



**Annual Business Report
for 2021**



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01 Foreword by the President of the Executive Board



Predrag Mihajlović

Dear shareholders,

The previous year 2021 was rather challenging for us at OTP banka Srbija. Despite the changed working conditions and organization of everyday life caused by the pandemic, after 19 months of commitment, more than three thousand experts and professionals have successfully completed the integration. The current OTP banka Srbija a.d. Novi Sad started operating on May 05, 2021 and thus ended the process of integration of OTP banka Srbija a.d. Beograd (former Societe Generale Srbija) and Vojvođanska banka a.d. Novi Sad.

The most complex banking integration ever implemented in this region represents a strategic move of OTP Group, aiming to form the largest banking institution in Serbia. The new bank is a synergy of the best solutions of two major banking brands, as well as an ideal combination of value, tradition, technical progress, and superior customer experience.

The successfully implemented second integration in a short period and continuous growth in regular operations resulted in forming a bank that became the single largest creditor in the Serbian market; both in the corporate and retail segment, with a total of EUR 4.2 billion in net loans, with EUR 5.7 billion in assets, 2,789 employees, and over 766,000 active clients. The bank also maintained its leading position in leasing, factoring and e-commerce market services.

Our network of 184 branches in 91 cities and 294 ATMs is among the largest in our country, and we use it to maintain personal contact with our clients. At the same time, we are dedicated to innovation and digitalization of business that provides clients with new benefits with a focus on improving digital banking and user experience.

Our vision is for OTP banka to be recognized as a champion on the Serbian market in creating client experience through service and innovative solutions. We plan to achieve this by focusing on four strategic goals: 1) Building a digital culture, 2) Digitizing and improving operations, 3) Improving client experience and 4) Establishing data-based management.

Along that path, we rely equally on the use of advanced technologies and the dedication and expertise of our employees. We want to be leaders not only in lending and market share, but also in creating new and innovative solutions and services to provide our client with the best possible user experience. In achieving this goal, our values lead us to live innovations within OTP banka and believe in changes. For these reasons, we are developing the employee life cycle concept in order to continuously monitor and improve the experience of employees, but also to ensure that we demonstrate our company values equally to clients and among employees within our bank. This is because a company that wants to have a leading role must develop and grow continuously, whereby such development and growth are based on the development and growth of its people. Therefore, we launched number of programs in the bank aiming to support employees in living company values, including the latest from 2021: 1) DARE development program for 30 participants, whose goal is to support the bearers of changes and key competencies in the bank in their further development; 2) BFF (back-front office) workshops aimed at improving communication and cooperation among colleagues from various divisions in finding solutions with a common goal, which were attended by over 100 colleagues empowered to be agents of change in the bank; 3) Game Changers, as a way of promoting the bearers of changes that are recognized by the employees, their colleagues.

With the extraordinary efforts we have invested in achieving the set business goals and providing quality service to our clients under difficult circumstances, we have remained focused on the complex integration process and the challenges ahead. We have managed to improve the user experience by taking our clients' comments into account through our Elvis application, provide stronger support to the economy, development projects, as well as easier access to finance for the micro and SME segment.

In 2021, the bank achieved a positive operating result (before provisions and taxes) in the amount of RSD 6,444 million. Retail loans recorded growth of approximately 12% as compared to 2020 (if we observe the loan amount of the two merged banks), with a market share of 19%. During 2021, the Bank was the leader in the housing loan market with a market share of 21.8%, which means that every fifth property was actually purchased with a loan from OTP banka. In terms of cash loans, the Bank also holds a leading position with a market share of 20.2%. At the same time, the Corporate Division managed to exceed the expected market share in the segment of corporate loans and achieved a level of 16.3%. We have proved that we strongly support the SME sector by signing a contract with the European Bank for Reconstruction and Development (EBRD) on a loan in the amount of RSD 2.3 billion for further lending to small and medium enterprises (SMEs) in Serbia, primarily for SMEs operating in economically less developed parts of the country.

Responsibility is the foundation of OTP banka's operations in all aspects. Our business strategy is based to a significant extent on the principles of sustainable business through the realization of a balance between economic, social and environmental impacts and goals.

OTP banka remained the largest sponsor and official bank of the Serbian Olympic Committee during 2020 and 2021, when the Olympic Games were uncertain, and despite the uncertainty, renewed the sponsorship contract with the Serbian Olympic Committee in order to provide absolute support to our best Olympians.

We nurture cooperation with the Gallery of Matica Srpska, one of the most significant cultural institutions in the country, through the Responsible in Culture project, and support numerous projects dedicated to the digitization of cultural heritage, which we confirmed in November 2021 by implementing the DigiArt project, a virtual presentation of works of art from the collection of the Gallery of Matica Srpska.

One of our key strategic directions is green transition, i.e., commitment to sustainable business and environmental projects, as evidenced by the numerous green initiatives we have launched. This is also confirmed by the fifth cycle of the Generator Zero project, dedicated to supporting and rewarding innovative projects that represent sustainable solutions with a real and measurable impact on reducing carbon footprint, as one of today's biggest challenges. Due to recognizing the importance of combating climate change, OTP banka is the first bank in Serbia to join the Priceless Planet Coalition global initiative with the purpose of planting as many as 100 million trees in the next five years in areas around the world. We are also proud of the fact that our bank uses green energy only, which is confirmed by the EPS Green Certificate, while our central building uses its own solar panels. In accordance with the EU Green Deal, our parent OTP Group has defined the pillars of the ESG (E-environmental, S-social, G-governance) strategy with the aim of becoming a regional leader in green financing and building a sustainable future. Being aware of the significance of sustainable business, we have started working on a local ESG strategy and formed a working group that discusses all aspects of ESG operations with experts from the Group on a weekly basis. The Bank has developed a framework for the identification and management of ESG risks in corporate lending, as an instrument for the transition to a sustainable economy.

In this annual report, we paid special attention to socially responsible business, woven into all pores of our activities. Our reporting process is in line with the internationally recognized standards of the Global Reporting Initiative (GRI), as well as with the United Nations Sustainable Development Goals. The report provides answers to 18 standardized

performance indicators in the most important areas, such as anti-corruption, employment practices, employee development, safety at work, personal data protection, advertising, and environmental protection. I am proud that the activities of OTP banka have directly contributed to the achievement of as many as nine UN Sustainable Development Goals.

We ended the previous year with great success thanks to the trust of our clients and partners, and the determination of our colleagues to walk side by side in achieving a common goal. And every goal is near when you know where you are going.

Sincerely,

Predrag Mihajlović





02 OTP Group

OTP Group is the leading financial group in the CEE region, with remarkable growth results, outstanding profitability and stable capital and liquidity positions.

The banking group provides universal financial services to 17 million clients, with 40,000 employees in 11 countries. It offers state-of-the-art digital solutions and a network of more than 1,700 branches. OTP Group's future-oriented operations and development efforts focus on the sustainability of the environment, society, and governance, while simultaneously aiming to strengthen its position as the best employer in the CEE region.

OTP Group is headquartered in Hungary and has a diverse and transparent ownership structure. The banking group has been listed on the Budapest Stock Exchange since 1995.

The entire business of the Group in 2020 was carried out smoothly, despite the extraordinary challenges imposed by the pandemic. Consolidated adjusted profit after tax for 2020 exceeded 310 billion forints, while adjusted ROE amounted to 13%.

In the first nine months of 2021, OTP Group generated an operating profit of 483.5 billion forints (+22% per annum). Total income increased by 10 percent per annum, with net interest income rising by 8 percent and net income from fees and commissions growing even faster, by 13 percent. Other net non-interest bearing income recorded a growth of 23% per annum. Based on consolidated adjusted profit of HUF 373.6 billion

for the first nine months, the adjusted ROE for that period amounted to 18.8% (+5.7 percentage points per annum). With the exception of the Romanian subsidiary, the nine-month profit of all foreign subsidiaries exceeded the results in comparison to the entire 2020. The contribution of foreign subsidiaries increased by 4 percentage points annually, to 52 percent.

OTP Group is a pioneer in digitization and has been proactive for nearly 30 years in the field of digital transformation of its business and implementation of new technologies in the financial market. Strategic focus on innovation has introduced the possibility of working with 1,329 startup companies with 45 pilot projects implemented, with the fifth OTP Startup Partnership Program being underway, as the Group's most comprehensive innovation program, given that all members of the group, including OTP banka Srbija, are in search of startup partners which support their business goals. This program has received numerous awards for the best incubator and accelerator program in Europe.

In November 2021, the leadership position in innovation was reaffirmed when SambaNova Systems, a company that develops the most advanced software, hardware, and solutions for launching artificial intelligence applications in this industry, and OTP Group announced a strategic partnership for building the fastest AI supercomputer in Europe. For the most advanced language model in the world in a commercial bank, together they will implement a multi-framework AI system built upon the solution of the company SambaNova Dataflow-as-a-Service GPT. In cooperation with the Hungarian

Ministry of Innovation and Technology, the system will be available as a national resource for artificial intelligence, both for the public and private sectors, as well as for higher education.

The predecessor of OTP Bank, National Savings Bank, was established in 1949 as a national, state-owned bank for the provision of services related to retail deposits and loans. Its activities and powers gradually expanded over the following years. In 1990, National Savings Bank became a public company with a share capital of 23 billion forints. Its name was changed to National Savings and Commercial Bank. Subsequently, non-banking activities were separated from the bank, along with their supporting organizational units. The privatization of OTP Bank started in 1995. The ownership structure is currently characterized by diversity - shareholders are mostly private and institutional (financial) investors.

OTP Bank started its international expansion targeting Central and Eastern European countries, which offer great potential for economic growth similar to Hungary. In recent years, OTP Bank has completed several successful acquisitions and thus became a key player in the region. In addition to Hungary, OTP Group currently operates in Albania (OTP Albania), Bulgaria (DSK Bank), Croatia (OTP banka Hrvatska), Romania (OTP Bank Romania), Serbia (OTP banka Srbija), Slovenia (SKB Banka), Ukraine (CJSC OTP Bank), Russia (OAO OTP Bank), Moldova (Mobiasbanca) and Montenegro (Crnogorska komercijalna banka) via its subsidiaries.

OTP Group's strategic goal is to become the most successful universal banking group in Central and Eastern Europe. The banking group strives to constantly evolve in order to provide unique, convenient, and modern services to both retail and corporate clients, that are easier and quicker to access and which facilitate meeting the challenges of the digital age and fulfilling client expectations.

Sustainability is at the very top of OTP Group's priorities, with the aim of avoiding negative impacts on the environment and society, and exploiting the business improvement potential. OTP Group identifies its priorities in the field of sustainability in accordance with global challenges and trends, as well as with the expectations of stakeholders. Identified priorities include focusing on products that have a positive environmental and social impact, as well as financial education. The goal of OTP Group is to become the best equipped bank for the so-called "green" financing in Central Europe by 2023.

At the end of 2021, OTP received several awards from Global Finance New York, as the best bank in Hungary, the best bank for SMEs and the best private banking in Central and Eastern Europe, as well as the best financial laboratory for innovation in the world. The same magazine again named OTP Bank the safest bank in Hungary in 2021, thus joining the group of the World's Safest Banks.

Also, Euromoney Awards for Excellence 2021 awarded OTP Bank the "Best Bank in Central and Eastern Europe" award, together with the "Best Bank in Hungary" award, while the Bulgarian, Montenegrin and Albanian subsidiaries were also named the best banks.



03 OTP banka Srbija a.d. Novi Sad

The new OTP banka Srbija a.d. Novi Sad, created from the integration process between OTP banka Srbija a.d. Beograd (former Societe Generale Srbija) and Vojvođanska banka a.d. Novi Sad, has started operating on May 5, 2021. This was the most complex banking integration ever implemented in this region and represents a strategic move of OTP Group, aiming to form the largest banking institution in Serbia. This successful integration resulted in the creation of one of the leading financial institutions in Serbia in terms of assets, number of branches and the size of the loan and deposit portfolio. The headquarters of the integrated bank are located in Novi Sad, at Trg Slobode 5 in the city center. OTP banka Srbija is 100% owned by OTP Bank Hungary.

The successfully implemented integration, in April 2021, and continuous growth in regular operations, resulted in forming a bank that became the single largest lender in the Serbian market with a total of EUR 4.2 billion in net loans, with EUR 5.7 billion in assets, 2,789 employees, 294 ATMs and 184 branches in 91 cities across the country. The bank is also a leader in leasing, factoring and e-commerce market services. The following figures best testify to the complexity of the integration process that took place between the two banks headquartered in two cities, Belgrade and Novi Sad, while the operational work was based on two different IT core banking systems:

- 19 months of integration process, more than 3,100 meetings, which is approximately 3,100 hours of meetings of teams from Budapest, Novi Sad and Belgrade
- Almost 600 people participated in the project
- More than 777,000 hours of work
- 30 work groups, 10 cross-functional teams, 6 Sponsors
- Nearly 100 million migrated data
- Over 8,300 tests were created and performed over multiple test cycles
- More than 6,000 incidents were identified and closed during the project
- 185 IT GAPS were developed
- A total of 5,094 training participants with 125 internal trainers and 19,377 hours of training
- 64 critical processes were modeled and 140 flow diagrams were created
- 1,159 normative acts were adopted during the integration

Despite the challenges in 2021, caused by the conditions of the coronavirus pandemic and the efforts of all employees to successfully complete the integration on time, retail loans recorded growth of approximately 20% as compared to 2020 if we observe the loan amount of the two merged banks, whereby OTP banka managed to reach a market share of 19%.

During 2021, the Bank was the leader in the housing loan market with a market share of 21.8%, which means that every fifth property was purchased with a loan from OTP banka. In terms of cash loans, the Bank also holds a leading position with a market share of 20.2%.

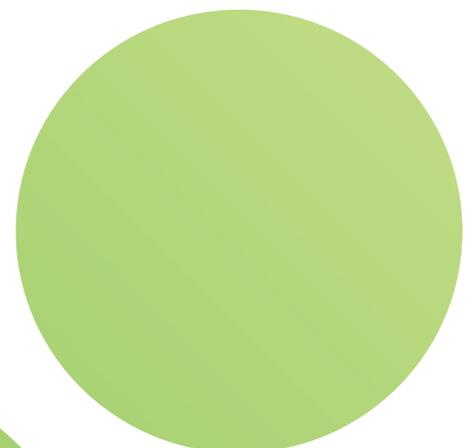
At the same time, the Corporate Division managed to exceed the expected market share in the segment of corporate loans and achieved a level of 16.3%.

OTP banka is focused on innovations and digitalization of its operations, thus providing its clients with new benefits with a focus on enhancing digital banking, numerous benefits for our card holders as well, using the phone as a card (with mCard and ApplePay), P2P payment and transferring funds to private individuals by e-mail and phone, and a lot more.

OTP Group also includes OTP Leasing Srbija, a leader in the leasing market in Serbia with a total financing of EUR 108 million in new facilities, which represents 19.5 percent of the market share in new production, as well as OTP Osiguranje, which provides life insurance services through OTP banka, as an insurance agent.

In 2021, OTP banka Srbija won prestigious awards for several of its top managers, for continuous and exceptional cooperation and achievements in foreign payment transactions, for its eCommerce service, but also for its socially responsible campaign, Circle of Support.

OTP banka is a member of various business organizations and associations, through which it actively promotes highly ethical business standards and strives to contribute to the development of socially responsible and sustainable practices through specific engagement. Some of these associations are: Association of Serbian Banks, Serbian Chamber of Commerce, ACI Serbia, American Chamber of Commerce, French Chamber of Commerce, Responsible Business Forum, Serbian Philanthropic Forum, Association of Serbian Economists, Association of Economists of Vojvodina, Foreign Investors Council, NALED, Digital Serbia Initiative and IAB. OTP banka is also a proud member of the Friends of UNICEF Club.





04 Macroeconomic environment and the Banking sector

During 2021, the international environment was still characterised by elevated uncertainty as to the impact of the future course of the pandemic and new virus strains on the pace of global economic growth, global prices of primary commodities and inflation. According to International Monetary Fund, reopening of economy after lockdown led to sudden recovery of global economic activities, higher growth of energy supplies demand and depletion of energy stocks, especially gas reserves in Europe IMF decreased the global growth projection for 2021 by 0.1 percentage point to 5.9%, due to worsening pandemic dynamics, supply disruptions and inflation. Higher growth of energy prices is projected to subside by the end of H1 2022. COVID-19 and global slowdown, had a less severe impact on Serbia compared to most European countries, due to achieved macroeconomic and financial stability and due to large and timely monetary and fiscal package.

In December 2021, inflation was at 7.9%, compared to December 2020, while the average inflation in 2021 was at 4.0%. The growth of inflation was caused by higher food and energy prices and exceptionally low levels of these prices in 2020, which were temporary factors beyond a significant direct impact of monetary policy. Core inflation in the last eight years stood at 1.8%, confirming price stability, while

it was at level of 3.5% in December 2021, which was significantly lower than headline inflation, suggesting that inflationary pressures are temporary. Under the NBS projection, inflation should return within the target band around mid-2022 and stabilize close to target midpoint by the end of year.

According to the SORS preliminary estimate of economic developments in 2021, Serbia's real GDP growth stood at 7.5%, exceeding the NBS's expectations and reinforcing the foundations 2022 growth. The growth was driven by recovery in service sectors, as well as growth in construction and industrial production. FDI inflow had positive effect on economic growth by reaching record levels of around 8% of GDP and fully covering Serbia's current account deficit, which is expected in the following years as well. Exports of goods and services grew during 2021, mainly driven by manufacturing, ICT and business.

In the medium term, economic growth is expected to range between 4.0% and 5.0%, as a result of continued investment cycle and implementation of large infrastructure projects, as well as the rise in personal consumption on the back of favourable labour market trends.

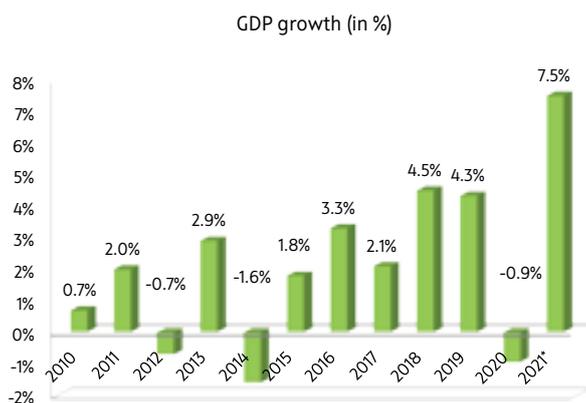
The key risks of the projection arise from the uncertainty of the pandemic course and the world energy prices. Capital flow toward Serbia as one of the emerging economies will remain

under the dominant sway of the decisions of leading central banks, the Fed and the ECB, which have decided to start reducing the volume of additional liquidity injected in the financial system, without raising their key interest rates. The priority of Serbia's monetary policy in the medium term will be delivering price and financial stability, together with supporting growth of economy and employment, further expansion of the export sector and a favourable investment environment.

Economic activity

COVID-19 and global slowdown, had a less severe impact on Serbia compared to most European countries, due to achieved macroeconomic and financial stability, growth momentum, fiscal space created in previous years, large and timely monetary and fiscal package, and structure of the economy. GDP recovery to pre-crisis level was accomplished already in Q1 2021 and real GDP y-o-y growth amounted to 7.5% in 2021, according to preliminary data of the Statistical Office, which was driven by recovery of service, construction and industry sectors. Projection of medium-term GDP growth was revised upward to range from 4%-5%, as a result of new investment cycle and planned infrastructure projects.

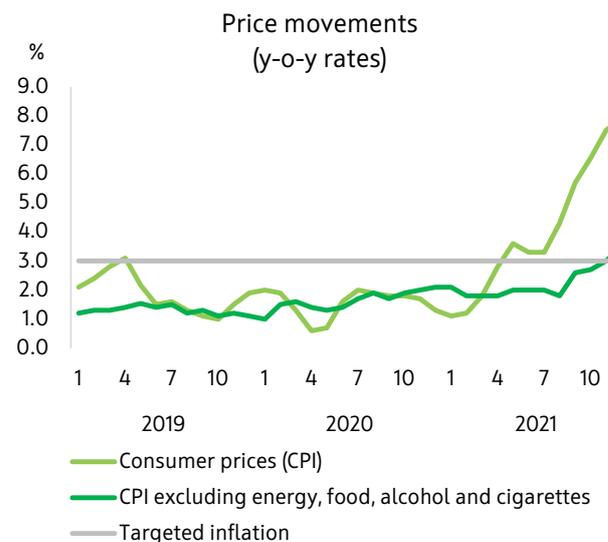
Risks from the international environment refer to the recovery of the Eurozone, value chain disruption, energy crisis and prices of primary products, and domestic risks to an agricultural season, higher inflow of FDI and the pace of growth of public investments.



* NBS projection

Inflation

In December 2021, inflation was at 7.9%, compared to December 2020, while the average inflation in 2021 was at 4.0%. The growth of inflation was driven by higher prices of food and energy, factors beyond a significant direct impact of monetary policy. Energy prices increased by 13.4% in December 2021, compared to December 2020, which was dictated mainly by growth of global oil price and local petroleum product prices. Overall in 2021, y-o-y core inflation averaged around 2.3%, while it was significantly lower than headline inflation in December 2021 at level of 3.5%. Low and stable core inflation is underpinned by the years-long relative stability of the exchange rate, which will be preserved going forward.



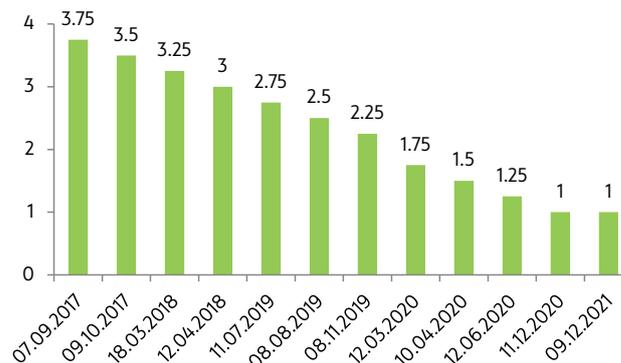
The risks to the projected inflation profile are associated mainly with primary agricultural commodity prices, global energy prices, the pace of global economic recovery and the persistence of disruptions to global supply chains. It is expected to strike a steady downward path starting from Q2 and return within the target band $3.0 \pm 1.5\%$ in the course of Q3.

Monetary policy

In 2020, the NBS lowered the reference interest rate to the historically lowest level of 1%, which was kept unchanged in 2021 despite significant inflation growth. Heightened cost-push pressures at home and abroad and the need to influence inflation expectations affected the decision of NBS to tighten monetary policy and increase the weighted average interest rate in reverse repo auctions by 48 basic points in Q3 2021. The NBS has thus used the flexibility of its monetary framework, which allows it to adjust monetary conditions even without changing the main interest rates. The priority of monetary policy in the medium term will be delivering price and financial stability, together with supporting faster growth of economy and employment, further expansion of the export sector and a favourable investment environment.

The trend of convergence of interest rates on dinar and euroindexed loans, present for a longer time already, particularly in the corporate sector, continued, contributing to the increase in the degree of the dinarisation of receivables to the level of 38.5% in November, and thereby to further strengthening of financial stability. In November 2021, total domestic loans accelerated to 9.0% in y-o-y terms, having in mind high base effect from previous year due to moratorium application. Growth of loans was mainly led by liquidity and current assets and investment loans within corporate sector, as well as good realization of housing loans. During 2021, the approval of loans under the Guarantee Scheme to micro, small and medium-sized enterprises and entrepreneurs, continued and provided a strong credit impulse to the real sector.

Reference interest rate (in %)

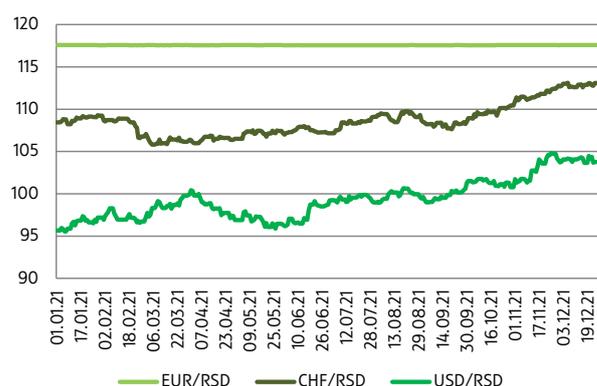


Exchange rate

Though depreciation pressures, triggered by the global spread of the pandemic, were present in 2020, stable movements of the EUR/RSD exchange rate continued, so its value remained almost unchanged. The dinar's stability was mainly supported by the NBS's FX liquidity provision to banks against the background of limited supply of foreign exchange and cash.

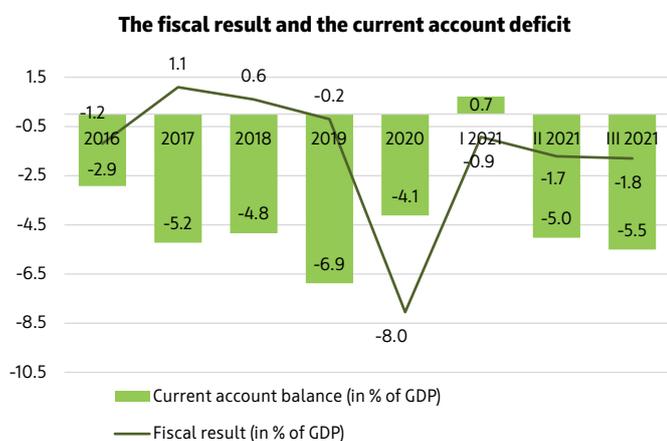
For most of 2021 appreciation pressures prevailed due to favorable balance of payments movements. In Q4 2021 depreciation pressures appeared as a consequence of higher demand for FX of domestic importers of energy, and partly due to lower holdings of dinar government securities by the nonresidents. In order to maintain relative stability in the domestic FX market, the National Bank of Serbia intervened on the IFEM both on the purchase side and on the sales side.

Exchange rate movements during 2021



The fiscal result and the current account deficit

During previous years, Serbia eliminated fiscal deficit, with government investments reaching near 5% of GDP. High deficit during 2020 was a consequence of high expenditures for support measures and purchase of medical equipment, as well as decrease in revenues. In 2021, another fiscal stimulus package was introduced aimed at most affected sectors and citizens and CAPEX continued to rise. Fiscal deficit is expected to be less than 5% of GDP at the annual level in 2022.



Foreign trade

Goods exports in period Jan-Nov 2021 increased by 26.8% y-o-y due to product and geographic diversification and export oriented investments, while goods import went up by 24.6% y-o-y.

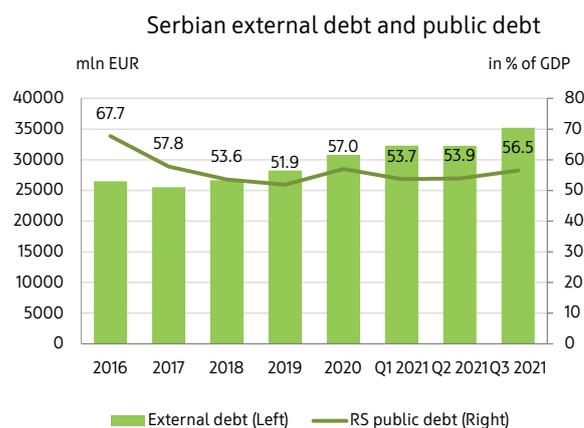
Exports are expected to have a large contribute to economic growth, especially on the supply side, from past investments into tradable sectors, and on the demand side, from the more favourable growth outlook of most important trade partners. The rise in export supply is also suggested by the fact that FDI inflow to Serbia in 2021 reached EUR 3.9 bn, surpassing the previous record from 2019 and remaining channelled mainly to export-oriented sectors.

The international environment was still characterised by elevated uncertainty as to the impact of the future course of the pandemic and new virus strains. However, after the challenges

stemming from the significantly higher price of natural gas and halts in supply chains, industrial production in the euro area is expected to pick up, which should reflect positively on our exports and manufacturing.

External debt and public debt

During first eleven months in 2021, public debt was lowered to the level of 56.4% of GDP (from 57.0% at the end of 2020). In September have been issued two Eurobonds worth a total of EUR 1.75 billion, part of which is aimed to repay the debt on the dollar bond of USD 700 million, matured in September. By further reliance on RSD and EUR denominated debt, the currency risk continues to decrease additionally.

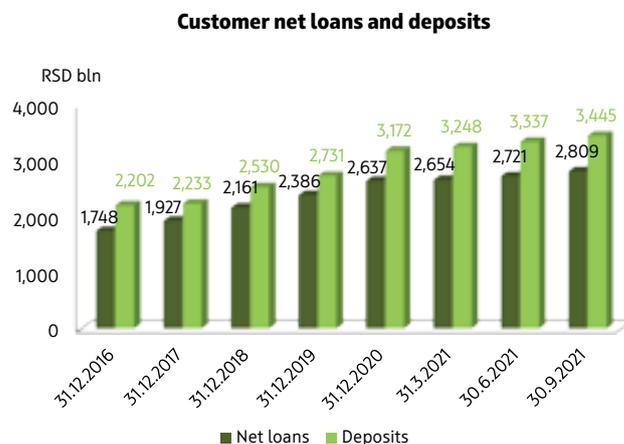
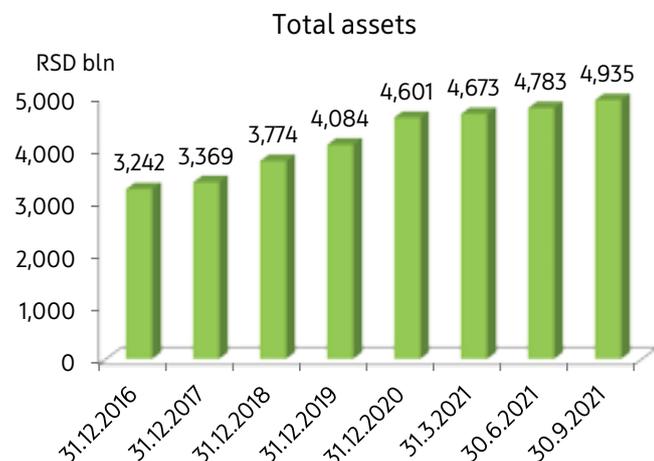


Banking sector

At end of Q3 of 2021, the Serbian banking sector numbered 24 banks, among which foreign-owned banks still have a dominant share. The banking market is very saturated since the five largest banks have 57.7% of the market share, which is higher compared to the end of 2020 (53.5%). Consolidation of the banking market can be expected in the future in order to reduce the number of banks and to strengthen the market power of the largest banks.

At end of September 2021, total net balance sheet assets of the Serbian banking sector amounted RSD 4,935 billion, and total capital RSD 721 billion.

household savings gained RSD 10.1 billion, or 11.0%, despite the pandemic-induced crisis, which indicates citizens' confidence in the stability and safety of the banking sector.

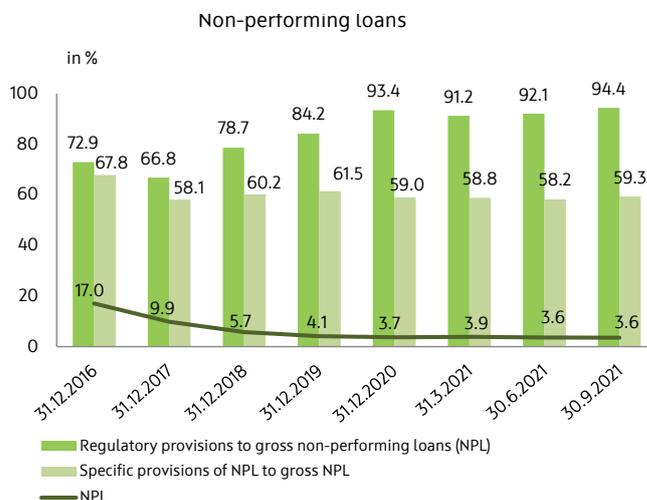


Net result in the overall banking sector achieved in the first nine months of 2021 amounted to RSD 44.8 billion, representing a increase of 2.7% compared to the same period previous year. A positive result was reported by 20 banks with total profit of RSD 45.5 billion, while 4 banks operated with a loss of RSD 0.7 billion.

The gross NPL ratio was at level of 3.6% in September 2021. The NPL coverage remained high – in September, allowances for impairment to total loans stood at 94.4% of NPLs, and allowances for impairment to NPLs measured 59.3%.

Changes in key elements of banking sector profitability (in RSD mln)

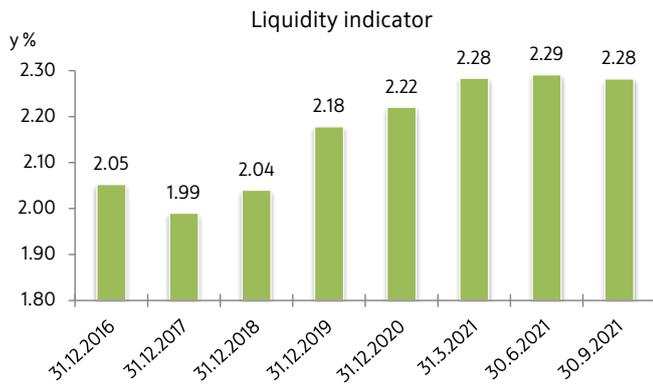
	30.09.2020.	30.09.2021.	Change
Net interest	96,357	85,691	↓ -11%
Net fees	29,598	27,007	↓ -9%
Credit losses	-14,677	-11,987	↓ -18%
Exchange rate effect	6,586	6,141	↓ -7%
Result	43,433	40,147	↓ -8%



Total net loans of the banking sector in Serbia at the end of the third quarter of 2021 increased by 6.5% comparing to end of previous year. Measured by the share of dinar in total receivables, the dinarisation of corporate and household receivables reached record 38.5% in November.

The Serbian banking sector is still characterized by very high liquidity. At the end of the third quarter of 2021, the average monthly liquidity ratio stood at 2.28% (regulatory minimum is 1%), while the narrower liquidity ratio stood at 1.90% (regulatory minimum is 0.7%).

The main sources of financing of the banking sector in Serbia are still received deposits, which share in total liabilities was 68.9%. Total deposits at the end of the third quarter amounted to RSD 3,445 billion, which represents an increase of 8.6% as compared to end of last year. Since the beginning of the year till November, dinar



The Serbian banking sector is well capitalised. At the end of September 2021, capital adequacy ratio of the Serbian banking sector averaged 21.68%, well above the National Bank of Serbia regulatory minimum (8%). This data indicates the high resilience of the banking sector in Serbia.



05 Retail banking

In 2021 the Retail banking has remained focused on needs of its clients and building of long-term relationship. Continuous growth of lending to individuals is one of the main indicators of the support that the Bank provides to its clients, i.e. individuals. If the loans volume of two joined banks is taken into consideration, the 12% loan growth is recorded in 2021 compared to 2020. Besides that, the OTP Bank succeeded to achieve the 19% market share.

In last two-three years the house construction financing growth, buying of apartments and house loans demand is noticeable. During the 2021 the Bank was the leader on the house loans market with the 21.8% market share, which means that the every 5th property was bought by the OTP Bank loan. The Bank has taken the sales process improvement and the relevant products compliance related activities in the house-loan lending segment in order to provide improved customer experience as the first step in creating long-term relationship, that is characteristic for this product. At this point, years of co-operation with the Real Estate agencies and Properties cluster should be pointed out as they provide additional support in many loan applications realization.

Favorable trends in Retail banking are result of optimal price level and products combination. Special actions and promotion campaigns for cash loans are organized that contributed in their growth to the level of RSD 124 billion and the 20.2% market share in the cash loan market. Efficient work organization has also

significantly contributed to cash loan growth in prolonged pandemic situation caused by Corona virus, where the focus of the OTP Bank was directed towards timely and adequate customer service and, above all, towards the health of the staff and the clients as well. In that sense, more attention is given to alternative service and sales channels with more intensive activities within the Contract Center.

Total deposits in Retail banking reached the level of RSD 205 billion with active clients increase. Market share of the OTP Bank individuals' deposits recorded the level of 10.8%

As the Retail banking has in its focus customer satisfaction, introducing of changes has continued, and within the system that encourages the innovation culture at the level of the Group, constant work on the offer that has useful value for clients and daily banking activities facilitation is implied.

The pandemic was accelerator towards the digital channels. During the last year a significant shift in favor of mobile banking is done. At the moment, in the OTP Bank there is more than 250 000 active digital users, out of which the individuals, that use mobile banking application, make the majority. Digital tools are put in function of time saving both of staff and clients, that additionally improves satisfaction of both sides. The digital banking already presents the platform for solving of simple financial transactions, that are at the same time the most common, while in the future arrival in the bank and the traditional

relationship establishment between the Bank and the client will be necessary only in case of complex financial requests solving.

The OTP Bank has enabled numerous new novelties such as online cash loan, P2P payment and Pay by link for transfer of funds to individuals by the e-mail of the phone. The Bank has introduced, amongst the firsts, use of the mobile as the payment card through the mCard service that applies payment by the digital Mastercard within the mBank application. Also, the clients may register their digital Mastercard payment card on the iPhone and use all the advantages of our Apple Pay service that enables safe and simple contact less payment.

The OTP Bank has gain in 2021 the Global Finance Magazine reward as the best bank for small and medium-size enterprises in Central and Eastern Europe. The reward has confirmed the efforts made in creating the Bank as the leader in this segment, and the added value lies in the fact that the Bank gain the reward during the pandemic period and the integration process of two banks. The OTP Bank has participated substantially in lending of small and medium-size enterprises during this and the previous year as well through the Guarantee scheme, helping the companies to overcome the difficulties caused by the pandemic situation. During 2021 year in the Small business segment the Bank has realized loans to legal entities and entrepreneurs in total amount of RSD 6 billion approximately, out of which the loans under the Guarantee scheme cover significant part.

The European Bank for Reconstruction and Development has approved to the OTP Bank loan in the amount of EUR 20 million for further financing of small and medium-size enterprises in Serbia. The credit line will be used as a support to financing of private enterprises through the working capital and investment loans, primarily for small and medium-size enterprises that operate in economically less developed parts of the country.

The credit line is approved as a support to post pandemic recovery of Serbian economy and to strengthen it for mid and long term. With

a wide regional coverage and focus on small and mid-size enterprises, the OPT Bank has a possibility to ensure more than necessary financing of small enterprises and to contribute to development of this segment in the whole country.

The OTP Bank has developed model of services for private banking clients, which includes investment and financial consultancy services, and know-how in assets management as well. That was recognized and by renowned Global Finance magazine, that has pronounced the OTP Bank for the best bank for a private banking in Central and Eastern Europe. Taking into account the fact that private banking clients have very specific and extremely high expectations from their banks, the importance of this rewards gains one added value.

Behind this success is the fact that these needs of the clients have been recognized on time and very wide spectar of adjusted services, staff expertise in assets management area within the exclusive Eminent package has been provided to them, and financial and investment consulting services as well. Licensed investment consultants recommend to each client individually how they may invest their funds both on local and foreign market in accordance with their profile, financial plans and other factors as well. Local market knowledge is crucial here, and the advantage is a possibility of mix of their expertises in different areas, such as corporate business, leasing or insurance.



06 Corporate Banking

During 2021 year the banking business, hence and corporate business, was under the influence of highly challenging circumstances caused, primarily, by intergration process of two banks, ex-OTP Bank and Vojvođanska bank, followed by work process, products, corporate cultures, strategics aims compliance of these banks. Besides that, the Corporate segment succeeded to exceed the expected market share in the placed corporate loans and to achieve the 16.3% market share. Inrease of credit exposure is followed by the improvement of the exposure and it risk level through:

- Improvement of loans placement maturity directed towards long-tern financing increase withing the total portfolio;
- Increase of corporate loans in RSD, that is in accordance with the strategy of dinarization, together with additional internal currency risk heading measures;
- Portfolio diversification by financing types and by economy branches to which the client belong.

Increase of investment lending is noticeable by which the Bank keeps up with the market demands. Integration of banks open a possibility of financing of much bigger projects than it was a case before the integration. Besides that, the Bank's expertise is on much higher level, thus the Bank may take into

consideration different investment profiles from construction works financing, production capacities to energy effiecncy and green energy sources. It is expected the OTP Bank to be more active in project financing segment with a special focus on real estate construction sector.

Total gross corporate loans increased in 2021 through the improvement of co-operation with the existing and new clients, and the loans approval process under the Guarantee scheme continuation. During the 2021 the Bank has approved approximately RSD 200 billion to mid-size and corporate enterprises if the total loans amount of both banks is taken into consideration. This affected the corporate loans to reach the 16.3% market share at the end of 2021. The majority of approved loans were working capital loans, by which the previous years trend continues.

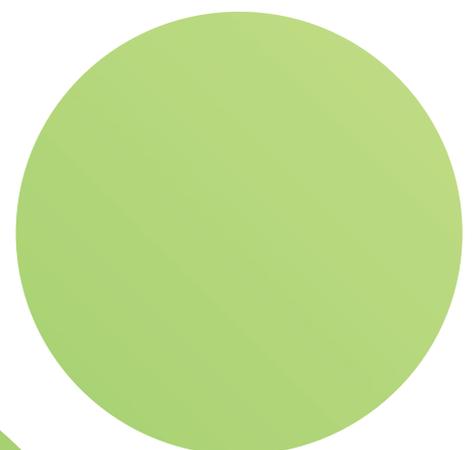
In corporate segment total deposits increased compared to the previous year. The OTP Bank's corporate deposits recorded level of 11.5%.

After the sucussefully ended integration processs in May, 2021, the OTP Bank has continued developing innovative banking products and creating of unique solutions tailored to the clients needs. One of the areas that stood out in previous period is transactional banking and factoring, where the Bank is the leader on the local market.

When the factoring business is concerned, one of the things that makes the OTP Bank to stand out on the market is the fact that the clients see the Bank as a partner and consultant in solving everyday financial challenges. Small and mid-sized enterprises may easily get liquidity funds and collect their receivables by giving the right to the Bank before the maturity date. Corporate enterprises most often choose the reverse factoring services, when the Banks pays out the obligations of the clients towards the vendors immediately upon invoicing. The OTP Bank offers simple technological solutions in the domain, the highest standard services and many years of experience.

Continuing its mission of maintaining long-term partnerships, during the 2021 the OTP Bank continued to improve and develop transactional banking services with constant focus on requests processing time optimization starting from request for opening and activation of current accounts, domestic and international orders processing till the documentary business related requests.

The OTP Bank is one of the most innovative banks on the Serbian market, where especially the e-commerce services should be mentioned. During the 2021 year, over three and half million transactions have been realized, and at the end of the year the Bank gain the reward for Extraordinary Online Payment Experience and Best eCommerce Implementation Partner, as one of the most successful banks on the eCommerce market in Serbia. The Bank has improved the customer experience. During the payment, the 3D secure technology is applied, enabling security to the cardholders and giving the great contribution to online commerce development all over the Serbia.





07 Risk management

General framework

Activities related to risk management at all organizational levels are guided by the mission of realizing shareholder value by optimizing the risk to return ratio, taking into account the interests of customers and employees in a manner that is consistent with best practice and compliance with regulatory requirements.

The risk management structure is organized in accordance with the Law on Banks, the relevant decisions of the National Bank of Serbia, which define the area of risk management and capital adequacy, as well as the Bank's Risk Management Strategy.

The general objectives of the Bank's risk management are:

- Establishment of basic principles and standards for risk management in the Bank;
- Support to the Bank's business strategy by ensuring that business goals are achieved with controlled risk;
- Improvement of the use and allocation of capital and increase of revenue from capital adjusted to risks by including risk in the measurement of business performance;

- Support to the decision-making process by providing the necessary information relating to the risks;
- Ensuring consistency with best practices and compliance with local regulatory, quantitative and qualitative requirements;
- Providing cost-effective risk management by reducing overlapping and avoiding inadequate, excessive or outdated policies, processes, methodologies, models, controls and systems.

The main strategic goals of the Bank in risk management area are:

- Improvements in retail credit approval process by implementation of fast, automated decision-making process based on high-quality data and supported by flexible, OTP Group-wide technological solution.
- Further acceleration of corporate credit approval processes by development and technological support of state of art corporate credit approval workflow and a document repository.
- Improvement of data storage capacities, as well as implementation of data governance and data management framework, providing support to data driven decision making
- Further improvements of non-credit risk management framework
- Development of human resources focused on hiring, retention and

development of digital, analytical and technical skills

- Strengthening and improving risk management governance by revision of risk regulation architecture, implementation of risk control function and conducting of initiatives aimed on raising the risk culture and awareness thorough the organization.

Credit risk

Credit risk is the most significant material risk the Bank is exposed to.

The process of continuous measurement, monitoring and control of credit risk is based on:

- consistent tools for scoring and ranking credit placements in order to standardize and improve credit assessment, as well as to establish a system of limits in line with the level of estimated risk;
- the process of regular monitoring of credit exposures harmonized with regulatory requirements, as well as with best practice standards and
- information system and analytical techniques that allow measurement of credit risk in all relevant activities and provide adequate information on the content of the loan portfolio, including the identification of possible concentration of risk.

The basic method of mitigating credit risk is ensuring the collateral for a loan. The Bank's credit policies determine the types of eligible collateral in the form of funded and unfunded credit protection, whereas the conditions to obtain these collaterals, as well as the ratios for calculating the secured values in relation to the type of collateral for the purposes of loan processing, are in more detail regulated by other internal documents of the Bank.

The main types of collateral used by the Bank for the purposes of mitigating credit risk are: residential property mortgage, business property mortgage, pledge on equipment, inventory and receivables, letters of guarantee, financial assets (cash, securities) and sureties.

In accordance with the regulatory environment, which includes the expectations of domestic and international supervisory authorities, and as the Bank is a member of the OTP Group, the Bank has developed a framework for the identification and management of so called ESG risks in the process of lending to the Corporate clients (E-environmental, S-social, G-governance), as an instrument for the transition to a sustainable economy.

This process of lending to the Corporate clients has been improved by introducing following elements:

- ESG Exclusion List – a list of activities and behaviors whose controversial nature and impact appear to be incompatible with the values of the OTP Group, ie whose funding is avoided;
- ESG Heat Map by sectors – contains a classification of economic activities with appropriate, predetermined categories of ESG risk;
- ESG risk assessment (individual assessment of ESG risk levels in the case of clients with materially significant amounts of exposure).

The Bank realized a decrease of the NPL indicator in 2021, resulting in the value of the indicator of 3.96 as of 31.12.2021, as per the methodology of the National Bank of Serbia. The realised indicator was lower than the last year's by 0.2 percentage points, and somewhat higher than the NPL indicators of the banking sector, which is amounted to 3.6% in the third quarter 2021. The decrease in NPL indicators is the result of activities on the sale and collection of non-performing loans, write-off of bad assets that are fully impaired or assessed as non-performing, improvement of the loan portfolio quality, as well as by an increase in the performing loan portfolio.

Market risk

Market risk is the possibility of negative effects on the financial result and capital of the bank based on changes in the value of balance sheet and off-balance sheet items of the bank that occur due to market prices.

In terms of market risk, the Bank is exposed to foreign exchange risk for all positions from which market risk can raise and position risk based on debt securities arising from the trading book.

The trading book of a bank shall consist of all positions in financial instruments and commodities held either with trading intent or in order to hedge an exposure arising from positions in other financial instruments of the trading book and which are free of any restrictive covenants on their tradability or the ability to be hedged, as well as placements obtained for the purpose of making a profit from the difference between the purchase and sale price, ie on the basis of other price changes in a short period of time.

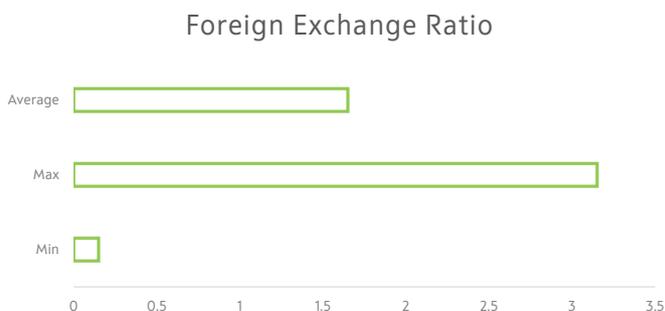
The Bank has positions in the trading book and accordingly has established and maintains appropriate functions of measuring, monitoring and controlling market risk, including:

- Market risk measurement processes that record all significant sources of market risk and assess the impact of changes in market risk factors in a way that is consistent with the scope of the Bank's activities. These measurement systems include VaR models and BPV models;
- Operational limits that ensure that exposures remain within levels which is consistent with internal policies and the Risk Management Strategy in terms of exposure to individual types of market risk, limitation of the open positions and establishing the stop loss limits;
- Measuring sensitivity to loss under stressful market conditions and taking these results into account when establishing certain limits for market risks;

- Adequate IT support for measuring, monitoring, controlling and reporting on market risk exposure with controls built into various risk measurement systems and applications;
- Reports that are regularly prepared and submitted to the Board of Directors, the Executive Board, senior management and all other relevant bodies.

The Bank manages foreign exchange risk through a system of limits and continuous monitoring of compliance of FX positions with the limit. In addition, the Bank measures the foreign exchange risk indicator on a daily basis in accordance with the regulations of the National Bank of Serbia and maintains it within the prescribed limits.

In order to hedge foreign exchange risk, the Bank monitors daily changes in the market, pursuing a policy of low level of exposure to foreign exchange risk and monitoring the results obtained during the regular stress test which are reported to ALCO, Board of Directors and Executive Board.



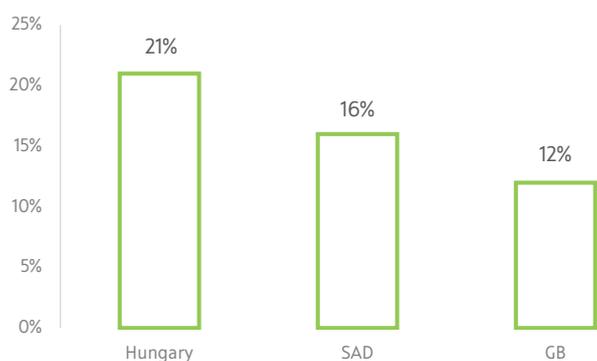
During 2021, the Bank has maintained the level of foreign exchange risk significantly below the regulatory level.

Country risk

The bank is exposed to Country Risk for all types of financing in a particular country, whether to the central government, a bank, a private company or an individual. Country risk is managed by the Bank through internally determined ratings, which represent the basis for establishing a system of limits on country risk exposures. Economic, political and other

events and circumstances in the countries to which the Bank is most exposed are continuously monitored and assessed. On average, the bank was most exposed to Hungary.

Largest country risk exposures as of 31.12.2021



Counterparty risk

The counterparty's risk is the possibility of negative effects on the Bank's financial result due to the counterparty to a transaction could default before the final settlement of the transaction's cash flows or settlement of monetary liabilities under that transaction.

The Bank has defined the basic principles for reporting, action that can be taken in case of exceeding the limit, as well as the methodology for determining the internal rating, determining the limit and the method of determining the maximum possible exposure to the certain counterparty.

The counterparty limit system consists of internal and regulatory limits. The counterparty limits are determined individually for each counterparty taking into account the analysis of the counterparty, the identification of a group of related parties, the analysis of other information about the counterparty and other relevant information that may be useful in determining counterparty risk.

Operational risk

Operational risk is the risk of possible negative effects on the Bank's financial results and capital due to failure (unintentional and intentional) in the work of employees, inadequate internal procedures and processes, inadequate management of information and other systems in the Bank, and due to unforeseen external

events. Operational risk also includes legal risk. Operational risk does not include strategic and reputational risk. Specific areas of operational risk include information system risk, unethical business risk (conduct risk), and model risk. The Bank's risk management system includes risks arising from the introduction of new products, services and activities related to the Bank's processes and systems, as well as risks arising from activities entrusted by the Bank to third parties.

Operational risk management includes activities for identification, monitoring and measurement of operational risks, which are carried out by monitoring the exposure to operational risk through:

- Collection of internal data on operational risks,
- Key risk indicators,
- Risk self-assessment,
- Analysis scenario,
- Assessment of operational risk when introducing / modifying new products and entrusting activities to third parties,
- Assess the impact of business interruptions.

Operational risk is an integral part of all products, activities, procedures and systems of the Bank. Operational risk management is an integral part of management functions at all levels and thus undergoes special methods of detection and assessment, definition of the limits, monitoring and control, all with the aim of developing appropriate risk mitigation measures and providing an opportunity to assess the risk profile of the Bank.

In order for operational risk management to be effective, it is necessary to have an appropriate management structure, led by a specialized Operational Risk Management Committee (ORC), as well as an appropriate organizational structure, based on the Operational Risk Management Department proposing policies, regulations, plans and procedures for operational risk management, as well as the necessary management tools (data collection, RCSA, Key

Risk Indicators, Scenario Analysis, etc.).

For the purpose of calculating the regulatory capital requirement for operational risk, the Bank uses the approach of the basic indicator in accordance with the Decision on the capital adequacy of the Bank.

Internal capital requirement for operational risk is quantified using a special approach based on internal losses and scenario analysis.

Business continuity plan

In order to ensure business continuity, the Bank has implemented a Business Continuity Plan in order to enable uninterrupted and continuous operation of all significant systems and processes of the Bank, as well as limiting losses in emergency situations, and implies the existence of an alternative location (Disaster Recovery site). The Business Continuity Plan is based on business impact analysis and risk assessment. The key business activities for which it is necessary to maintain business continuity in emergency situations are identified. The Plan is regularly tested and updated in accordance with business changes, changes in products and activities, processes and systems, changes in the environment as well as business policy and strategy of the Bank.





08 Liquidity management and interest rate risk

Interest rate risk

Interest rate risk is the risk of possible negative effects on the financial result and capital of the Bank based on positions in the banking book due to changes in interest rates. The main types of interest rate risk are: risk of repricing which means maturity mismatch risk (for fixed and fixed interest rate asset and liability items) and re-pricing risk (for variable interest rate items), yield curve risk, base risk and embedded options risk, ie optionality risk.

The interest rate risk management process involves monitoring, identifying, measuring and mitigating the impact that adverse interest rate movements may have on the Bank's result and equity.

In order to adequately manage interest rate risk, the Bank has established limits that are monitored on a regular basis. Compliance with the limits is reported to the competent committees. The Bank was in line with prescribed limits and thresholds during 2021.

Liquidity risk

Liquidity is the Bank's ability to provide sufficient liquid assets to unconditionally cover all due liabilities arising from balance sheet liabilities (withdrawal of deposits and other sources of

financing), balance sheet assets (financing of new placements), as well as off balance sheet items.

Liquidity management represents a continued process of reviewing needs for liquidity under different operating scenarios, as well as planning under extraordinary circumstances. It is the process of securing and maintaining a satisfactory level of liquid assets on the basis of analysis and consideration of the demand for liquidity, as well as changes in the balance sheet and off-balance sheet structure of the Bank.

In order to reduce and/or limit this risk, the Bank in the liquidity management process shall attempt to:

- Continuously monitor and analyze all factors that affect the Bank liquidity;
- Maintains the required level of mandatory reserve in local and hard currencies in line with National Bank regulation;
- Manage optimum current daily liquidity by securing funds in sufficient amount and currency structure (for each currency) to secure smooth settlement of obligations and loan disbursement;
- Review and follow long-term liquidity position on the basis of liquidity gap projections, i.e. monitoring of matching of pecuniary inflows and outflows under balance sheet and off-balance items on the long term;
- Ensure diversification of sources of financing;

- Ensure diversification of sources of financing;
- Maintain top credit rating of liquid securities portfolio (securities issued by the NBS or the state of Serbia);
- Places liquidity excess in accordance with defined limits.

Liquidity level was above minimum during 2021 while excess of liquidity the Bank has placed in securities issued by state. In order to adequately manage liquidity risk, the Bank has defined limits for liquidity indicators. Liquidity indicators were in line with the defined limits during 2021.

Achieved liquidity indicators are in the following table:

Daily liquidity indicators	2021.*
Average during period	1,66
Highest	1,90
Lowest	1,44
On 31st December	1,79

* The presented data cover period after Bank's integration ie. after 30.04.2021

In accordance with applicable regulations, the Bank also calculates Liquidity coverage ratio (LCR), which is a measure of the Bank's ability to provide sufficient liquidity assets in order to cover all due obligations under assumed stress conditions. The LCR was above the regulatory and internally prescribed limit in 2021, and on 31st December 2021 was 133,64%.



09 Capital management and capital adequacy ratios

The main strategic goal of the Bank in terms of capital management is to strive to use available capital sources economically and in accordance with the defined perspectives of the Bank's business development. The Bank's capital management policy gives priority to covering the Bank's potential losses, negative effects arising from exposure to risks, in relation to the realization of returns. In the process of capital management itself, the focus is on continuous monitoring of capital adequacy. The level of the Bank's capital that is considered adequate is the level of capital that ensures the implementation of the Bank's strategy and business policy and at the same time enables the coverage of all risks to which the Bank is exposed in its operations. Capital management is based on:

- The process of identification, measurement, or risk assessment,
- Ensuring an adequate level of capital in accordance with the risks to which the Bank is exposed in its operations,
- Adequate incorporation of capital management into the bank's management and decision-making system,

- Regular analysis, monitoring and verification of the bank's capital management process.

The central function in the capital management process has the Bank's management - the Assembly, the Board of Directors and the Executive Board. The Bank's Assembly is responsible for deciding on all capital increases.

The Bank's Board of Directors is responsible for establishing a risk management strategy and supervising the risks assumed by the bank as part of its business activities, which are reflected in the level of bank capital adequacy, establishing a bank capital management strategy and adopting the Bank's business policy define the input data for the Bank's capital planning for the next business year.

As part of the capital management process, the Bank's Executive Board is responsible for incorporating capital planning into all business decisions and procedures related to business planning, timely informing the Board of Directors on capital needs and enabling adequate reporting to external bank supervisors on the level of capital adequacy.

The Bank's capital in 2021.

The Bank's total capital consists of share capital, additional share capital and supplementary capital.

Share capital consists of share capital based on ordinary shares, issue premium, revaluation reserves, profit reserves, losses of previous years, regulatory adjustments to the value of the bank's share capital elements, intangible investments, deferred tax assets that depend on future profitability of the Bank arise from temporary differences, less deferred tax liabilities and other deductible items defined by the Decision on Capital Adequacy.

Supplementary capital consists of subordinated liabilities which are included in the Bank's supplementary capital in accordance with the valid Decision on capital adequacy.

In accordance with the current Decision on Capital Adequacy, the Bank is obliged to calculate the following indicators:

- an indicator of the bank's share capital adequacy which is equal to the ratio of the bank's share capital and risk assets and cannot be below 4,5%
- an indicator of the bank's share capital adequacy which is equal to the ratio of the bank's share capital and risk assets and cannot be below 6%
- an indicator of the total capital adequacy of the bank which is equal to the ratio of capital and risk assets of the bank and cannot be below 8%.

Also, the Bank is obliged to maintain capital adequacy ratios increased in a way that allows it to cover the requirements for the combined protective layer of capital.

The Bank's risk assets represent the sum of the total amount of risk weighted exposures for credit risk, counterparty risk, price risk for trading book activities, foreign exchange risk, credit exposure adjustment risk for all business activities of the Bank and operational risk.

In 2021, the level of capital and the adequacy indicator had the following trend:

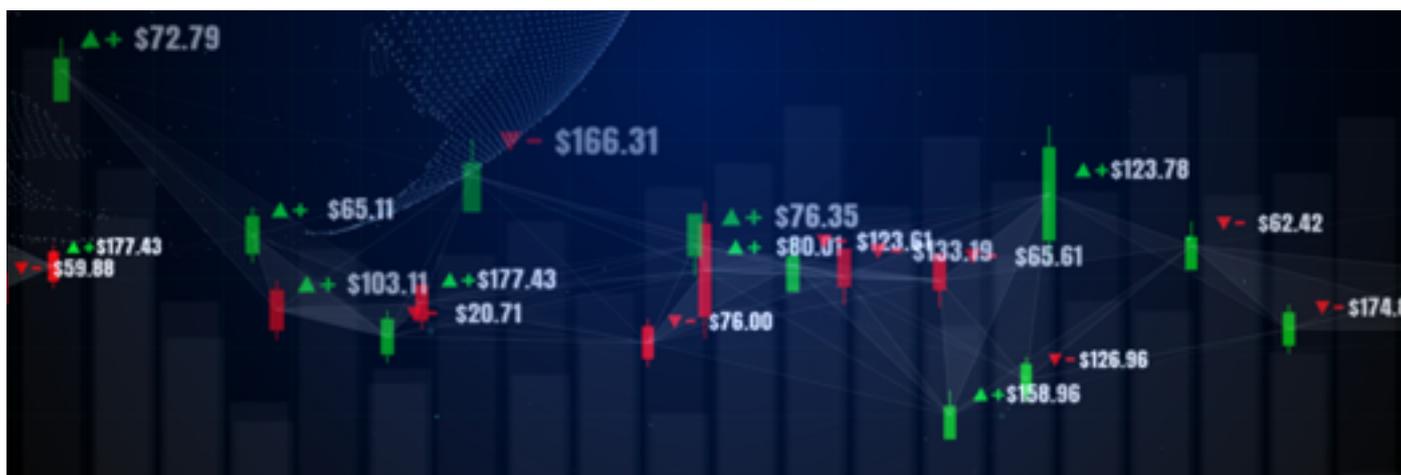
Capital	31.03.2021	30.06.2021	30.09.2021	31.12.2021
In 000 RSD				
Total capital	32,833,444	91,992,861	93,900,223	96,733,921
Tier 1 capital	29,893,941	80,706,332	82,791,912	83,449,461
Common equity Tier 1 capital	29,893,941	80,706,332	82,791,912	83,449,461
Share capital	31,607,808	55,330,780	55,330,780	56,830,752
Issuing premium	2,563,562	2,564,864	2,564,864	2,564,892
Retained earnings	0	26,396,554	26,396,554	26,396,554
Losses from previous years	-3,694,657	-3,694,657	-1,451,822	-1,451,822
Revaluation reserves	227,492	1,759,691	1,529,135	645,278
Intangible assets	-631,519	-1,223,902	-1,168,356	-1,214,245
Deductible items related to DTI ratio and maturity exceeding in case of cash, consumer and other loans placed to retail segment	-56,422	-285,135	-268,487	-267,669
Deferred taxes depending on future profitability	-87,543	-87,543	-87,543	0
Other CET 1 regulatory adjustments	-34,780	-54,320	-53,213	-54,279
Additional Tier 1 capital	0	0	0	0
Tier 2 capital	2,939,503	11,286,529	11,108,311	13,284,460
Subordinated liabilities	2,939,503	11,286,529	11,108,311	13,284,460
Total risk weighted assets	174,138,444	444,691,199	452,984,265	474,139,059
Total risk weighted assets for credit risk	153,068,506	394,368,688	402,501,610	423,168,498
Total risk weighted assets for market risk	282,138	596,460	730,514	738,442
Total risk weighted assets for operational risk	20,787,800	49,621,188	49,621,188	50,006,363
Total risk weighted assets for CVA risk	0	104,863	130,953	225,756
Total capital adequacy ratio 8%	18.85%	20.69%	20.73%	20.40%
Tier 1 capital adequacy ratio 6%	17.17%	18.15%	18.28%	17.60%
CET 1 capital adequacy ratio 4.5%	17.17%	18.15%	18.28%	17.60%

* data for March 2021 refers to the amount of capital and capital adequacy ratio of Vojvodjanska banka a.d. Novi Sad, whose legal successor is OTP banka a.d. Novi Sad

During 2021, the Bank maintained the level of capital adequacy within the regulatory framework.

In September 2021, the process of issuing new ordinary shares was carried out, which led to an increase in share capital and, consequently, total capital in the amount of 1,500 million RSD, which is visible in the capital for the last quarter of 2021.

In December 2021, a new subordinated line was withdrawn, in the amount of EUR 20 million, all with the aim of further strengthening the capital base and achieving the Bank's business goals.



10 Financial indicators of OTP Banka Srbija

In 000 RSD

Income Statement	2020	2021
Net interest income	7,161,662	15,363,612
Net fees and commissions income	2,639,656	5,706,835
Operating expenses*	-8,840,572	-15,349,789
Profit before tax	-1,226,430	6,203,153
Profit after tax	-1,179,455	5,756,661
Adjusted profit after tax **	-93,284	9,389,661
Balance Sheet		
Cash and balances with central bank	33,251,589	90,624,576
Loans and receivables	174,949,023	502,204,203
Securities	17,228,522	53,814,367
Other assets	13,752,349	18,955,802
Total Assets	239,181,483	665,598,948
Deposits and other liabilities to other banks, financial organizations, central bank and other customers	202,821,962	549,559,206
Reserves	1,544,219	3,787,232
Subordinated liabilities	1,177,041	14,724,802
Other liabilities	2,972,553	6,513,807
Total liabilities	208,515,775	574,585,047
Total equity	30,665,708	91,013,901
Total liabilities and equity	239,181,483	665,598,948
Key performance indicators		
Capital adequacy ratio (CAD)	18.11%	20.40%
Net interest margin (total assets %)**	3.15%	3.01%
ROA**	-0.04%	1.47%
ROE**	-0.30%	10.81%
Number of employees	1,786	2,789
Number of branches and sub branches	122	184
Total assets market share	5.2%	13.0%***

* Operating expenses include wages, salaries and other personnel expenses, depreciation costs and other expenses

**The result and indicators for 2021 are adjusted for expenses related to integration and result of first 4 month of ex OTP bank

*** as of 30.09.2021

The OTP Bank, created from integration of Vojvođanska Bank a.d. Novi Sad and OTP Bank Srbija a.d. Beograd, is the second biggest bank in Serbia by assets and the leader on the local market. Despite the integration process, which is treated as the most complex process realized in this region, the merge of two banks is successfully completed. Stable business performance of the new Bank resulted in assets (on balance sheet) increase, which on December 31, 2021 amounted to RSD 665,599 million, which represents the 8.2% increase compared to the previous year taking into account assets of both banks. Increase of loans and customers' receivables position had the most important influence on assets (on balance sheet) increase. This increase has positively affected and the loans market share increase to the level of 17.4% at the end of 2021 year.

During 2021 year, the integration process of Vojvođanska Bank a.d. Novi Sad and OTP Bank Srbija a.d. Beograd continued causing increase of expenses related to the integration realization. Profit after tax in 2021 amounts to RSD 5,757 million. If those one-off integration expenses are excluded and the first four months of ex-OTP Bank are added, the profit of the Bank would be RSD 9,390 million.

The OTP Bank succeeded to maintain the capital adequacy ratio significantly above the minimum requirements, thus the ratio on December 31, 2021 year was 20.4%. Aiming to keep all business performance indicators in accordance with set limits, during 2021 year the Bank has taken the subordinated loan from the Group member in the amount of EUR 115 million.

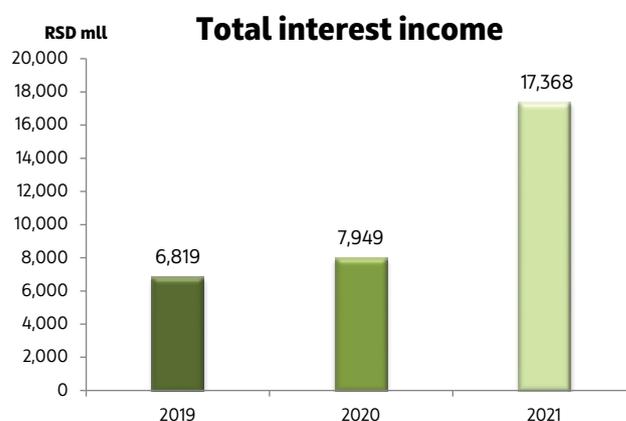
Income statement

The Bank realized positive operating result (before impairment and taxes) in the amount of RSD 6,444 million in 2021 year.

Income

The key policy rate decrease from 1.51% in 2020 to 1% in 2021 had affected interest rates downturn on the banking market. In accordance with that

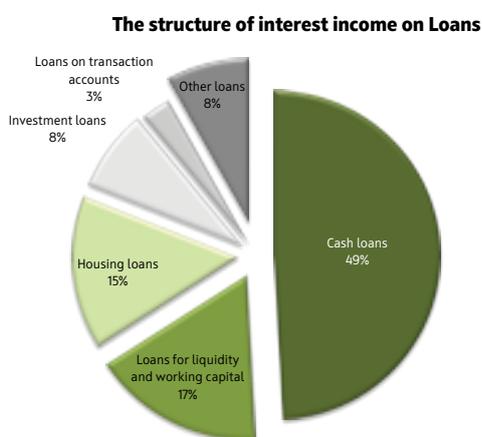
trend, the Banks has lowered rates on RSD loans, which affected the interest income decrease. The Bank has overcome this reduction partially through intensive lending activity, therefore the total interest income in 2021 recorded the amount of RSD 17,368 million. This represent more than doubled increase compared to the previous year due to the integration. If the total interest income of both banks is taken into consideration, and the income of the first four months of the ex-OTP Bank is added, an increase of 4.3% is noticeable due to increase of average performing loans volume.



In total interest income structure, interest income on loans and securities have the highest share. Interest income on loans and receivables from customers participate with 91.7%, and income on securities with 7.7% in total interest income.

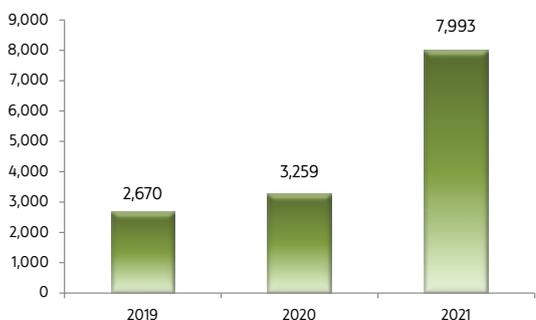
Decrease of average volume of securities during 2021 year, as well as a decrease of interest rates, resulted in interest income reduction on securities. On the other hand, the Bank recorded respective interest income increase by 3.8 times due to integration of two banks approximately.

Interest income on loans and receivables from customers in 2021 makes 92% of total interest income, which is lower result compared to the previous year. Interest rate decrease did not affected significantly decrease of interest income on loans as the NPL average volume was higher in 2021. Interest income on cash loans participated with 49% in total interest income, while the housing loans and working capital and liquidity loans participate with 15% and 17% respectively in the total interest income.



Fee and commission income in 2021 amounted to RSD 7,993 million. This is primarily result of income on payments and turnover fees, which make ~34% of total fee and commission income that is mainly performed by corporate clients. Also, in total fee and commission income the cards transations fees have significant participation ~23%, and account maintenance fees ~21%, that is result of clients' number increase.

Fee and commission income

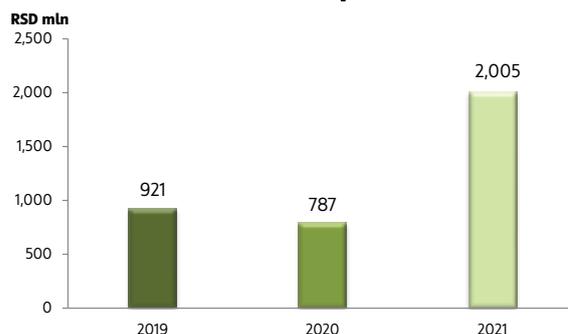


Expenses

Total interest expenses in 2021 year are RSD 2,005 million, that represent an increase of 155% compared to the last year and it is a result of integration of ex-OTP and Vojvođanska bank.

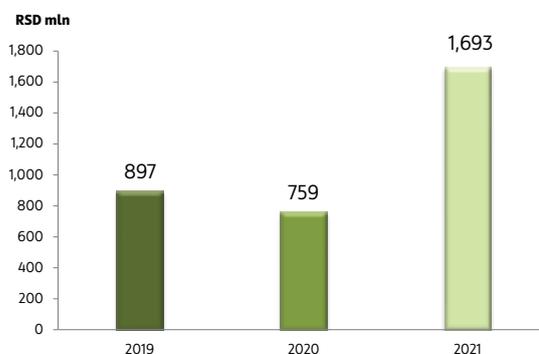
If the total interest expenses of both banks for 2021 year are taken into consideration, as well as the expenses of ex-OTP Bank for the period of the first four months of the year, increase of 13.5% is noticeable mainly due to increase of borrowings from the Group and the customers deposits as well.

Total interest expenses



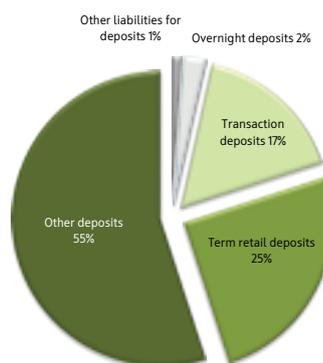
In interest expenses structure the major part refers to interest expenses on deposits from customers and other liabilities towards customers.

Deposits interest expenses



The biggest share in the interest expenses on deposits from customers have savings accounts and other deposits (total 80%).

The structure of interest expense on deposits



Total operating expenses at the end of 2021 year were RSD 15,350 million that is above the 2020 year expenses by 74%. However, if expenses of two integrated banks are taken into consideration and if the ex-OTP Bank expenses for the period of the first four months are added as well, this increase amounts to 8.5%. In operating expenses structure, the major part take the other expenses, i.e. operating expenses ~56%. Salary and salary related contribution expenses and other personnel expenses make 35% and depreciation 9% of the total operating expenses.

Structure of operating expenses - 2021



Balance sheet

The OTP Bank increased its balance sheet assets for RSD 426,417 million compared to the end of 2020 year, that is a result of integration of two banks, succeeding to improve in this way its position on the banking market; therefore, the Bank holds the second position in the banking sector.

Securities

Securities, at the 31st of December, 2021 record more than tripled increase compared to the 31st of December, 2020. However, if the data for 2021 year of two integrated bank are taken into consideration, a decrease of approximately RSD 4 billion in securities is noticeable. The Bank decreased its investment in government bonds aiming to increase lending activities' scope, while their share in the total assets amounts to ~8%.

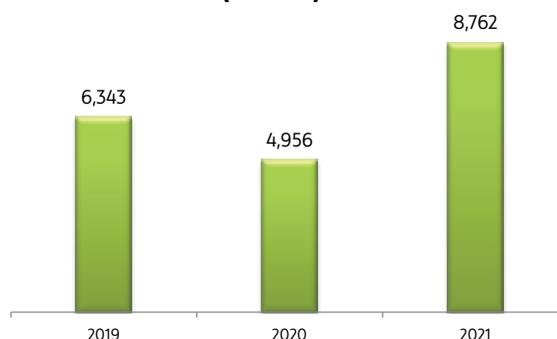
Securities (RSD mln)



Loans and receivables from banks and other financial organizations

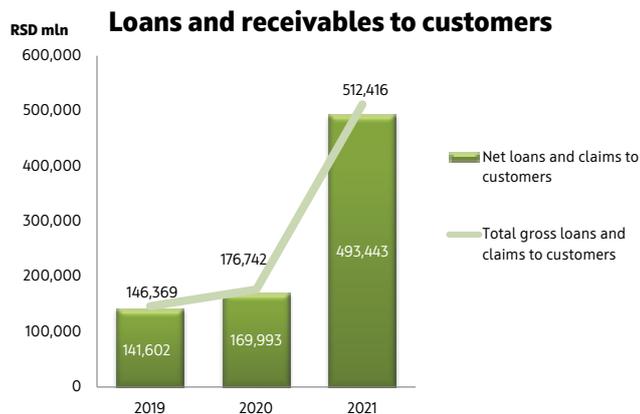
Net loans and receivables from banks and other financial organizations in 2021 are in accordance with achieved level of depositary and lending activities aiming to generate higher profitability of whole business.

Net loans and receivables to banks and other financial institutions (RSD mln)



Loans and receivables from customers

The OTP Bank increased the level of gross loans and receivables to customers during 2021 for about 3 times compared to the end of previous year, as a result of integration of two banks. The share of gross loans in total assets also increased from 71.1% (at the end of 2020) to 74.1% as of end of 2021.



In terms of sectoral structure, in the structure of gross loans, corporate and loans to public entities contribute with share of 48.3%. The largest part of corporate loans is loans with a foreign currency clause and foreign currency loans.

Retail sector participates with 48.2% in total gross loans and receivables from customers. Cash loans represent the largest share in total gross retail loans of 50.2%, while mortgage loans took part of 46.8%.

From the products point of view, in the gross loans structure, working capital loans have the largest share of 27.3%, while cash loans have share of 24.2% and housing loans 22.5%.

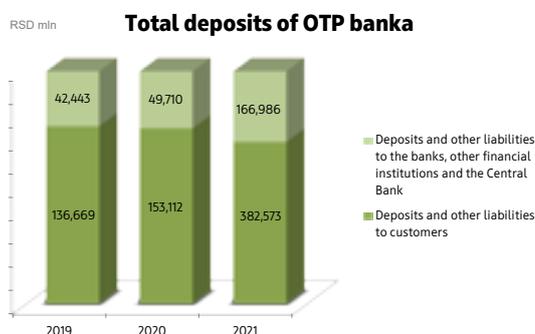
Gross loans structure



The ratio of gross loans to deposits from customers amounted to 134% as of 31.12.2021.

Deposits

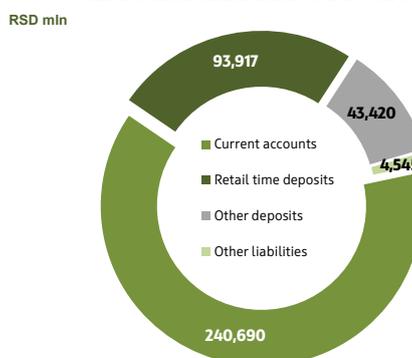
Conditions for maintaining high level of liquidity and placement growth both to corporate entities and individuals were secured by increased level of deposits during 2021 year, Total deposits of the OTP Bank at the 31st of December, 2021 amounted to RSD 550 billion; the major part is coming from deposits from customers ~70%, while the financing from banks and other financial institutions was at the level of ~30%.



Savings deposits participate with 25% in total deposits while transaction deposits have largest contribution of 63%.

FX deposits participate with 56% in total customer deposits, with the largest part referring to retail term FX deposits. On the other hand, deposits in local currency mostly come from legal entities.

Customer deposits and other liabilities structure



11 Plans for the future

OTP banka Srbija has defined the following strategic objectives for the period 2022:

Four main strategic directions for the future:

1. build digital culture;
2. digitize and improve operations;
3. enhance customer satisfaction;
4. establish data driven management.



- commitment to create a bank which will be a long-term choice of our clients,
- defines innovative and high quality products and services which will be offered to the clients;
- performing activities and overall business that our clients are accustomed to;
- corporate social responsibility and support to community, clients and socially vulnerable groups

- strong risk management as a pillar of support in our Bank;
- the tendency to preserve the high capitalization of the Bank, while monitoring the internal indicators and indicators established by the NBS;
- maintaining optimal liquidity combining self-funding and group financing



The vision of the Bank is to become the leader of the Serbian market in the customer service quality and innovative solutions with the following main attributes, which also represent the corporate values of the bank:

- stable;
- reliable;
- customer focused;
- innovative



12 Significant events after reporting date

In the second half of February 2022 the military conflict between Russia and Ukraine escalated. At this moment it is difficult to quantify the effects of the Ukrainian-Russian conflict regarding the business in Serbia.

At this stage management is closely monitoring all potential effects. The bank is in close coordination with the local regulator as well as with the OTP Group. Currently no reliable estimate of the impact is available as events are unfolding day-by-day.

OTP Group is prepared to adjust to any kind of challenge, as one of the leading banking groups of central and east Europe our capital and liquidity is stable enough to handle any scenarios.

Based on the currently available information, we believe that there is no significant impact of this conflict on the current year's financial statements and there is no going concern uncertainty in relation with the Bank.



Non-financial statement

1 Foreword by the President of the Executive Board

Predrag Mihajlović

Dear friends, colleagues, partners,

The previous year 2021 was rather challenging for us at OTP banka Srbija. Despite the changed working conditions and organization of everyday life caused by the pandemic, after 19 months of commitment, more than three thousand experts and professionals have successfully completed the integration. The current OTP banka Srbija a.d. Novi Sad started operating on May 05, 2021 and thus ended the process of integration of OTP banka Srbija a.d. Beograd (former Societe Generale Srbija) and Vojvođanska banka a.d. Novi Sad.

The successfully implemented second integration in a short period and continuous growth in regular operations, resulted in forming a bank that became the single largest lender in the Serbian market and a leader in the leasing, factoring and e-commerce service market.

Our network of 184 branches in 91 cities and 294 ATMs is among the largest in our country, and we use it to maintain personal contact with our clients. At the same time, we are dedicated to innovation and digitalization of business that provides clients with new benefits with a focus on improving digital banking and user experience.

Our vision is for OTP banka to be recognized as a champion on the Serbian market in creating client experience through service and innovative solutions. We plan to achieve this by focusing on four strategic goals: 1) Building a digital culture, 2) Digitizing and improving operations, 3) Improving client experience and 4) Establishing data-based management.

Along that path, we rely equally on the use of advanced technologies and the dedication and expertise of our employees. We want to be leaders not only in lending and market share, but

also in creating new and innovative solutions and services to provide our client with the best possible user experience. In achieving this goal, our values lead us to live innovations within OTP banka and believe in changes. For these reasons, we are developing the employee life cycle concept in order to continuously monitor and improve the experience of employees, but also to ensure that we demonstrate our company values equally to clients and among employees within our bank. This is because a company that wants to play a leader role must develop and grow continuously, whereby such development and growth are based on the development and growth of its people. This has led to a number of programs in the bank that aim to support employees in living company values, including the latest from 2021: 1) DARE development program for 30 participants, whose goal is to support the bearers of changes and key competencies in the bank in their further development; 2) BFF (back-front office) workshops aimed at improving communication and cooperation among colleagues from various divisions in finding solutions with a common goal, which were attended by over 100 colleagues empowered to be agents of change in the bank; 3) Change Champions, as a way of promoting the bearers of changes that are recognized by the employees, their colleagues.

Responsibility is the foundation of OTP banka's operations in all aspects. Our business strategy is based to a significant extent on the principles of sustainable business through the realization of a balance between economic, social and environmental impacts and goals.

OTP banka remained the largest sponsor and official bank of the Serbian Olympic Committee during 2020 and 2021, when the Olympic Games were uncertain, and despite the uncertainty, renewed the sponsorship contract with the Serbian Olympic Committee in order to provide absolute support to our best Olympians.

We nurture cooperation with the Gallery of Matica Srpska, one of the most significant cultural institutions in the country, through the Responsible in Culture project, and support numerous projects dedicated to the digitization of cultural heritage, which we confirmed in November 2021 by implementing the DigiArt project, a virtual presentation of works of art from the collection of the Gallery of Matica Srpska.

One of our key strategic directions is green transition, i.e., commitment to sustainable business and environmental projects, as evidenced by the numerous green initiatives we have launched. This is also confirmed by the fifth cycle of the Generator Zero project, which is dedicated to supporting and rewarding innovative projects that represent sustainable solutions with a real and measurable impact on reducing carbon footprint, as one of today's biggest challenges. Due to recognizing the importance of combating climate change, OTP banka is the first bank in Serbia to join the Priceless Planet Coalition global initiative with the purpose of planting as many as 100 million trees in the next five years in areas around the world. We are also proud of the fact that our bank uses green energy only, which is confirmed by the EPS Green Certificate, while our central building uses its own solar panels.

In accordance with the EU Green Deal, our parent OTP Group has defined the pillars of the ESG (E-environmental, S-social, G-governance) strategy with the aim of becoming a regional leader in green financing and building a sustainable future. Being aware of the significance of sustainable business, we have started working on a local ESG strategy and formed a working group that discusses all aspects of ESG operations with experts from the Group on a weekly basis. The Bank has developed a framework for the identification and management of ESG risks in corporate lending, as an instrument for the transition to a sustainable economy.

In the annual report, we paid special attention to socially responsible business, woven into all pores of our activities. Our reporting process is in line with the internationally recognized standards of the Global Reporting Initiative (GRI), as well as with the United

Nations Sustainable Development Goals. The report provides answers to 18 standardized performance indicators in the most important areas, such as anti-corruption, employment practices, employee development, safety at work, personal data protection, advertising, and environmental protection.

I am proud that the activities of OTP banka have directly contributed to the achievement of as many as nine UN Sustainable Development Goals.

I hope that, by reading our report, you will see with how much enthusiasm and commitment we approach all projects and initiatives in the desire to contribute to the community in which we operate.

We ended the previous year with great success thanks to your trust and determination to walk side by side in achieving a common goal. And every goal is near when you know where you are going.

Sincerely,

Predrag Mihajlović





2 OTP Group

OTP Group is the leading financial group in the CEE region, with remarkable growth results, outstanding profitability and stable capital and liquidity positions.

The banking group provides universal financial services to 17 million clients, with 40,000 employees in 11 countries. It offers state-of-the-art digital solutions and a network of more than 1,700 branches. OTP Group's future-oriented operations and development efforts focus on the sustainability of the environment, society and governance, while simultaneously aiming to strengthen its position as the best employer in the CEE region.

OTP Group is headquartered in Hungary and has a diverse and transparent ownership structure. The banking group has been listed on the Budapest Stock Exchange since 1995.

The entire business of the Group in 2020 was carried out smoothly, despite the extraordinary challenges imposed by the pandemic. Consolidated adjusted profit after tax for 2020 exceeded 310 billion forints, while adjusted ROE amounted to 13%.

In the first nine months of 2021, OTP Group generated an operating profit of 483.5 billion forints (+22% per annum). Total income increased by 10 percent per annum, with net interest income rising by 8 percent and net income from fees and commissions growing even faster, by 13 percent. Other net non-interest bearing income recorded a growth of 23% per

annum. Based on consolidated adjusted profit of HUF 373.6 billion for the first nine months, the adjusted ROE for that period amounted to 18.8% (+5.7 percentage points per annum). With the exception of the Romanian subsidiary, the nine-month profit of all foreign subsidiaries exceeded the results in comparison to the entire 2020. The contribution of foreign subsidiaries increased by 4 percentage points annually, to 52 percent.

OTP Group is a pioneer in digitization and has been proactive for nearly 30 years in the field of digital transformation of its business and implementation of new technologies in the financial market. Strategic focus on innovation has introduced the possibility of working with 1,329 startup companies with 45 pilot projects implemented, with the fifth OTP Startup Partnership Program being underway, as the Group's most comprehensive innovation program, given that all members of the group, including OTP banka Srbija, are in search of startup partners which support their business goals. This program has received numerous awards for the best incubator and accelerator program in Europe.

In November 2021, the leadership position in innovation was reaffirmed when SambaNova Systems, a company that develops the most advanced software, hardware, and solutions for launching artificial intelligence applications in this industry, and OTP Group announced a strategic partnership for building the fastest AI supercomputer in Europe. For the most advanced language model in the world in a commercial bank, together they will

implement a multi-framework AI system built upon the solution of the company SambaNova Dataflow-as-a-Service GPT. In cooperation with the Hungarian Ministry of Innovation and Technology, the system will be available as a national resource for artificial intelligence, both for the public and private sectors, as well as for higher education.

The predecessor of OTP Bank, National Savings Bank, was established in 1949 as a national, state-owned bank for the provision of services related to retail deposits and loans. Its activities and powers gradually expanded over the following years. In 1990, National Savings Bank became a public company with a share capital of 23 billion forints. Its name was changed to National Savings and Commercial Bank. Subsequently, non-banking activities were separated from the bank, along with their supporting organizational units. The privatization of OTP Bank started in 1995. The ownership structure is currently characterized by diversity - shareholders are mostly private and institutional (financial) investors.

OTP Bank started its international expansion targeting Central and Eastern European countries, which offer great potential for economic growth similar to Hungary. In recent years, OTP Bank has completed several successful acquisitions and thus became a key player in the region. In addition to Hungary, OTP Group currently operates in Albania (OTP Albania), Bulgaria (DSK Bank), Croatia (OTP banka Hrvatska), Romania (OTP Bank Romania), Serbia (OTP banka Srbija), Slovenia (SKB Banka), Ukraine (CJSC OTP Bank), Russia (OAO OTP Bank), Moldova (Mobiasbanca) and Montenegro (Crnogorska komercijalna banka) via its subsidiaries.

OTP Group's strategic goal is to become the most successful universal banking group in Central and Eastern Europe. The banking group strives to constantly evolve in order to provide unique, convenient and modern services to both retail and corporate clients, that are easier and quicker to access and which facilitate meeting the challenges of the digital age and fulfilling client expectations.

Sustainability is at the very top of OTP Group's priorities, with the aim of avoiding negative

impacts on the environment and society, and exploiting the business improvement potential. OTP Group identifies its priorities in the field of sustainability in accordance with global challenges and trends, as well as with the expectations of stakeholders. Identified priorities include focusing on products that have a positive environmental and social impact, as well as financial education. The goal of OTP Group is to become the best equipped bank for the so-called "green" financing in Central Europe by 2023.

At the end of 2021, OTP received several awards from Global Finance New York, as the best bank in Hungary, the best bank for SMEs and the best private banking in Central and Eastern Europe, as well as the best financial laboratory for innovation in the world. The same magazine again named OTP Bank the safest bank in Hungary in 2021, thus joining the group of the World's Safest Banks.

Also, Euromoney Awards for Excellence 2021 awarded OTP Bank the "Best Bank in Central and Eastern Europe" award, together with the "Best Bank in Hungary" award, while the Bulgarian, Montenegrin and Albanian subsidiaries were also named the best banks.



3 OTP banka Srbija a.d. Novi Sad

The new OTP banka Srbija a.d. Novi Sad, created from the integration process between OTP banka Srbija a.d. Beograd (former Societe Generale Srbija) and Vojvođanska banka a.d. Novi Sad, has started operating on May 5, 2021. This was the most complex banking integration ever to be implemented in this region and represents a strategic move of OTP Group, aiming to form the largest banking institution in Serbia. This successful integration resulted in the creation of one of the leading financial institutions in Serbia in terms of assets, number of branches and the size of the loan and deposit portfolio. The headquarters of the integrated bank are located in Novi Sad, at Trg Slobode 5 in the city center. OTP banka Srbija is 100% owned by OTP Bank Hungary.

The successfully implemented integration, in April 2021, and continuous growth in regular operations, resulted in forming a bank that became the single largest lender in the Serbian market with a total of EUR 4.2 billion in net loans, with EUR 5.7 billion in assets, 2,789 employees, 294 ATMs and 184 branches in 91 cities across the country. The bank is also a leader in leasing, factoring and e-commerce market services.

The following figures best testify to the complexity of the integration process that took place between the two banks headquartered in two cities, Belgrade, and Novi Sad, while the operational work was based on two different IT core banking systems:

- 19 months of integration process, more than 3,100 meetings, which is approximately 3,100 hours of meetings of teams from Budapest, Novi Sad and Belgrade
- Almost 600 people participated in the project
- More than 777,000 hours of work
- 30 work groups, 10 cross-functional teams, 6 Sponsors
- Nearly 100 million migrated data
- Over 8,300 tests were created and performed over multiple test cycles
- More than 6,000 incidents were identified and closed during the project
- 185 IT GAPs were developed
- A total of 5,094 training participants with 125 internal trainers and 19,377 hours of training
- 64 critical processes were modeled and 140 flow diagrams were created
- 1,159 normative acts were adopted during the integration

Despite the challenges in 2021, caused by the conditions of the coronavirus pandemic and the efforts of all employees to successfully complete the integration on time, retail loans recorded growth of approximately 20% as compared to 2020 if we observe the loan amount of the two merged banks, whereby OTP banka managed to reach a market share of 19%.

During 2021, the Bank was the leader in the housing loan market with a market share of 21.8%, which means that every fifth property was purchased with a loan from OTP banka.

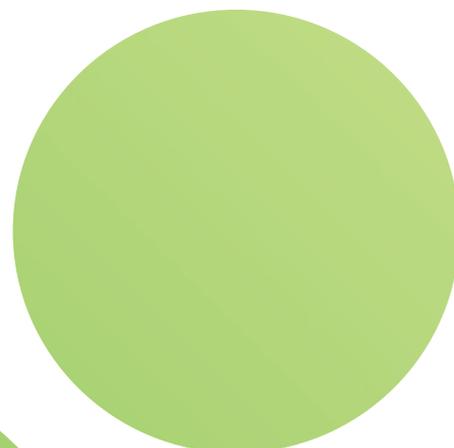
In terms of cash loans, the Bank also holds a leading position with a market share of 20.2%. At the same time, the Corporate Division managed to exceed the expected market share in the segment of corporate loans and achieved a level of 16.3%.

OTP banka is focused on innovations and digitalization of its operations, thus providing its clients with new benefits with a focus on enhancing digital banking, numerous benefits for our card holders as well, using the phone as a card (with mCard and ApplePay), P2P payment and transferring funds to private individuals by e-mail and phone, and a lot more.

OTP Group also includes OTP Leasing Srbija, a leader in the leasing market in Serbia with a total financing of EUR 108 million in new facilities, which represents 19.5 percent of the market share in new production, as well as OTP Osiguranje, which provides life insurance services through OTP banka, as an insurance agent.

OTP banka is a member of various business organizations and associations, through which it actively promotes highly ethical business standards and strives to contribute to the development of socially responsible and sustainable practices through specific engagement. Some of these associations are: Association of Serbian Banks, Serbian Chamber of Commerce, ACI Serbia, American Chamber of Commerce, French Chamber of Commerce, Responsible Business Forum, Serbian Philanthropic Forum, Association of Serbian Economists, Association of Economists of Vojvodina, Foreign Investors Council, NALED, Digital Serbia Initiative and IAB. OTP banka is also a proud member of the Friends of UNICEF Club.

The activities of OTP banka have directly contributed to the achievement of as many as nine UN Sustainable Development Goals.



Awards for OTP Bank in 2021

In the last quarter of 2021, OTP banka Srbija won prestigious awards for several of its top managers, for continuous and exceptional cooperation and achievements in foreign payment transactions, for its eCommerce service, but also for its socially responsible campaign, Circle of Support.

Winning these awards presented by the most influential and credible associations and media houses in Serbia confirms the efficient management and high professional level of management of OTP banka, which is recognized in the broader local and business community.



Predrag Mihajlović, the CEO of OTP banka Srbija, has been named Manager of the Year by the Serbian Association of Managers, which brings together more than 450 professional managers in Serbia. This award is one of the most prestigious awards of its kind in the local market and is the result of high expertise, significant business achievements and reputation of the CEO of OTP banka Srbija, as well as a number of impressive business successes that OTP Group has achieved in Serbia. The most significant successes include the successful integration with Vojvodanska banka, as well as taking a leading position in numerous banking areas. The Serbian Association of Managers gives these

prestigious awards to managers, employers, companies and individuals who are committed to improving the business environment, promoting the managerial profession and leadership, socially responsible business, and a better life for the broader community.

The most influential and most read daily newspaper in Serbia, Blic, has positioned Predrag Mihajlović, President of the Executive Board, as 22nd in its traditional list of 300 most powerful people, which makes references to the achievements of the most influential and successful representatives of our country's business and public life. Laszlo Wolf, President of the Board of Directors of OTP banka Srbija and Deputy CEO of OTP Bank Hungary, has been recognized as the 13th most powerful foreigner in Serbia on Blic's list of 50 most powerful foreigners in Serbia.



Blic's List of 100 most influential women also included Marija Popović, member of the Executive Board in charge of Corporate (14th place), and Milena Mićanović, Head of the Communications and Public Relations Department (40th place). The list of the most influential women in Serbia traditionally gathers and reminds of all the most important women in the field of politics, economy, science, culture and public life, who marked the year with their extraordinary professional achievements. The fact that as many as two women from OTP banka were found on the list of the most influential women in 2021 is a confirmation of the OTP Group in its efforts to operate in all its markets in accordance with the gender equality principles.

OTP banka Srbija won two Hot Spot eCommerce Awards 2021 for outstanding user experience in online payments, as well as for the most successful implementation of e-Commerce services in the Serbian market. These significant awards were presented by the eCommerce Association of Serbia, emphasizing the great success that OTP banka has achieved in the segment of improving the user experience for its eCommerce users, but also the bank's contribution to the development of digital business in Serbia.

Deutsche Bank also presented an award to OTP banka Srbija for continuous and exceptional cooperation and achievements in foreign payment transactions in 2021. Deutsche Bank emphasized the quality of OTP banka in order execution, efficient communication, and cooperation in solving all challenges during 2021, especially having in mind the recently completed complex integration of the Bank, regulatory requirements, and the current pandemic.



3.1. Governance

In the spirit of responsible corporate governance, the Bank has in place guidelines to ensure that the Bank's operations comply with internationally recognized corporate governance rules and standards and that public disclosure of data on its governance and operations makes it a transparent and verifiable company.

The Bank operates within an efficient corporate governance framework by establishing a unified system of authorizations, procedures, and controls, in accordance with the provisions of domestic regulations and best international practices, striving to protect the interests of all stakeholders in the corporate structure. The Bank's priority is to create value for shareholders in combination with the implementation of socially responsible practices, activities, and initiatives.

In accordance with the Law on Banks, the bodies of the Bank are: the Assembly, the Board of Directors, and the Executive Board, of which the Board of Directors and the Executive Board are the governing bodies of the Bank.

The Bank's Board of Directors consists of 8 members. The mandate of a member of the Board of Directors is 4 years, with the possibility of reappointment.

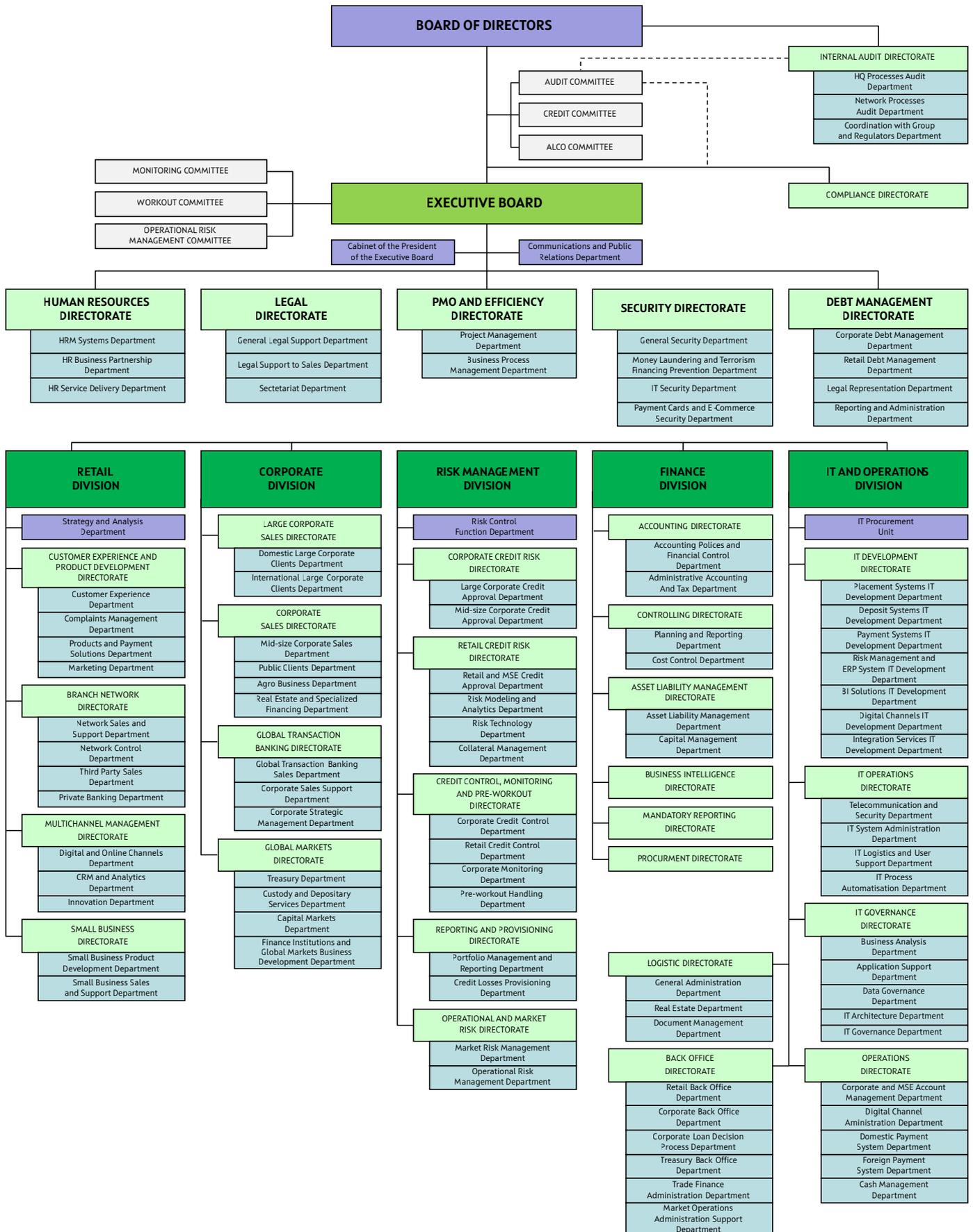
The Bank's Executive Board consists of 6 members. All members of the Executive Board are employees of the Bank, pursuant to the Law on Banks. The mandate of a member of the Executive Board is 5 years, with the possibility of reappointment.

All members of the Board of Directors and the Executive Board have been assessed by the National Bank of Serbia as persons with a good business reputation and appropriate qualifications. The Bank has in place Procedures for the appointment or reappointment of members of the Board of Directors and the Executive Board, which are in line with the Law on Banks and the Decision and Instructions of the National Bank of Serbia regulating this matter.

Details on members of the Board of Directors and the Executive Board of the Bank are publicly available on the Bank's website

<https://www.otpbanka.rs/o-nama/rukovodstvo/>

3.2. Organizational structure





4 Sustainability approach

Responsibility is the foundation of OTP banka's operations in all aspects. As one of the leading companies in the Serbian financial sector, we are aware that we play a significant role and affect the social and natural environment in which we operate. This is the reason why we base our business strategy to a significant extent on the principles of sustainable business through the realization of a balance between economic, social and environmental impacts and goals.

OTP banka's responsible operations are based on the following pillars:

- Responsibility towards the market
- Responsibility towards employees
- Environmental responsibility
- Responsibility towards the community

In line with the regulatory environment, which includes the expectations of domestic and international supervisory authorities, OTP banka submits explicit requests to financial institutions in order to identify and manage the so-called ESG risks (E-environmental, S-social, G-governance), as an instrument for the transition to a sustainable economy. The main focus is on the risks associated with climate changes and other aspects that adversely affect the environment. Regulatory requirements are not limited to business model development, strategy, and management, but also include risk management, especially in the field of credit risk.

According to the above requirements, OTP banka has improved its corporate lending process by introducing the following elements:

- ESG Exclusion List - The ESG Exclusion List aims to identify clients and activities posing a high risk for the environment, society, and reputation, in which direct business engagement of the bank is not desirable. The List is based on the OTP Group's Risk Management Strategy, internal bylaws and EBRD guidelines.

The Bank will not directly engage in business activities that are known to contain elements of human rights violations and/or damage to the environment, or that fall under the ESG Exclusion List. In the event that such violations are observed with existing clients, the Bank will negotiate corrective measures and steps to prevent new violations in the future.

Client screening according to the Exclusion List is required for credit products (including trade finance, documentary operations, as well as factoring and leasing products. List of activities and behaviors whose controversial nature and impact appear to be incompatible with OTP Group values;

- ESG Risk Heat Map by divisions - Based on the EBRD methodology, which took into account environmental and social factors, as well as physical and transition risks specific to the sector, the Bank has defined its own ESG Heat Map by divisions.

The ESG Heat Map categorizes activities into 4 ESG risk categories, representing different risk levels: low, medium, medium-high and high.

During the simplified assessment of ESG risk, the client's ESG risk is defined using the ESG Heat Map by divisions, while the ESG risk of the transaction arises from the loan use period and the client's ESG risk.

- **ESG Due diligence**

As compared to the simplified analysis, ESG due diligence contains the ESG Due Diligence Questionnaire used for collecting data on the client's ESG risk profile.

External ESG assessments and non-financial statements are taken into account in conducting ESG due diligence, whereby the Bank also relies on publicly available information, such as disclosing client data, media and external data providers.

Find out more about OTP banka's approach regarding this topic in the Financial Risk Management section.

4.1. Stakeholders

In line with the pillars of responsible business, we have identified the following stakeholder groups as the highest priority in the context of sustainability:

Clients - Creating innovative products tailored to the needs of our clients, measuring their satisfaction, as well as providing special financial support and incentives for vulnerable groups of clients are just some of the manners in which we contribute to the overall sustainability of the business.

Employees - Employees are our most significant resource, which is why it is extremely important for us to provide them with a stimulating work environment resulting in their professional and personal development. Equal opportunities for all employees, appreciating their opinions, questioning their satisfaction, nurturing team spirit, fair play relationships and professional ethics are just some of the important values of our corporate culture.

Suppliers - By empowering our suppliers and promoting sustainability in the supply chain, we contribute to employment and encourage the development of the local economy and local communities. We strive to maintain long-term partnerships based on equality and transparency.

Community - In addition to independently initiating projects aimed at the well-being of the community, we are involved in initiatives of wider social importance. Our priorities in this activity segment are supporting innovative projects and entrepreneurship, supporting sports, supporting projects in the field of preservation of cultural and historical heritage, contributing to financial education, as well as providing assistance to the local community, particularly the most vulnerable social groups. By joining local networks that promote sustainability as a healthy and desirable business model, we exchange best business practices and launch new initiatives. We believe that the successful development of the broader social community requires the joint action of the business, civil and state sectors.

Environment - By continuously improving energy efficiency, responsible resource management and reducing direct and indirect impact on the environment, we are implementing environmentally responsible practices. For us, economic growth is incomplete if it does not imply a responsible attitude towards natural resources and the environment.

4.2. Material topics

In line with the principle of materiality, and taking into account business objectives, broader economic and social context of sustainability, as well as the results of research on stakeholder attitudes, OTP Group has identified the following topics as material:

- Socio-economic compliance of business
- Anti-corruption
- Economic performance
- Prevention of anti-competitive behavior
- Market presence
- Anti-discrimination
- Public policies
- Indirect economic impacts
- Employee training and development
- Safety and health at work
- Diversity and equal opportunities
- Employment
- Safety practices
- Product portfolio with social and environmental impact
- Advertising and product labeling
- Personal data protection
- Local community
- Business compliance in the field of environmental protection
- Greenhouse gas emissions
- Energy

OTP Group members follow the list of identified topics and adapt it to the local context if necessary. The approach of OTP banka Srbija a.d. Novi Sad to these topics, as well as relevant quantitative and qualitative performance indicators in these fields are described in the Non-Financial Impacts chapter, while a tabular overview can be found in the GRI Index section.



5. Non-financial impacts

This year, for the first time, the annual business report of OTP banka Srbija a.d. Novi Sad contains a detailed overview of the company's non-financial performance, which reflects the integration of sustainability into all business aspects and is in line with non-financial reporting requirements defined in the Law on Accounting of the Republic of Serbia.

5.1. Compliance and anti-corruption

Internal documents governing the areas of compliance and anti-corruption in OTP banka are the Compliance Policy of OTP banka Srbija, the Anti-Corruption Policy, the Conflict of Interest Management Policy, and the Code of Ethics.

The compliance function is carried out in order to create a legal and ethical corporate culture which ensures prudent and ethical operations of the Bank in the long run. In implementing the compliance function, the Bank applies the following principles: independence, integrity, unhindered operation, objectivity, preventive and proactive approach, risk-based approach, proportionality, high level of professional diligence and competence, full coverage, efficiency, rationalization of compliance costs.

Activities performed within the compliance function include the Bank as a whole, as well as all its organizational units and activities. Persons performing entrusted activities or who are engaged as experts or advisors, whether natural or legal persons, must also meet compliance requirements and standards.

In accordance with legal regulations and standards of the OTP Group, the Bank has identified key principles that must be met when establishing internal lines of defense and security in order to promote the following:

- prudent operations of the Bank in accordance with legal and internal regulations;
- protection of the Bank's assets, as well as the interests and social goals of its shareholders and clients related to the Bank;
- uninterrupted and profitable operations of the Bank and continuous trust of clients.

The Bank's internal lines of defense consist of internal management and internal control functions. Internal control functions include the Risk Management Division, the Compliance Directorate, and the Internal Audit Directorate. Pursuant to the sustainability criteria (ESG), the Bank assesses and evaluates its activities from the aspect of its environmental impact (E), social justice (S) and related corporate governance issues (G), and ensures its compliance with relevant legal requirements.

The Bank has an acquired business interest as well as a statutory obligation to ensure that the personal interests of its employees and members of its governing bodies are not in conflict with the business interests and obligations of the Bank and its clients; that the Bank recognizes, prevents and manages conflicts of interest related to its various business activities; and that it regulates and ensures the assessment of supplier compliance (supplier screening).

The Bank is developing a Conflict of Interest Management Policy for investment and ancillary services related to its investment services, ancillary services and related financial services, which lead or may lead to a conflict of interest that could potentially cause adverse consequences for the business partner. This Policy also defines detailed rules and measures that enable the prevention, identification, and management of conflicts of interest that may harm the business partner.

OTP banka is committed to preventing corruption and has declared zero tolerance for all forms of bribery and unfair advantages. The provisions of the Anti-Corruption Rules adopted by the Bank have been formulated in accordance with applicable domestic and international legislation as well as the Wolfsberg Group's Anti-Corruption Guidelines, an association of thirteen global banks aimed at developing financial crime risk management frameworks and guidelines.

The purpose of the Rules is to define the Bank's principles for preventing corruption, identifying areas particularly at risk of corruption, as well as to serve as an underlying document for formulating regulatory documents necessary in the Bank's efforts and anti-corruption activities of employees.

The principles and provisions of the Policy cover the entire organization of the Bank, from its operations to the formulation of internal

regulatory documents, through contracts concluded with partners to the actions of individual employees and apply to all activities of the Bank.

These Rules apply to all employees and contractual partners of the Bank as well as to all other persons participating in the performance of their activities.

The provisions set out in the Rules apply together with the provisions of the Code of Ethics.

During and in connection with the Bank's operations, all employees and all other contractual partners of the Bank are strictly prohibited from committing any act of corruption and from participating in or being involved in corruption. Violation of the prohibition of corruption results in consequences provided for in labor, civil and criminal law. The Bank is consistently and resolutely committed to the combat against corruption. In case of violation of the provisions of this Policy by any person, the Bank will take all necessary steps to prevent potential adverse consequences and avoid similar events in the future. The Bank ensures the full implementation of all domestic regulations, European Union regulations as well as international anti-corruption regulations (where applicable) and requires its employees and contractual partners to comply with these regulations.

The activities that are most exposed to the risk of corruption are: management of gifts and expenses for hospitality for business purposes, charity and sponsorship, connecting with contractual partners, assuming contractual obligations, purchase, management and maintenance of investments and assets, employment, procurement, management and sale of real estate.

The above list is not exhaustive and the Bank pays attention to all other activities that may

pose a risk of corruption. The Bank performs risk-based assessment at predefined intervals to determine which organizational units and activities are subject to anti-corruption activities.

During the first half of 2021, a semi-annual compliance risk assessment was performed, with anti-corruption being one of the topics. All directorates and branch network and business center representatives stated that the risk of exposure was low, and that there were no events in that period, which was also confirmed by expert assessment. Given that the 2021 results showed a low risk of corruption, no changes were proposed in the existing controls and the manner of exercising supervision over this area.

The Bank's governing bodies monitor the implementation of the provisions of the Policy by obtaining annual detailed information on the fulfillment of the requirements set out in the Policy.

The Bank pays special attention to ensuring that its employees and contractual partners are fully familiar with the provisions of this Policy. In the first quarter of 2021, online training was organized for all employees, except the governing bodies, on the topic of combating corruption. The aim of the training is to inform all employees and employees of the Bank of the following: regulatory framework related to anti-corruption, basic forms of corruption, activities that are most exposed to corruption in the Bank, basic operational principles of the Bank in the field of anti-corruption, obligations of employees in this field; established controls and mechanisms for reporting actions that contain elements of corrupt practices. Examples of active and passive corruption were also presented during the training. The frequency of trainings depends on the assessed risk to which the Bank is exposed; it is provided for in the Annual Work Plan for the following year, and if necessary, employee trainings can

be conducted more often. Training for members of the governing bodies is planned for 2022.

The anti-corruption rules are also publicly available at any time on the Bank's website, as well as on the internal portal for the Bank's employees. The adoption of and amendments to this act are communicated to the heads of directorates.

Bank employees may report violations of the provisions set forth in this Policy through channels defined by the Code of Ethics. All such reports are examined in accordance with the applicable regulatory document of the Bank on reporting unethical conduct, which is published on the Bank's website. Persons reporting must not be subject to any discrimination or unfair treatment in relation to their reports. Violations can also be reported anonymously.

The reporting channels defined by the Code of Ethics include the following manners:

- in person, during working hours in the Compliance Directorate
- by calling the ethical issues hotline on 021 /4894 906 during working hours - 8 AM to 4 PM, Monday to Friday
- by mail, to the address of OTP banka Srbija a.d. Novi Sad, Compliance Directorate (Trg slobode 7, 21000 Novi Sad)
- via e-mail to: etickapitanja@otpbanka.rs

So far, there have been no recorded acts of corruption by employees, and no proceedings initiated against the company on this basis in the period between January 01, 2021 and December 31, 2021.

OTP Banka's Code of Ethics formulates clear and unambiguous guidelines and expectations in the field of ethical operations of the Bank and its subsidiaries, all for the purpose of protection and preservation of the Bank's values.

The Bank has adopted the Code of Ethics of OTP banka Srbija a.d. Novi Sad, which is constantly changing and developing in accordance with external and internal changes and requirements. The Code of Ethics is based on international standards and best practices, as well as the Bank's own practical experience, taking into account the requirements imposed on the Bank and their practical implementation. The binding corporate governance system of the Bank simultaneously contributes to the trust and satisfaction of clients, increasing the market value of shares and developing socially responsible behavior.

Supervision of compliance with ethical rules in the Bank is performed by the Ethics Committee in accordance with the basic principles and expected behaviors set out in the Code of Ethics.

The Bank considers it extremely important to inform all its employees of ethical standards and develop awareness of the standards of business ethics, so in order to achieve that goal, it implements the so-called ethical distance learning (e-learning) training that includes all employees.

The Bank also regularly supervises and monitors compliance with ethical standards. The Code of Ethics prescribes obligations to the Bank's management and members of the Board of Directors, the Executive Board and the Audit Committee, its employees, as well as business partners with whom the Bank has signed a contract. For the purposes of the Code of Ethics, the term business partner means representatives, experts, intermediaries, advisors, agents, subcontractors, and suppliers, i.e., companies, entrepreneurs and individuals who have established a contractual legal relationship with the Bank. All the abovementioned persons are obliged to act in accordance with the provisions of the Code of Ethics for the entire duration of the employment or contractual legal relationship - both during and after working hours.

In addition to the anti-corruption and conflict of interest provisions, the Code of Ethics covers other relevant topics, such as anti-discrimination, prohibition of abuse, safe and healthy working environment, etc., described in more detail in the following chapters.

5.2. Work environment

As a responsible employer, OTP banka recognizes that investing in human resources is the key to business success, but also to the success of the entire community. Therefore, employee satisfaction with working conditions, as well as the availability of professional training, are among the Bank's top priorities. OTP banka applies and promotes high standards in the work environment, striving to observe and take into account the proposals, ideas and contributions of employees in order to achieve common goals.

At the end of 2021 (December 31, 2021), OTP banka employed 2,789 people, mostly in Belgrade (1,203) and Novi Sad (651), while 935 employees worked within the branch network in 84 other cities across Serbia.

Employee gender structure	2021	
	men	women
Number of employees	774	2015
Percentage of employees	27.75%	72.25%

Employee age structure	2021
Under 30	9.79%
30 to 50	68.55%
Over 50	21.66%

Workforce turnover	2021	
	men	women
Newly employed	91	219
Employees who left the company	186	403

The turnover rate in 2021 was 19.8%. The integration of two banks - OTP banka Srbija a.d. Beograd and Vojvođanska banka a.d. Novi Sad, which was finalized in April 2021, had a significant impact on the turnover rate.

OTP banka builds and nurtures a work environment in which the diversity of individuals is valued, respected and accepted. According to the Bank's Code of Ethics, discrimination based on the actual or perceived characteristics of an individual, such as race, color, citizenship, nationality or ethnic origin, language, religious or political beliefs, gender, gender identity, sexual orientation, financial status, genetic characteristics, health status, pregnancy, disability, marital and family status, conviction, age, appearance, membership in political, trade union and other organizations, political or other opinion, is prohibited.

The Code of Ethics also prohibits and does not accept behavior based on intimidation of employees, especially if it is used to induce employees to take actions contrary to the Bank's internal acts or applicable legal regulations. Any kind of behavior that would be manifested verbally, non-verbally or physically, and which results in prejudices that violate the dignity of a certain person, and create a threatening, hostile, degrading, aggressive, humiliating and insulting environment for him/her, is prohibited.

Cases of violations of the Code of Ethics can be reported by employees to the Compliance Directorate through the channels specified in the Code, as well as to the Human Resources Directorate. All reports, submissions and examinations are treated confidentially by the Bank, with the protection of the person who reported the violation, whereby the competent organizational part of the Bank examines the case and determines the necessary measures. In 2021, no complaints were received regarding human rights violations, and 72% of employees received training on the topic of human rights. All employees of the Bank are covered by the Collective Bargaining Agreement. According to its provisions, the employer is obliged to inform the Board of the representative union of the following: decisions and plans that affect the economic and social position of employees,

trans and changes in salaries, average salaries and salary structure and their share in operating costs, as well as the structure of costs incurred once during the calendar year; the number of hours of overtime work, and upon the submitted request of the Union, preparations for determining redundancy and program adoption. The information shall be provided, if necessary, at the request of the representative trade union within 15 days from the submission of the request.

In addition to the guaranteed rights to maternity leave, disability benefits and retirement severance pay for all employees, full-time employees whose probationary period has expired are also provided with private health insurance. Employees are additionally insured in terms of private pension insurance, with the Bank's contribution to employee's individual account, based on loyalty of at least four years, in the form of a mandatory own investment in a voluntary pension fund.

	2021	
	Managers	Employees (other than managers)
Total number of training hours by employee categories	6,591	30,571
Average number of training hours per employee	17.25	12.7
	Men	Women
Total number of training hours by gender	9,481	27,681
Average number of training hours per employee	12.25	13.74

Right to maternity leave	2021	
	men	women
Total number of employees who exercised the right to maternity leave	3	187
Rate of return to work after maternity leave	men	women
	100%	96.23%
Rate of retention at the workplace 12 months after returning to work	men	women
	100%	100%

OTP banka firmly believes in the continuous improvement of the skills of its employees and implements a carefully designed training program, with the aim of professional development of employees. In addition to internal training, the Bank also provides financial support and opportunities to attend external courses and programs.

Moreover, the Bank designs and implements development and motivation systems for the purpose of hiring employees and further improving the selection process. In 2021, all employees went through the process of performance and individual development appraisal. We offer advice and support to employees who are approaching the end of their working life and planning retirement.

Within the OTP Lab startup program at the Group level, OTP banka received support for its idea of developing a platform for the mentoring process during probationary work. In 2021, the "OTPočni" program was launched at the level of our entire bank, in which all newly employed colleagues, their mentors and managers will participate. The aim of this platform is to facilitate the process of introducing and mentoring new colleagues during the probationary period, especially in remote work with great challenges, as well as to facilitate the integration of new employees into the job position and into the bank. This platform will enable the process to be structured, more efficient, timely and transparent, and thus ensure that the experience of all those involved in this process is improved.

In 2021, we launched "DARe", a development program for 30 participants whose goal is to support the bearers of changes and key competencies in the Bank in their further development. This completely online journey provides a different learning experience where employees, by independently choosing the dynamics, places and times for learning, further develop the competencies of the future - digital, agile and resilience. We believe that

this adventure will be a strong driver and inspiration in achieving the Bank's strategy.

Health and safety at work are a priority for the Bank, in order to ensure a safe working environment, improve the quality of professional lives of employees and prevent related risks. By its Code of Ethics, the Bank has committed itself to provide its employees with a healthy and technically equipped workplace that is in line with labor law regulations, as well as the protection of their physical integrity and health.

The Bank adheres to local and international legal regulations on establishing and maintaining a safe and healthy work environment. Accordingly, the system of safety and health at work includes all employees. All employees also undergo training in safety and health at work, first aid and fire protection in line with the training plan and in accordance with the legally prescribed deadlines.

It is the obligation of every employee to comply with health and safety regulations related to the performance of work, and the provisions of the regulations on work, on safety and health at work and on fire protection apply thereto.

The Bank has concluded a contract with a company that provides services in the field of safety and health at work and appointed a person licensed for safety and health at work. The hired company performs preventive inspections of all facilities of the Bank and submits reports on identified shortcomings, which are then eliminated. Measurements of work environment conditions are performed in summer and winter, as provided by law. In cases of observed shortcomings, the same are then eliminated. All employees are also obliged to inspect their workplace and work equipment, as well as safety equipment before and during work, and to immediately report any observed shortcomings to their managers. The managers shall forward the reports to the Logistics Directorate. The person responsible

for safety and health at work and the Logistics Directorate are obliged to perform controls and the observed shortcomings must be eliminated within 8 days from the day of reporting. The employee is entitled to leave his/her workplace if he/she recognizes a life- and health-threatening danger.

	2021
Total number of injuries	15
Number of injuries with severe consequences*	7
Injury rate	0.53
Rate of injuries with severe consequences	0.25

*sprains, dislocations, fractures

The collective bargaining agreement covering all employees of the Bank also regulates in detail the obligations and responsibilities of the employer in the field of safety and protection of life and health at work, the rights and obligations of employees in this field, the roles of employee representatives, and establishing a committee for safety and health at work. The Committee for Health at Work is composed of representatives of the employer and the Trade Union. Committee members are entitled to:

- participate in the process of assessing risks at the workplace and in the work environment
- have the risk assessment act constantly available to them
- collect data on dangers and hazards in the workplace and work environment that are not contained in the risk assessment act, and to initiate amendments thereto
- communicate directly with employees
- receive verbal and written petitions from employees
- communicate directly with managers - work process organizers
- communicate directly with the person performing safety and health at work operations
- give suggestions to the employer on all issues related to safety and health at work
- require the employer to take appropriate measures to eliminate or reduce the risk to the safety and health of employees
- place notices on the employer's bulletin boards about the activities they undertake
- inform employees of any current issues in the field of safety and health at work, with the prior approval of the director
- require supervision by the labor inspection,

if they believe that the employer has not implemented appropriate measures for safety and health at work, and to attend the supervisory inspection.

5.3. Product labeling and advertising

Product advertising is the responsibility of OTP banka's Marketing Department, while the Communications and Public Relations Department is also actively involved in the external presentation of products and services, whereby the Online Sales Unit is particularly engaged in targeted online advertising. Advertising is subject to checks by the Bank's Legal Directorate and the Compliance Directorate.

All OTP banka's products must be presented in accordance with local regulations, which includes, among other things, a fully transparent presentation of product functionality and all associated costs, if any, as well as the manner in which the right to some of the products or services can be exercised. Legislation related to this field includes the Law on Advertising, the Decision of the National Bank of Serbia on Detailed Conditions for Advertising Financial Services, and the Law on the Protection of Financial Services Consumers.

In accordance with the Decision of the National Bank of Serbia on Detailed Conditions for Advertising Financial Services, an advertising message promoting services provided by the bank under loan contracts, contracts on issuing and using credit cards, contracts on overdrafts, and other loan services, which contains an interest rate or any numerical data relate to price or income - must contain a representative example with clearly and precisely stated information on the following:

- loan type;
- amount and variability of the annual nominal interest rate;
- effective interest rate (the amount of which must be presented
- so that it is more visible than other data);

- currency in which the loan is contracted;
- tenor for which the loan is contracted;
- loan indexation criteria;
- total loan amount that the beneficiary will repay at the end
- of the contracted period;
- all costs borne by the beneficiary.

In 2021, OTP banka did not record any cases of non-compliance with regulations related to the labeling of products and services, as well as voluntary codes and standards. There were also no cases of non-compliance with regulations and voluntary standards related to advertising.

The Contact Center (0800 23 23 22 and 011 30 11 555) is available to clients for all information on products and services, 8 AM to 8 PM on weekdays and 8 AM to 1 PM on Saturdays, toll-free for calls from landline and mobile networks in Serbia. They can also use the following e-mail addresses (stanovnistvo@otpbanka.rs for retail and privreda@otpbanka.rs for corporate clients).

In terms of complaint mechanisms, the Bank's goal is to ensure the prompt and efficient management of complaints in the best interest of its clients. The Complaint Management Department is responsible for this field, and the internal document regulating this topic is the Complaint Management Policy, published on the Bank's website. The Bank continuously monitors and acts in accordance with the laws and other regulations governing the protection of consumers and/or users of financial services, both in internal operations and in client relations.

Clients can submit their complaints via e-mail to prigovori@otpbanka.rs, as well as in all branches of the Bank, via the Contact Center or post. Upon the receipt of the complaint, the Bank will verify the allegations and respond to the client in writing as soon as possible, and no later than 15 days from the date of receipt of the complaint, or within 30 days in exceptional cases beyond the Bank's control. If the Bank fails to provide a response within the specified period or the client is not satisfied with it, the client may file a complaint to the National Bank

of Serbia, Department for Financial Consumer Protection.

OTP banka reports to the National Bank of Serbia on complaints and the procedure for client complaints, in the manner determined by the National Bank of Serbia.

5.4. Personal data protection

The Bank is committed to the adequate protection of the personal data it processes, in accordance with the regulations, and where applicable (where this is not in conflict with domestic legislation), to the provisions of the General Regulation on Personal Data Protection. As part thereof, the Bank has established, manages and applies a system for regulation, implementation and audit, that ensures adequate personal data protection by meeting the criteria set forth by applicable legislation, as well as protection of the Bank's core business interests.

By adherence to the relevant legislation on personal data protection, as well as recommendations of both national and European Union data protection authorities and the European Data Protection Board, the Bank ensures compliance with best practices in this field.

The Compliance Directorate is responsible for privacy and personal data protection issues, and provides guidance and support to the Bank's organizational units and subsidiaries in terms of personal data protection. The Personal Data Protection Officer, who is also the Head of the Compliance Directorate, has been appointed within the Directorate. According to the systematization, in addition to the Personal Data Protection Officer, this topic is also dealt with by the Expert for personal data protection - an employee appointed to provide support to the Personal Data Protection Officer and to perform his/her tasks. In addition, the IT Security Department and the Information Security Manager perform information security and incident management tasks defined by the Rulebook on Personal Data Protection, and

which are the responsibility of the IT Security Department.

The independent legal status of the Personal Data Protection Officer ensures that the consideration of personal data protection issues is carried out at a high level.

In 2021, the Directorate provided support in the integration process, in the part of control of contractual documentation and its harmonization with the provisions of the Law on Personal Data Protection, and establishment of adequate control mechanisms of the integrated bank.

Each year, the Directorate conducts risk assessment of personal data protection through certain risk indicators by which it considers possible errors in performing operational tasks and shortcomings in control mechanisms, which serves as a solid basis for grasping the approach to managing personal data processing in the bank's organizational units. For 2021, it has been assessed that the risk of personal data protection is irrelevant.

The Bank has adopted the Rulebook on Personal Data Protection, the purpose of which is primarily to summarize important provisions on personal data processing - in particular the tasks and frameworks of cooperation among organizational units involved in data protection activities.

The Bank has adopted the Personal Data Protection Policy, which applies to all personal data of the Bank's clients that the Bank processes or uses to determine the purpose and manner of processing, as well as to other individuals interested in the Bank's products and those whose data are obtained by the Bank in performing its operations, in accordance with applicable legal regulations.

The Privacy Policy defines how data subjects, whose data are processed by the Bank, may exercise their rights. Data subjects may exercise their rights by filling in an application which can be obtained at any Bank branch or downloaded from the Bank's website. The Bank will respond to the request without delay, and

no later than 30 days from the date of receipt of a complete and correct application. This deadline may be extended by another 60 days if necessary, taking into account the complexity and number of applications. The Bank shall notify the data subject of the extension and the reasons for that extension within 30 days from the date of receipt of the application.

During 2021, two complaints were received regarding violations of the right to privacy and protection of personal data, which were determined by the prescribed procedure to be unfounded from the aspect of personal data violation.

5.5. Environmental impacts

OTP banka carefully assesses its direct and indirect impacts on the environment, takes initiatives to prevent adverse impacts, and implements and supports initiatives that have a positive impact on the state of the environment.



One of our key strategic directions for the forthcoming period is the “green transition” in business, i.e., commitment to sustainable business and environmental sustainability. We have started this process with great strides, as evidenced by the numerous green initiatives we have launched. We also wish to encourage our clients to be environmentally responsible through the offer of new green banking products that we are intensively developing and which will include financial, expert, and advisory support. We also receive support for the green strategy from the parent OTP Group, which has, on behalf of all member banks, signed the United Nations Principles for Responsible Banking as a unique framework for sustainable business in this sector, developed through partnerships between banks around the world and the United Nations Environment Program Finance Initiative. We have thus joined the world’s largest banking community focused on sustainable financing.

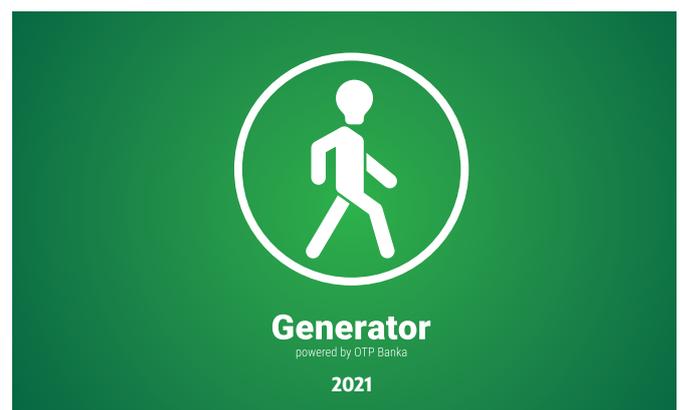
By signing the Principles for Responsible Banking, we confirm and demonstrate our commitment to sustainable banking, contributing to the sustainability of the community and the economy. The Principles serve as the guiding framework for ensuring that banks’ strategies and practices are in line with the vision set by society for its future in the United Nations Sustainable Development Goals and the Paris Agreement on Climate Change. Banks that have signed the Principles are committed to being ambitious in their sustainability strategies, working to integrate and embed sustainability at the heart of their business, which enables them to stay on top of sustainable financing.

Based on the Principles, signatory banks measure the impact of their operations on the environment and society, set and implement targets in areas where their impact is the most significant, and report regularly and publicly on their progress. The Principles provide a framework for banks to systematically understand the risks and seize the opportunities arising from the transition to more sustainable economies.

Signatories of the Principles take the lead by showing how banking products, services and relationships can support and accelerate the changes necessary for achieving common prosperity, both for present and future generations, building a positive future for people and the planet. These banks are also joining the world’s largest global banking community focused on sustainable financing, by sharing best practices and cooperating on practical guidelines and pioneering tools that benefit the entire sector.

Generator Zero

One of our most significant initiatives in this field in 2021 was the Generator Zero project. After the fourth cycle of this project, which ended in early 2021 and the topic of which was providing support to digitalization and digital projects - websites, applications and other digital platforms - that provide assistance and offer new opportunities for small and medium enterprises to successfully overcome the crisis caused by the COVID-19 pandemic, a new cycle was opened in late 2021. The fifth cycle of the Generator Zero project is dedicated to supporting and rewarding innovative projects that represent sustainable solutions with a real and measurable impact on reducing carbon footprint, as one of today’s biggest challenges. The bid is intended for micro, small and medium enterprises, startup companies, startup informal teams and entrepreneurs. OTP banka’s award for the winning solution, which will be chosen in March 2022, is a sum of



two million dinars, as well as long-term expert support in the field of business expansion and finding new development opportunities.



The importance of the Generator has been recognized by numerous partners: Mastercard, Schneider Electric, Bosch, ICT HUB, Serbia Innovates, Digital Serbia Initiative, Netokracija and BOS - Belgrade Open School, as well as OTP Lab - OTP Group's innovation hub, and PortfoLion investment fund. For the top finalists, the project partners shall also provide a number of valuable prizes.

More information on the project can be found on www.generator.rs.

The Generator Zero project has been implemented with the aim of increasing the knowledge of employees about how they can contribute to reducing the carbon footprint in their business and private environment. The bank's administrative buildings have



been branded with educational messages on the topic of environmentally responsible behavior, while employees have also received content on the same topic through internal communication channels.

Priceless planet Coalition

Due to recognizing the importance of combating climate change, OTP banka is the first bank in Serbia, together with its parent bank in Hungary, to join Mastercard's global initiative called Priceless Planet Coalition with the purpose of planting as many as 100 million trees in the next five years in areas around the world where afforestation is most needed, according to scientific studies. Each of our clients who opens a new account and takes their Mastercard card immediately becomes part of the Priceless Planet program, which will then plant one tree on his/her behalf.



OTP banka has joined this international project of afforestation of endangered areas of the planet primarily with the aim of contributing to stopping the effects of climate change, but also in order to raise citizens' awareness of the significance of environmental protection. Through the Priceless Planet coalition, we are moving together with our clients towards the same goal - local contribution to achieving a positive impact on reducing carbon dioxide emissions and investing in environmental reconstruction.

In terms of the rational use of natural resources, OTP banka is focused on the topics in which it achieves the most significant impact, namely energy use and waste management. The Logistics Directorate is in charge of this field. The Bank's operations in this field are fully compliant with national legislation, which is confirmed by the fact that in 2021 there were no penalties or other types of sanctions against the Bank regarding non-compliance with laws and regulations.

All Bank branches and central buildings are connected to the Building Management System (BMS), which allows lighting to be turned off at the same time in all branches, i.e., prevents lighting from being switched on outside working hours, which contributes to energy efficiency. Room temperature is also regulated through this system, with the same goal.

The reconstruction of the building at Trg slobode 7 in Novi Sad was completed in 2021 and included the replacement of complete fluorescent and halogen lighting with LED, thus reducing electricity consumption. In addition, the air conditioning system was replaced with an A+ class system, which achieves the highest average energy savings in comparison to capacity. The replacement of fluorescent and halogen lighting with LED has been performed in 7 more branches which required minor adaptations.

The central building in Belgrade, at Bulevar Zorana Đinđića 50a/b, has a solar power plant on the roof, and the produced electricity goes directly to the EPS supply system, which additionally contributes to energy efficiency. The Bank has concluded an agreement on the complete supply of electricity from renewable sources (100% ZelEPS).

The Bank has in place a Waste Management Rulebook which regulates the waste management process. A waste management officer has been appointed and contracts have been concluded with companies that take over wastepaper and used furniture for recycling. Empty toner cartridges are taken over, and hazardous waste is delivered to authorized companies, in accordance with the Law on Waste Management. The total quantities of delivered waste are monitored annually, with

the aim to reduce the amount of waste by reducing the amount of paper used due to digitization, as well as reduced use of products in plastic packaging. In 2021, 35 tons of paper and 4.3 tons of scrap metal were handed over for recycling.

Energy consumption	2021
Electricity from coal	37,769 GJ
Electricity from hydroelectric power plants	8,291 GJ
Fuels of different origins used by heating plants in Serbia	23,406 GJ
Natural gas	7,988 GJ
Fuel oil	1,435 GJ

Energy consumption	2021
Total electricity	46,059 GJ
Total heating energy	32,829 GJ

Energy produced and sold	2021
Solar energy	250 GJ

Energy intensity (2021)	25.8 GJ per employee
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The Bank opts for the procurement of recycled toners and paper with FSC certification (wood-based paper from certified forests that are responsibly managed). Bearing in mind that the Bank's municipal waste includes plastic packaging, but the possibility of delivery for recycling has been reduced due to the dislocation of facilities and small quantities per facility, the plan is to stimulate the reduction of plastic packaging. As an initial step, it is planned that the Bank will stop purchasing plastic cups for water dispensers in the coming period.

5.6. Contribution to local community

In accordance with its long-term and strategic commitment, OTP banka as one of the leaders in the domain of corporate responsibility in the domestic market, continues to implement numerous projects aimed at contributing to the improvement of the wider social environment in which it operates.

We are deeply convinced that healthy and prosperous societies are based on constructive cooperation between the business, civil and public sectors. As in previous years, in 2021

we implemented significant projects in the segment of corporate responsibility, achieving successful cooperation with numerous civil society organizations and state institutions. OTP banka's support includes the realization of commodity and monetary donations, mentoring support, support in the promotion segment, corporate volunteering, and contribution to raising public awareness on certain topics of general importance.

Partnership with the Olympic Committee of Serbia

Support and investment in sports and promotion of Olympic values are one of the most important areas in our bank's corporate donations segment. We have been the official bank of the Olympic Committee of Serbia (OCS) for 20 years. This cooperation is by far the longest sponsorship in Serbian sports and is an example of fruitful, inspiring and successful cooperation between the business sector and sports institutions.

We strive to promote the values of Olympism, sports, and a healthy lifestyle outside of professional sports fields as well, primarily

among school-age children. We have so far organized more than 70 Olympic trainings for them. Due to unfavorable epidemiological conditions caused by the pandemic, we have been unable to organize all the activities we planned.

Before the Tokyo Olympics, in June 2021, OTP banka Srbija and the Olympic Committee of Serbia organized an event called "Meeting the Olympians" held in the garden of the Olympic House in Belgrade, where media representatives were given the opportunity to talk to as many as 15 Olympians representing our country at the Tokyo Olympics. Milica Mandić, Tijana Bogdanović (taekwondo), Dušan Mandić, Filip Filipović (water polo), Tijana Bošković (volleyball), Jasmina Milovanović, Sanja Vukašinović (shooting), Aleksandar Kukulj, Marica Perišić, Milica Nikolić, Anja Obradović (judo), Bojan Zdelar (kayak), Marko Jevtović (table tennis), Velimir Stjepanović (swimming) and Mate Nemeš (wrestling) shared their expectations with media representatives before the world's largest sporting event.

"We believe that our athletes will follow the



Olympic motto 'Faster, Higher, Stronger' and do their best, and we, as their faithful long-term partner, wish them the best of luck and success in the fight for medals. It is precisely the common values and striving towards the set goal that unite us and motivate us to support the best among us. We will proudly follow and encourage them in their journey of representing our country and achieving top results", said the President of the Executive Board of OTP banka Srbija, Predrag Mihajlović.



In order for the fans to be as ready as possible to welcome this spectacle, but also to have time until then enriched with high-quality and informative sports content, a series of three videos has been recorded in which Olympians Dušan Mandić, Milica Starović and Nemanja Majdov describe their journey to Tokyo, filled with hard work, numerous sacrifices and, above all, the desire to win.



Our athletes returned with pride from the Tokyo Olympics with nine medals won, three gold, one silver and five bronze. On that occasion, Predrag Mihajlović, President of the Executive Board of OTP banka, congratulated all those who proudly represented our country at this most prestigious sports competition. "I would like to express my utmost gratitude and deep respect to all our participants at the Tokyo Games for presenting our country and themselves in the best manner, in accordance with the highest sports values. Few could remain indifferent to the dedication, fighting spirit, hard work and emotions they demonstrated in their performances, especially having in mind the year behind us and all the challenges it brought us. OTP banka has been dreaming and preparing for great things together with the Olympic Committee of Serbia for 20 years, and in this Olympic year we are achieving our goals, pushing the boundaries and, most importantly, we are here for each other. It provides us great joy to support our athletes and contribute to them proudly representing our country. I must



point out that OTP banka did not hesitate at any time regarding the continuation of cooperation under exceptional circumstances that led to the postponement of the Games, uncertainty about holding them, and competing without an audience. Because friends are there for each other in the hardest times, even in the midst of the pandemic, OTP banka has without hesitation extended the partnership for the next Olympiad and together we shall move towards new successes at the upcoming Paris 2024 Summer Olympics", said Mihajlović.

The great Olympic year was officially closed with the proclamation of the most successful athletes, teams and coaches in 2021. The proclamation was organized for the 28th time by the Olympic Committee of Serbia on December 26, 2021, traditionally at the House of the National Assembly of the Republic of Serbia, and broadcast live on RTS.

Predrag Vasić, a member of the Executive Board of OTP banka and Head of the IT and Operations Division, presented the award to the most successful men's team for 2021 - the Serbian national water polo team.

OTP banka's Visa Gold Olympic card was created with the aim of providing additional support to the Serbian Olympians, primarily in the phase of their preparations for the most prestigious sporting competitions. Part of the income from each transaction, without additional costs for clients, is donated by the bank to the Olympic Committee of Serbia in order to create better conditions for our athletes, and in addition to this support, OTP banka offers numerous additional benefits to Visa Gold Olympic card users.

In 2021, OTP banka's Circle of Support campaign, implemented in cooperation with the Olympic Committee of Serbia and the DNA Communication agency, won the CAMPAIGN

WITH PURPOSE 2021 award at the first Festival of Socially Responsible Communication in Serbia. The project was created in the midst of the Covid-19 pandemic, and its protagonists were the most successful Serbian athletes who, through their encouraging and motivational messages, called for unity and solidarity, symbolically creating a "circle of support" in the broader community. "Campaigns with a purpose" are projects that, through the power of communication, addressed a certain social issue, drew public attention to it and offered possible solutions, as well as campaigns that directly affected the improvement of living conditions of children and individuals in Serbia.



"This award is especially important to us, given that with the Circle of Support project we wanted to show how important support is in a situation when we face difficult and unexpected life challenges, such as combating a pandemic. The campaign focuses on our Olympians, as role models for all of us and a special example of the importance of mental strength and stability in difficult and challenging moments. I thank them for responding to the invitation to be a part of this significant project and for showing that we can all count on their support whenever necessary. This award gives us an additional incentive to continue with socially responsible business, but also to set many other important goals for the benefit of the community", said Milena Mićanović, Head of Communications and Public Relations of OTP banka.

Investments in culture

Cooperation with the Gallery of Matica Srpska
OTP banka provides continuous support to projects dedicated to the preservation and presentation of national cultural heritage, primarily in cooperation with its partner, the Gallery of Matica Srpska, with which it has successfully implemented a number of projects in previous years. A project symbolically called DigitArt was implemented in 2021 and used to present the valuable collection of the Gallery of Matica Srpska in the state-of-the-art, digital format.

Thanks to the application of modern technologies, Sava Šumanović's sketchbook and an album with graphics and drawings by Serbian and Russian artists from the 18th and 19th centuries have been digitized in the form of a FlipBook application, while some of the most representative works of the abundant art collection of the Gallery of Matica Srpska located in the depot have been transferred to virtual reality. This project includes exhibits that have not been presented to the public so far. The project was implemented thanks to the valuable equipment that OTP banka Srbija donated to the Gallery of Matica Srpska and with the expert support of the Faculty of Technical Sciences in Novi Sad.



“Reviving and presenting works from the abundant collection of the Gallery of Matica Srpska for the first time, with the help of new technologies, has been a challenge but also a great honor for us. We want to bring art to life and make it accessible to a large number of people, which is the greatest value of this partnership. More than five years ago, we started our cooperation with the Gallery through the Responsible in Culture project, and we are proud that it has become fruitful and continues being upgraded with new ideas year by year”, said Milena Mićanović, Head of Communications and Public Relations in OTP banka.

The digitization of 2D graphics and drawings, as well as the creation of two FlipBook web applications, which enable browsing of individual pages, with the possibility of enlarged display of details from digitized units, will be implemented in the first phase

of the project. In this way, Sava Šumanović’s sketchbook from 1917-1921 and an album with graphics and drawings by Serbian and Russian artists from the 18th and 19th centuries, including Hristofor Žefarović, Zaharije Orfelin, Zaharije Petrović, Jovan Četirević Grabovan, will become part of the Gallery’s permanent exhibition in 2023. Using VR glasses on the spot or via the gallery’s website, from January 2022, it is possible to enter the virtual world of the Gallery’s depot, which contains one of the richest collections of its kind in our country.

The digitization of these works will greatly contribute to studying, protecting and presenting the national art treasure, and along that path, OTP banka and the Gallery of Matica Srpska continue their long-term partnership, for which the bank was awarded a thank you note on the Day of the Gallery of Matica Srpska.



Our Bank in Historic Buildings exhibition

For the purpose of presenting the magnificent history of famous buildings in Vojvodina to the general public, in November 2021, OTP banka officially opened a photography exhibition called Our Bank in Historic Buildings, at Trg slobode square in Novi Sad, in cooperation with Color Media Communications. The exhibition included 24 panels placed at the square, which presented four historic buildings of three cities in which the bank operates today: Novi Sad, Kikinda and Vršac. These buildings are among the most important facilities in these cities.

According to Milena Mićanović, Head of Communications and Public Relations of OTP banka, this exhibition was a project that introduced citizens to the rich history and architecture of Vojvodina in a picturesque manner: "With this photography exhibition, we want to remind people of the history of these truly magnificent buildings and to share some interesting facts and stories woven into

their past. We wanted to revive a small part of this history and make it accessible to our fellow citizens. We are glad that we have the opportunity to operate in these very premises, which, like an encyclopedia, represent the rich cultural and historical treasury of our country."

During the seven-day exhibition, visitors had the opportunity to see photographs of Draxler's Palace, one of the most representative buildings in Kikinda, as well as a magnificent building in the center of Vršac dating back to the 19th century, known as Frisch's Palace. In addition, this exhibition also included photographs of the former Grand Hotel Mayer - today the headquarters of OTP banka and the two-story palace "Štedionica" at Trg slobode in Novi Sad, which once housed the Faculty of Philosophy, and is now used by OTP banka for its operations.



Support for the most vulnerable fellow citizens

Good Deeds Generator

As part of the Generator project, which has been advocating for strengthening domestic entrepreneurship for several years, in late 2019, OTP banka Srbija launched an initiative called the Good Deeds Generator, with the aim to increase the visibility of social entrepreneurship in Serbia and all its direct participants. The challenging times caused by the pandemic were yet another reason to support socially and environmentally responsible companies and projects in 2021 as well. The Bank supported and implemented the promotion of social enterprises Andramolje and EkoBag, as well as the Chrono, Game Recycling and Sounds of the Heart initiatives. The promotion was carried out through the Bank's social networks and other traditional media.



Our Belgrade

This year, and with utmost pleasure, OTP banka supported and joined the traditional humanitarian action called Our Belgrade, organized at several locations in July by the Responsible Business Forum, of which the Bank is a member.

The Bank's volunteers provided their contribution and helped members of the Evo Ruka Inclusive Center from Zemun Polje in making jams, cakes and greeting cards, the sale of which raises money for the work of the center and financing and implementation of thematic programs for children with disabilities.

The Evo Ruka Inclusive Center was founded in 2011 by parents of children with disabilities, in order to improve the quality of life of their children and provide them with a secure future. They have been developing a social enterprise for processing fruits and vegetables for several years, and have been producing jams, juices, ajvar and other products through a small workshop. They provide psychosocial support to parents of children with disabilities through online support groups. They organize volunteer youth camps in the summer and fall.

For OTP banka, corporate volunteering is one of the most significant ways to show responsibility towards the broader community, especially towards its most vulnerable groups. Volunteering provides a unique experience for bank employees who voluntarily donate their time and work to contribute to and participate in spreading the volunteer spirit. Every volunteer initiative is equally important because it encourages the development of social solidarity.

Support for the Save Food, Save Humanity campaign

OTP banka gladly responded to the invitation of the Coalition for Giving and joined the Save Food, Save Humanity campaign organized to mark the National Day of Giving, through exemption from commissions for all types of humanitarian payments made directly to the Serbian Philanthropic Forum's special-purpose account. The Bank has received a special award for its support of the campaign. This important day is traditionally celebrated on October 9, the birthday of our great scientist and philanthropist Mihajlo Pupin.

All donated funds were intended for the purchase of packages of basic foodstuffs for the most vulnerable citizens in remote and endangered areas of our country. Exemption

from commissions was provided for all types of payments, i.e., both cash and non-cash payments, as well as for individuals and legal entities. In addition, OTP banka also supported the campaign through the promotion of the initiative on its internal and external communication channels.

"We pay special attention to supporting the local community and the socially endangered. Being aware of the fact that nearly half a million people live on the edge of poverty, and that according to official estimates, two million kilograms of food are thrown away every day in Serbia, we believe that there is a way to use the synergy of joint action between the public, business, and civil sectors, as well as all of us individually, to make a significant contribution to solving the issue of poverty. Exemption from commissions for humanitarian payments is a



Svakoga dana u Srbiji se baci preko 2 miliona kilograma hrane. Vreme je da to promenimo. Vreme je da je spasimo.

SPASIMO HRANU, SPASIMO HUMANOST!

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NACIONALNI DAN DA ANJA

USAID
OD SPREČENJA NAKAZI

FUNDACIJA MIHAILO PUPIN
DIVAC

STRAŠKI KOLEKTIV

TRA

Catalyst

SERBSKI FILANTROPIJSKI FORUM

FORUM ZA GRAĐANSKI POSREDOVANJE

PLATONOVA FUNDACIJA

SPASIMO HRANU INICIJATIVA

way to motivate citizens to become individual donors, but also a contribution on the path to a better and more solidary society", said Milena Mićanović, Head of Communications and Public Relations of OTP banka.

The National Day of Giving and the Save Food, Save Humanity campaign is implemented as part of the Framework for Giving project, and implemented by the Coalition for Giving, led by the Ana and Vlade Divac Foundation. Other members of the Coalition are the Trag Foundation, Catalyst Balkans, SMART Kolektiv, the Serbian Philanthropy Forum, the Responsible Business Forum, and the Serbian Chamber of Commerce.

New Year's Humanitarian Garden

In late 2021, OTP banka supported the first New Year's humanitarian action of the Serbian Philanthropic Forum and the Coalition for Giving, New Year's Humanitarian Garden, organized in cooperation with the Jevremovac Botanical Garden and the Faculty of Biology of the University of Belgrade. By participating in this action, companies and their employees were given the opportunity to compete in decorating Christmas trees, and OTP banka received the award for the most beautifully decorated Christmas tree. The funds collected during this action were intended for the Save Food, Save Humanity campaign, as well as the renewal of the plant fund of the Jevremovac Botanical Garden.

The Friends of UNICEF Club

For years, OTP banka has been focused on improving the living conditions of children in Serbia, as a member of the Friends of UNICEF Club. Through regular monthly donations, the bank participates in projects and initiatives aimed at providing proper conditions for happy and safe upbringing and education of children in the country.

Financial education

In times of accelerated development of financial technologies, OTP banka has opened a special, permanent section on its website, dedicated to financial education. The site contains information on banking products and financial concepts that are educational in nature and may provide assistance in making high-quality financial decisions. The page contains the following categories of information: Lexicon of financial terms, Advantages of using electronic and mobile banking, Five reasons why digitalization is a salvation for small and medium enterprises.



**Kada znaš da
je budućnost
zelena**



In cooperation with the Novak Djokovic Foundation, the Bank participated in the School for Entrepreneurs project, intended for micro, small and medium enterprises. The Bank's representatives held two educational mentoring workshops, with the primary goal of improving knowledge of financial and digital solutions that may be of help to this segment of the economy, being the one most affected by the consequences of the Covid-19 pandemic.

During the European Money Week, the Bank organized educational workshops for micro and small enterprises, with the aim of introducing them to the most important functionalities and benefits of using electronic banking, in the context of business improvement and reduction of potential adverse consequences caused by the Covid-19 pandemic. It also presented the non-financial advisory and expert support that the banking sector can provide to this segment of the economy. During the European Money Week, the Bank organized prize and educational quizzes on its Facebook and Instagram pages, with the aim of recalling interesting facts about the history of banking in Serbia, as well as raising the level of knowledge about digital banking.

Participation in conferences

In 2021, the Bank supported several conferences dedicated to various topics in the sustainable business field. The Bank's representatives spoke about environmental sustainability, financial education for micro and small enterprises, as well as the significance of cooperation with civil society organizations. The conferences were organized by some of the most important organizations and associations of the non-profit sector, such as the Responsible Business Forum, the French Chamber of Commerce, the Belgrade Open School, SMART Collective and the like.



Support in local communities

In 2021, the Bank continued to support numerous important events in all regions in which it operates. The bank supported 25 events in the field of sports, culture, education, etc., in smaller local communities.

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Data in the non-financial report of OTP banka Srbija a.d. refer to 2021, if not stated otherwise.

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Annual report of OTP banka Srbija a.d. Novi Sad for the year that ended on December 31, 2021 is approved by the management of the OTP banka Srbija a.d. Novi Sad on March 15th, 2022.



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Member of the Executive Board



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