
</tr>
<tr>
<td>102-50</td>
<td>Reporting period</td>
<td>p. 4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>102-51</td>
<td>Date of most recent report</td>
<td>GRI index, website</td>
<td>Our most recent Sustainability Report was issued for 2019.</td>
<td></td>
</tr>
<tr>
<td>102-52</td>
<td>Reporting cycle</td>
<td>p. 4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>102-53</td>
<td>Contact point for questions regarding the report</td>
<td>340, GRI Index, <a href="mailto:csr@otpbank.hu">csr@otpbank.hu</a></td>
<td></td>
<td></td>
</tr>
<tr>
<td>102-54</td>
<td>Claims of reporting in accordance with the GRI Standards</td>
<td>p. 4</td>
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</tr>
<tr>
<td>102-55</td>
<td>GRI content index</td>
<td>GRI index</td>
<td></td>
<td></td>
</tr>
<tr>
<td>102-56</td>
<td>External assurance</td>
<td>p. 4, GRI Index, Certificate</td>
<td>Assurance on the report was provided by Deloitte Könyvvizsgáló és Tanácsofó Kft. The assurance provider is independent of OTP Group. As part of assurance, an interview was conducted with the Deputy CEO.</td>
<td></td>
</tr>
</tbody>
</table>

## List of material topics

The general principle we follow in respect of 103-1 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

<table>
<thead>
<tr>
<th>Indicator number</th>
<th>Indicator description</th>
<th>Where to find it</th>
<th>Note / Reasons for omission</th>
<th>Audited indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td>103-1 (201 DMA)</td>
<td>Explanation of the material topic and its Boundary</td>
<td>p. 4-5, 8, 16, website</td>
<td></td>
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</tr>
<tr>
<td>103-2 (201 DMA)</td>
<td>The management approach and its components</td>
<td>p. 6, 16</td>
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</tr>
<tr>
<td>103-3 (201 DMA)</td>
<td>Evaluation of the management approach</td>
<td>p. 8-9, 90-91, website</td>
<td></td>
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</tr>
<tr>
<td>201-1</td>
<td>Direct economic value generated and distributed</td>
<td>p. 90-91</td>
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<td></td>
</tr>
<tr>
<td>201-4</td>
<td>Financial assistance received from government</td>
<td>p. 91, website</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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135 GRI content index
<table>
<thead>
<tr>
<th>Indicator number</th>
<th>Indicator description</th>
<th>Where to find it</th>
<th>Note / Reasons for omission</th>
<th>Audited indicator</th>
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</thead>
<tbody>
<tr>
<td>103-1 (202 DMA)</td>
<td>Explanation of the material topic and its Boundary</td>
<td>p. 4-5, 19, website</td>
<td><a href="https://www.otpfenntarthatosag.hu/hu/felelos-munkaltato">https://www.otpfenntarthatosag.hu/hu/felelos-munkaltato</a></td>
<td></td>
</tr>
<tr>
<td>103-2 (202 DMA)</td>
<td>The management approach and its components</td>
<td>p. 19, GRI index</td>
<td>OTP Group has no comprehensive policy for giving preference to local residents in respect of employees and senior management.</td>
<td></td>
</tr>
<tr>
<td>103-3 (202 DMA)</td>
<td>Evaluation of the management approach</td>
<td>p. 19</td>
<td></td>
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</tr>
<tr>
<td>202-2</td>
<td>Proportion of senior management hired from the local community</td>
<td>p. 19, GRI Index</td>
<td>Significant locations of operation: OTP Bank and foreign subsidiaries.</td>
<td></td>
</tr>
<tr>
<td>203-1 (203 DMA)</td>
<td>Explanation of the material topic and its Boundary</td>
<td>p. 4-5, 16-17</td>
<td></td>
<td></td>
</tr>
<tr>
<td>203-2 (203 DMA)</td>
<td>The management approach and its components</td>
<td>p. 16-17, 54, GRI index, website</td>
<td>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.</td>
<td></td>
</tr>
<tr>
<td>203-3 (203 DMA)</td>
<td>Evaluation of the management approach</td>
<td>p. 16-17</td>
<td></td>
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<tr>
<td>203-2</td>
<td>Significant indirect economic impacts</td>
<td>p. 13, 16-17, 58, 64, 68, 70, 71</td>
<td></td>
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<tr>
<td>205-2</td>
<td>Communication and training on anti-corruption policies and procedures</td>
<td>p. 75, p. 95, p. 99, 133, GRI index, website</td>
<td>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 informed. All employees receive annual training 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. We do not have reliable group-level data about the number of commissioned agents and suppliers. We commit to reporting on this indicator fully in 2022.</td>
<td></td>
</tr>
<tr>
<td>206-2</td>
<td>The management approach and its components</td>
<td>p. 77-78, 81-82, website</td>
<td></td>
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<tr>
<td>206-3 (206 DMA)</td>
<td>Evaluation of the management approach</td>
<td>p. 81-82</td>
<td></td>
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<tr>
<td>Indicator number</td>
<td>Indicator description</td>
<td>Where to find it</td>
<td>Note / Reasons for omission</td>
<td>Audited indicator</td>
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<tr>
<td><strong>302 Energy 2016</strong></td>
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<tr>
<td>103-1</td>
<td>(302 DMA) Explanation of the material topic and its Boundary</td>
<td>p. 4-5, 111-112, website</td>
<td><a href="https://www.otpfenntarthatosag.hu/hu/kornyezetvedelem">https://www.otpfenntarthatosag.hu/hu/kornyezetvedelem</a></td>
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<tr>
<td>103-3</td>
<td>(302 DMA) Evaluation of the management approach</td>
<td>p. 112-113, 115, 116</td>
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<tr>
<td>302-1</td>
<td>Energy consumption within the organisation</td>
<td>p. 113</td>
<td></td>
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<tr>
<td><strong>305 Emissions 2016</strong></td>
<td></td>
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<tr>
<td>103-1</td>
<td>(305 DMA) Explanation of the material topic and its Boundary</td>
<td>p. 4-5, 111-112, website</td>
<td><a href="https://www.otpfenntarthatosag.hu/hu/kornyezetvedelem">https://www.otpfenntarthatosag.hu/hu/kornyezetvedelem</a></td>
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<tr>
<td>103-3</td>
<td>(305 DMA) Evaluation of the management approach</td>
<td>p. 114-116</td>
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<tr>
<td>305-1</td>
<td>Direct (Scope 1) GHG emissions</td>
<td>p. 5, 114</td>
<td>We do not apply a base year.</td>
<td></td>
</tr>
<tr>
<td>305-2</td>
<td>Energy indirect (Scope 2) GHG emissions</td>
<td>p. 5, 114</td>
<td>We do not apply a base year.</td>
<td>x</td>
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<tr>
<td><strong>307 Environmental compliance 2016</strong></td>
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<tr>
<td>103-1</td>
<td>(307 DMA) Explanation of the material topic and its Boundary</td>
<td>p. 4-5, 77, website</td>
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<tr>
<td>103-3</td>
<td>(307 DMA) Evaluation of the management approach</td>
<td>p. 81-82, website</td>
<td><a href="https://www.otpfenntarthatosag.hu/hu/kornyezetvedelem">https://www.otpfenntarthatosag.hu/hu/kornyezetvedelem</a></td>
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</tr>
<tr>
<td>307-1</td>
<td>Non-compliance with environmental laws and regulations</td>
<td>p. 81-82</td>
<td></td>
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<tr>
<td><strong>401 Employment 2016</strong></td>
<td></td>
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<tr>
<td>103-1</td>
<td>(401 DMA) Explanation of the material topic and its Boundary</td>
<td>p. 4-5, 17, website</td>
<td><a href="https://www.otpfenntarthatosag.hu/hu/felelos-munkaltato">https://www.otpfenntarthatosag.hu/hu/felelos-munkaltato</a></td>
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<tr>
<td>401-1</td>
<td>New employee hires and employee turnover</td>
<td>p. 97-98</td>
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<tr>
<td>401-2</td>
<td>Benefits provided to full-time employees that are not provided to temporary or part-time employees</td>
<td>p. 102</td>
<td></td>
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<tr>
<td>401-3</td>
<td>Parental leave</td>
<td>p. 107</td>
<td>Indicator was reported partially.</td>
<td></td>
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<tr>
<td><strong>402 Labour/management relations 2016</strong></td>
<td></td>
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<tr>
<td>103-1</td>
<td>(402 DMA) Explanation of the material topic and its Boundary</td>
<td>p. 4-5, 100, website</td>
<td><a href="https://www.otpfenntarthatosag.hu/hu/felelos-munkaltato">https://www.otpfenntarthatosag.hu/hu/felelos-munkaltato</a></td>
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<tr>
<td>103-3</td>
<td>(402 DMA) Evaluation of the management approach</td>
<td>p. 100, 104-105, website</td>
<td><a href="https://www.otpfenntarthatosag.hu/hu/felelos-munkaltato">https://www.otpfenntarthatosag.hu/hu/felelos-munkaltato</a></td>
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</tr>
<tr>
<td>402-1</td>
<td>Minimum notice periods regarding operational changes</td>
<td>p. 100, 132</td>
<td></td>
<td>x</td>
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<tr>
<td>Indicator number</td>
<td>Indicator description</td>
<td>Where to find it</td>
<td>Note / Reasons for omission</td>
<td>Audited indicator</td>
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</tr>
<tr>
<td>403-1</td>
<td>Occupational health and safety management system</td>
<td>GRI Index</td>
<td>We do not have a certified management system.</td>
<td></td>
</tr>
<tr>
<td>403-2</td>
<td>Hazard identification, risk assessment, and incident investigation</td>
<td>p. 108, GRI Index</td>
<td></td>
<td></td>
</tr>
<tr>
<td>403-3</td>
<td>Occupational health services</td>
<td>p. 107, GRI index</td>
<td></td>
<td></td>
</tr>
<tr>
<td>403-4</td>
<td>Worker participation, consultation and communication on occupational health and safety</td>
<td>GRI index</td>
<td>OTP Bank, DSK Bank, OTP Bank Romania and OTP Bank Albania have a Common Representative Body in place, in which the representation of employees is also ensured. The Common Representative Body 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.</td>
<td></td>
</tr>
<tr>
<td>403-5</td>
<td>Worker training on occupational health and safety</td>
<td>p. 107, GRI index</td>
<td>Health and safety training is provided in accordance with the statutory requirements; the details are set out in the health and safety internal regulations of the members of the Banking Group. In general, the objective of the training is to explain to employees the risk factors, the methods to protect themselves from risk, to teach them the theory and practice of safe work and the relevant rules and requirements.</td>
<td></td>
</tr>
<tr>
<td>403-6</td>
<td>Promotion of worker health</td>
<td>p. 108-109</td>
<td></td>
<td></td>
</tr>
<tr>
<td>403-7</td>
<td>Prevention and mitigation of occupational health and safety impacts directly linked by business relations</td>
<td>GRI index</td>
<td>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.</td>
<td></td>
</tr>
<tr>
<td>403-9</td>
<td>Work-related injuries</td>
<td></td>
<td>Our legally compliant health and safety risk assessment did not identify threats that may pose a risk of serious accidents.</td>
<td></td>
</tr>
</tbody>
</table>

**404 Training and education 2016**

<table>
<thead>
<tr>
<th>Indicator number</th>
<th>Indicator description</th>
<th>Where to find it</th>
<th>Note / Reasons for omission</th>
<th>Audited indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td>404-1</td>
<td>Average hours of training per year per employee</td>
<td>p. 103</td>
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</tr>
<tr>
<td>404-2</td>
<td>Programmes for upgrading employee skills and transition assistance programmes</td>
<td>p. 102-103, 132</td>
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</tr>
</tbody>
</table>

**405 Diversity and equal opportunity 2016**

<table>
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<tr>
<th>Indicator number</th>
<th>Indicator description</th>
<th>Where to find it</th>
<th>Note / Reasons for omission</th>
<th>Audited indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td>405-1</td>
<td>Diversity of governance bodies and employees</td>
<td>p. 99</td>
<td>Data on ethnic background is not listed owing to statutory regulations.</td>
<td></td>
</tr>
<tr>
<td>405-2</td>
<td>Ratio of basic salary and remuneration of women to men</td>
<td>p. 102</td>
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<td></td>
</tr>
<tr>
<td>Indicator number</td>
<td>Indicator description</td>
<td>Where to find it</td>
<td>Note / Reasons for omission</td>
<td>Audited indicator</td>
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</tr>
<tr>
<td>(103-3 406 DMA)</td>
<td>Evaluation of the management approach</td>
<td>p. 80</td>
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<tr>
<td>406-1</td>
<td>Incidents of discrimination and corrective actions taken</td>
<td>p. 80-82</td>
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</tbody>
</table>

### 410 Security practices 2016

<table>
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<tr>
<th>Indicator number</th>
<th>Indicator description</th>
<th>Where to find it</th>
<th>Note / Reasons for omission</th>
<th>Audited indicator</th>
</tr>
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<tbody>
<tr>
<td>(103-1)</td>
<td>Explanation of the material topic and its Boundary</td>
<td>p. 4-5, website</td>
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</tr>
<tr>
<td>(103-2)</td>
<td>The management approach and its components</td>
<td>website</td>
<td></td>
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<tr>
<td>(103-3)</td>
<td>Evaluation of the management approach</td>
<td>website</td>
<td></td>
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</tr>
<tr>
<td>410-1</td>
<td>Security personnel trained in human rights policies or procedures</td>
<td>GRI index, website</td>
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</tr>
</tbody>
</table>

### 413 Local communities 2016

<table>
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<tr>
<th>Indicator number</th>
<th>Indicator description</th>
<th>Where to find it</th>
<th>Note / Reasons for omission</th>
<th>Audited indicator</th>
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<tbody>
<tr>
<td>(103-1 413 DMA)</td>
<td>Explanation of the material topic and its Boundary</td>
<td>p. 4-5, 16-17, A3</td>
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<tr>
<td>(103-2 413 DMA)</td>
<td>The management approach and its components</td>
<td>p. 31, 43-44, 5A, 122-123,</td>
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<tr>
<td>(103-3 413 DMA)</td>
<td>Evaluation of the management approach</td>
<td>p. 5A, 58, 122-125</td>
<td></td>
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<tr>
<td>FS13</td>
<td>Access points in low-populated or economically disadvantaged areas by type</td>
<td>p. 43-44</td>
<td></td>
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</table>

### 415 Public policy 2016

<table>
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<tr>
<th>Indicator number</th>
<th>Indicator description</th>
<th>Where to find it</th>
<th>Note / Reasons for omission</th>
<th>Audited indicator</th>
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<tbody>
<tr>
<td>(103-1)</td>
<td>Explanation of the material topic and its Boundary</td>
<td>p. 4-5, 79, GRI Index</td>
<td>OTP Group is committed to reporting on political contributions.</td>
<td></td>
</tr>
<tr>
<td>(103-3)</td>
<td>Evaluation of the management approach</td>
<td>p. 15, 79</td>
<td></td>
<td></td>
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<tr>
<td>415-1</td>
<td>Political contributions</td>
<td>GRI Index</td>
<td>OTP Group does not sponsor such persons or organisations.</td>
<td></td>
</tr>
</tbody>
</table>

### 417 Marketing and labelling 2016

<table>
<thead>
<tr>
<th>Indicator number</th>
<th>Indicator description</th>
<th>Where to find it</th>
<th>Note / Reasons for omission</th>
<th>Audited indicator</th>
</tr>
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<tbody>
<tr>
<td>(103-1 417 DMA)</td>
<td>Explanation of the material topic and its Boundary</td>
<td>p. 4-5, 35, 46, website</td>
<td><a href="https://www.otpfenntarthatosag.hu/hu/felelos-szolgaltatas/kozpontban-az-ugyelek/korrekt-es-hiteles-tajkoztatatas">https://www.otpfenntarthatosag.hu/hu/felelos-szolgaltatas/kozpontban-az-ugyelek/korrekt-es-hiteles-tajkoztatatas</a></td>
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</tr>
<tr>
<td>(103-3 417 DMA)</td>
<td>Evaluation of the management approach</td>
<td>p. 81-82, website</td>
<td><a href="https://www.otpfenntarthatosag.hu/hu/penzugyi-kultura-fejlesztese">https://www.otpfenntarthatosag.hu/hu/penzugyi-kultura-fejlesztese</a></td>
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</tr>
<tr>
<td>417-2</td>
<td>Incidents of non-compliance concerning product and service information and labelling</td>
<td>p. 81-82, GRI Index</td>
<td>In 2020 there was no non-compliance with voluntarily accepted codes regarding information provision on, and labelling of, products and services.</td>
<td></td>
</tr>
<tr>
<td>Indicator number</td>
<td>Indicator description</td>
<td>Where to find it</td>
<td>Note / Reasons for omission</td>
<td>Audited indicator</td>
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<tr>
<td>417-3</td>
<td>Incidents of non-compliance concerning marketing communications</td>
<td>p. 81-82, GRI Index</td>
<td>In 2020 there was no non-compliance with voluntarily accepted codes regarding marketing</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Customer privacy</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>103-1</td>
<td>Explanation of the material topic and its Boundary</td>
<td>p. 4-5, website</td>
<td><a href="https://www.otpfenntarthatosag.hu/hu/felelos-szolgalattas/etikus-uzleti-magatartas-es-biztonsag/">https://www.otpfenntarthatosag.hu/hu/felelos-szolgalattas/etikus-uzleti-magatartas-es-biztonsag/</a> biztonsag-es-kockazatkezeles</td>
<td></td>
</tr>
<tr>
<td>418-1</td>
<td>Substantiated complaints concerning breaches of customers' privacy and losses of customer data</td>
<td>p. 89</td>
<td></td>
<td></td>
</tr>
<tr>
<td>419 Socioeconomic compliance</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>419-1</td>
<td>Non-compliance with laws and regulations in the social and economic area</td>
<td>p. 81-82</td>
<td>We classify into this category all proceedings other than proceedings brought due to the breach of environmental legislation.</td>
<td></td>
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<tr>
<td>Product portfolio (sector-specific)</td>
<td></td>
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<tr>
<td>419 Socioeconomic compliance</td>
<td></td>
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<td>FS6</td>
<td>Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector.</td>
<td>p. 73-74</td>
<td></td>
<td></td>
</tr>
<tr>
<td>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</td>
<td></td>
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<tr>
<td>FN-CB-250a.1</td>
<td>Number of data breaches, percentage involving personally identifiable information (PII), number of account holders affected</td>
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<td></td>
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</tr>
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<td><a href="https://www.otpbank.hu/static/portal/sw/file/OTP_EtikaiKodex_EN.pdf">https://www.otpbank.hu/static/portal/sw/file/OTP_EtikaiKodex_EN.pdf</a></td>
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<tr>
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<td>p. 81-82</td>
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</tr>
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</table>

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.

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Zsengellér Agnes e.v.
To the management of OTP Bank Nyrt

This report has been prepared in accordance with the terms of our contract dated 26th May 2021 in order to report on the independent external party examination of OTP Bank Nyrt’s Sustainability Report 2020 document (hereinafter “Report”) presenting the non-financial performance and sustainable operation of OTP Bank Nyrt.

The responsibility of OTP Bank Nyrt’s management

The Management of OTP Bank Nyrt. is responsible for the preparation of the Report in accordance with the Global Reporting Initiative (GRI) Standard, Core option, as described in the guideline to the Report. This responsibility includes the selection and application of appropriate methods to prepare the Report and the use of assumptions and estimates which are reasonable in the given circumstances. The Management of OTP Bank Nyrt. is also responsible to maintain an internal monitoring system, which the management deems adequate to enable the preparation of a Report free from material misstatement, whether due to fraud or error.

The scope of the examination, its criteria and its limitations

The aim of this limited assurance engagement is to express a conclusion whether the selected sustainability performance indicators of the Report prepared for the year ended 31 December 2020 are prepared by the Management of OTP Bank Nyrt. in line with the GRI criteria and that the Report overall fulfills the criteria of the GRI in accordance Core option.

The limitations of our examination

During our examination we have not fully examined all the sustainability performance indicators and textual information stated in the Report. The scope of our examination included solely the selected sustainability performance indicators stated in the Report. Our examination solely included the compliance of the data reporting procedure with GRI principles and the sample-based testing of the data sources for the selected sustainability performance indicators.

Our examination of numerical data included in the Report was limited to the sustainability indicators
- 102-41: Collective bargaining agreement
- 206-1: Legal actions for anti-competitive behavior, anti-trust, and monopoly practices
- 305-2: Energy indirect (Scope 2) GHG emissions
- 402-1: Minimum notice periods regarding operational changes
- 405-1: Diversity of governance bodies and employees
- Together with the testing of the data sources. The examination of the other numerical data presented in the Report has not been performed. Our report has been prepared for the Management of OTP Bank Nyrt. solely for the purpose described in the first section of this report and it shall not be used for other purposes or be published in other documents.

Our responsibility

Our responsibility is to report on the selected data and information included in the Report of 2020. We conducted our engagement in accordance with the International Standard on Assurance Engagements 3000 ‘Assurance Engagements Other than Audits or Reviews of Historical Financial Information’ (‘ISAE 3000’). This standard requires that we comply with the ethical requirements as well as plan and perform the assurance engagement to obtain limited assurance whether the selected information and data included in the Report of 2020 have been prepared, in all material respects, in accordance with the GRI criteria. We apply the provisions of the international standard on “Quality control for firms that perform audits and reviews of financial statements, and other assurance and related services engagements” (ISQC 1), and, accordingly, we sustain a comprehensive quality assurance system, including documented policies and procedures that comply with the ethical requirements, professional standards and the relevant Regulatory requirements.

We comply with the independence and other ethical requirements referred to in the Code of Ethics for Professional Accountants published by the International Ethics Standards Board for Accountants, based on the principles of fairness, objectivity, professional competence and due care, confidentiality and behaviour worthy of the profession.

Summary of the work performed

The verification process, the examination and evaluation of the Report have been prepared following the ISAE 3000 and according to the GRI Standards and its Financial Services Sector Supplement.

Procedures performed:
1. Assessment of the GRI in accordance Core level
   - Examination of the completeness and appropriate application of indicators used in the Report.
   - Definitional examination of the use of GRI indicators stated in the Report.
   - The evaluation of the Report’s compliance with GRI principles.

2. Data level assessment of five indicators, providing limited assurance
   - Examination of the proper collection of basic data, examination of on-site aggregation and conversion of basic data,
   - Examination of the adequacy of data provision.
   - Checking whether the data was generated according to the definition of the respective indicator

3. To confirm and to complete the statements above, we have conducted the following interviews at the selected departments connected to the verification of the Report of 2020: Human Resources Management Directorate, Legal Directorate, Property Investments and Supply Chain Directorate, Accounting and Finance Directorate, Marketing and Communication Directorate.

In engagements providing limited assurance, the evidence-gathering procedures are more limited than for a reasonable assurance engagement, therefore, less assurance is obtained, than in case of a reasonable assurance engagement.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on our limited assurance engagement, nothing has come to our attention that would cause us to believe that the selected sustainability performance indicators of the Report have not been prepared, in all material respects, in accordance with the Core option of GRI Standard, and the Report would overall not comply with the GRI in accordance Core option.

Budapest, 12 July 2021

Peter Pádár

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