

# Lobby Statement



## Introduction

OTP Bank is committed to conducting its business fairly and in accordance with applicable laws, contributing to the well-being of its surrounding communities and the protection of natural resources, and to promoting the prosperity of its customers and businesses through the continuous development of its financial services and improvement of financial culture as a whole. OTP Bank also carries out advocacy activities<sup>1</sup> on issues important to and affecting the banking and financial sector, with the interest of its shareholders, employees and customers in mind. In this context, OTP Bank regularly and systematically monitors the legislative work of Hungary, the European Union and all countries where OTP Bank Group is present. In addition, it maintains continuous contact with supervisory bodies, authorities, public administration and representative bodies, such as the Hungarian Banking Association.

OTP Bank participates in the work of those advocacy organizations – operating locally or internationally – which it considers to be significant and that represent the professional interests of the financial sector and practices its lobbying activities in accordance with the principles and objectives set by them. OTP Bank's intention is to make a fair contribution to the promotion and development of the goals of the Hungarian financial sector by contributing to the development of sufficiently flexible, at the same time exact regulations governing the banking sector and the formulation of rules that can be easily put into practice.

In this context, OTP Bank is a member of certain organizations that are active in matters affecting the financial services sector in order to advance policy-making. These organizations (such as the ICMA<sup>2</sup> or the ESG/WSBI<sup>3</sup>) – which are on the public transparency register jointly operated by the European Parliament, the Council of the European Union and the European Commission – operate for the benefit of the financial sector and more broadly its customers. Notwithstanding the foregoing, in the event of a conflicting opinion with the representatives of the organization, the membership of OTP Bank or any membership contribution to these organizations does not prevent OTP Bank to express a dissenting opinion – even in public – through its staff participating on boards and in committees.

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<sup>1</sup>In the absence of current legal provisions, the definition of lobbying or advocacy activities is defined in Act XLIX of 2006 on Lobbying. An activity specified in Section 5 c) is considered to be any activity or conduct aimed at influencing a public authority's decision or enforcing an interest, which is carried out in a business-like manner on the basis of an order. The XLIX of 2006 has been repealed by Act CXXXI of 2010.

<sup>2</sup> International Capital Markets Association; ID number: 0223480577-59

<sup>3</sup> European Savings and Retail Banking Group/World Savings and Retail Banking Institute; ID number: 8765978796-80

## Guiding principles

In the course of its advocacy activities, OTP Bank communicates openly and transparently with stakeholders, authorities, administrative bodies and their officials within the spirit of relevant legal regulations and in accordance with OTP Bank's Code of Ethics, anti-corruption policy and procedures. In order to ensure transparency, OTP Bank reports on its lobbying activities by reviewing this statement regularly (at least once a year).

In the course of its advocacy activities, OTP Bank concentrates primarily on issues affecting its business, with a focus on practice-oriented solutions. OTP Bank pays particular attention to issues that can stimulate development in the financial sector (such as digitalization in particular), the widespread and non-discriminatory availability of financial products and can increase investment in technologies with lower adverse environmental impact.

## Participation in the work of interest representation bodies

OTP Bank carries out its advocacy activities and participates in the formation and representation of the official professional position of the domestic banking sector primarily through the Hungarian Banking Association. As part of this activity - together with other players in the sector - it participates in commenting on legislation affecting the financial sector, in addition to contributing to the work of the Corporate Governance Committee of the Budapest Stock Exchange and the Association of Investment Service Providers.

Through its continuous and active participation in the activities of the Hungarian Banking Association, OTP Bank has already contributed and will continue to contribute - as permitted by applicable law - to shaping and improving the regulatory environment supporting the operation and development of the banking sector by assisting in the revision of draft and existing legislation on both local and EU level and is a coordinator and representative of the official opinion of the banking community. Through the Hungarian Banking Association, OTP Bank also formulates regulatory proposals and packages of proposals for new regulation in order to advance the interests of the financial sector and its actors.

Example: The Hungarian Banking Association has recently prepared several packages of proposals with the active involvement of OTP Bank and its Hungarian group members (such as the "10 points of sustainable banking" initiative<sup>4</sup>), which, if implemented, could greatly contribute to providing customers with a sustainable, digital way to manage their finances. In addition, OTP Bank also commented on other draft legislation in the field of finance and on certain legislation created in view of the pandemic through the Hungarian Banking Association.

The experts of OTP Bank (and certain Hungarian OTP group members, i.e. OTP Mortgage Bank Ltd., OTP Building Society Zrt. and Merkantil Bank Zrt.) are actively involved in the work of all banking association working groups. OTP Bank is an active participant in the Sustainability

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<sup>4</sup>[https://bankszovetseg.hu/Public/gep/2021/244-271%20Becsei\\_P.pdf](https://bankszovetseg.hu/Public/gep/2021/244-271%20Becsei_P.pdf)

Working Group of the Hungarian Banking Association and shares the joint opinion on climate finance of the banking community, which supports the regulation of the sector and creating a definition of objectively measured criteria. Apart from that, currently six other working groups are being led by OTP experts. The Hungarian Banking Association - including OTP Bank and its Hungarian group members - broadens the horizons of indirect advocacy activities through its membership in international organizations such as the European Banking Federation and the European Mortgage Federation.

### **Independent advocacy activity**

OTP Bank lobbies independently to ministries (especially, but not exclusively, the Ministry of Finance and the Ministry of Justice), other authorities (such as the NAIH<sup>5</sup>) and the supervisory authority in order to ensure that certain draft laws, regulations and other soft law regulations are developed, drafted or amended with the interests of OTP Bank and the banking sector in mind.

Example: OTP Bank's proposal on "epidemic measures in the financial regulations" have been submitted directly to the relevant ministries for consideration.

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<sup>5</sup> Hungarian National Authority for Data Protection and Freedom of Information