

EXTRACT

from Compliance Policy OTP Bank Romania SA

I. INTRODUCTORY PROVISIONS

(1) OTP Banking Group (“Banking Group” or “Group”) ensures the Banking Group’s statutory and internal regulatory compliance, as well as the identification and management of compliance risks in accordance with legislative provisions, the guidelines of the international and European financial supervisory authorities and MNB Recommendation No. 27/2018 (XII. 10.) on setting up the internal lines of defence (“MNB Recommendation”).

(2) The compliance risk represents the current or future risk of impairment of profits, own funds and liquidity, which may lead to significant financial losses or damage to Bank’s reputation as a result of breaching or noncompliance with the legal and regulatory framework regulation, agreements, recommended practices or ethical standards.

(3) The following documents published on the website are the annexes of the Compliance Policy (and its present extract):

- i. Privacy Policy;
- ii. Anti-Corruption Policy;
- iii. Social Media Policy;
- iv. Internal lines of defence – ESG;
- v. Sanctions Policy;
- vi. Policy on Financing of the Defence Industry.

II. GENERAL PROVISIONS

II.1. Scope of the regulation

(4) The activity of the Compliance function covers the **OTP Bank Romania SA** as a whole, including all of its organisational units and activities. Persons performing outsourced activities or engaged as experts or advisors, whether natural or legal persons, must meet compliance requirements and standards as well.

II.2. Position of the compliance function in the system of internal lines of defence

(5) In accordance with the guidelines of European financial supervisory authorities and the recommendations of international financial regulators, the Bank established the key principles and requirements that financial service providers must satisfy in setting up internal lines of defence and security to promote the following:

- a/ prudential operations of the organisation in compliance with legal and internal regulations;
- b/ protection of the provider's assets, as well as the interests and societal aims of its shareholders and customers in connection with the provider;
- c/ the provider's undisturbed and profitable business and the continued trust of customers and society.

(6) The organisation's internal lines of defence comprise the responsible internal governance and internal control functions.

(7) Internal control functions include the risk control function, the **compliance function**, and the internal audit function.

II.3. Principles of operating the compliance function

(8) The compliance function is operated in order to create a lawful and ethical corporate culture that ensures the prudential and ethical operation of the **OTP Bank Romania SA** in the long term.

(9) In the course of operating the compliance function, the **OTP Bank Romania SA** applies the following principles:

- a. independence
- b. integrity
- c. operation without interference
- d. objectivity
- e. preventive and proactive approach
- f. risk-based approach
- g. proportionality
- h. high level of professional care and competence
- i. full coverage
- j. efficiency, rationalisation of compliance costs

III. SPECIFIC PROVISIONS

III.1. Key areas of compliance

III.1.1. Processing and protection of personal data – GDPR

(10) The **OTP Bank Romania SA** is committed to the adequate protection of the personal data processed by it, in accordance with the provisions of the General Data Protection Regulation and the applicable national laws and regulations. As part of that, the **OTP Bank Romania SA** has established, operates and applies a system for regulation, implementation and auditing that provides for the adequate protection of personal data by meeting the criteria specified in applicable legislation and safeguarding its core business interests.

III.1.2. Conflict of interest, ethics prohibition of corruption and bribery

(11) The **OTP Bank Romania SA** has a vested business interest and a statutory obligation in ensuring that the personal interests of its employees and of members of its management bodies are not in conflict with the business interests and commitments of the **Banking Group** and its customers, and that the **OTP Bank Romania SA** identifies, prevents and manages the conflicts of interest related to its various activities, and regulates and ensures the assessment of suppliers' compliance (supplier pre-screening).

(12) With a view to protecting its values and its customers, the **OTP Bank Romania SA** formulates requirements for ethical business operations.

(13) The **OTP Bank Romania SA** develops and enforces rules on conflicts of interest and ethics, with a demand for all managers and control organisations to take firm action against any breach of those rules..

(14) The **OTP Bank Romania SA** draws up a Conflict of Interest Policy to specify the circumstances that are associated with its investment service activity, ancillary services and related financial services, and which lead or may lead to a conflict of interest potentially causing adverse consequences for the business partner. The Conflict of Interest Policy concerning the Investment Services Activity also defines the detailed procedural rules and measures that allow the prevention, identification and management of conflict of interest situations that are potentially prejudicial to the business partner.

(15) The **OTP Bank Romania SA** is committed to combatting corruption, and declared zero tolerance towards all forms of bribery and the gaining of unfair advantages. The purpose of the Group-level Anti-Corruption Policy is to define the principles of the Group-level anti-corruption activity, to identify the areas particularly exposed to the risk of corruption, and to serve as a core document for the formulation of the regulatory documents required for the Banking Group's anti-corruption efforts and for the anti-corruption activity of the relevant staff members.

(16) The **OTP Bank Romania SA** has whistleblowing arrangements (hot line) in place for reporting breaches of ethical standards.

III.1.3. Compliance with restrictions on information flows between financial and investment service activities

(17) The **OTP Bank Romania SA** puts in place an internal organisational, operational and procedural mechanism to ensure that the data and information flows among the organisational units in charge of financial services, ancillary financial services and investment services comply with the applicable legal provisions and recommendations.

(18) The organisational units of the **OTP Bank Romania SA** may only disclose confidential banking and securities information to one another as provided for in their own applicable internal regulations.

(19) Additionally, the **OTP Bank Romania SA** ensures that any person may only access bank secrets and securities secrets on a need-to-know basis.

III.1.4. Prevention of market abuse (insider dealing, unfair price manipulation)

(20) The Bank, acting as an investment service provider and credit institution, is highly committed to the maintenance of transparency and efficiency in the investment services area, and to compliance with all applicable legal obligations.

(21) Within the meaning of applicable law and of its own regulation, the **OTP Bank Romania SA** prohibits insider dealing and attempted insider dealing in respect of the financial instruments of companies whose securities are issued in public offerings and in connection with which the insider person has obtained information. The transmission of such information is also prohibited. The Bank counters all forms of inside dealing, carrying out analyses and examinations of such incidents, and taking action to prevent such incidents, or address incidents that have occurred.

(22) The **OTP Bank Romania SA** counters all forms of conduct that involves a potential for market manipulation, or is inconsistent with generally accepted professional principles, or discloses unfounded, false or potentially deceptive information and gives signals of that character about the price of a specific financial instrument, or artificially keeps the price of an instrument at an abnormal level.

III.1.5. Fair treatment of customers, consumer protection

(23) The **OTP Bank Romania SA** is committed to the enforcement of consumers' interests. In this context, it follows consumer protection principles that are consistent in their approach, and takes into account changes in consumer habits and interests.

III.1.6. Ensuring compliance with the requirements pertaining to investment service activities as set out in legal regulations and regulatory – particularly supervisory – standards

- (24) Providing of investment services
- a/ The **OTP Bank Romania SA** continuously monitors and regularly assesses the adequacy and effectiveness of the measures and procedures relating to investment services as well as the measures aimed at addressing compliance deficiencies.
 - b/ The **OTP Bank Romania SA** takes all of the measures required to ensure that orders are carried out in the best interest of customers, and that it exercises utmost care and prudence in managing customers' financial instruments and investments.
- (25) Personal transactions
- a/ The **OTP Bank Romania SA** has undertaken a commitment to safeguard the interests of capital its customers, to maintain fair competition, and to prevent market abuse and conflicts of interest. To that end, it regulates the conclusion, notification and registration of any transactions by the persons concerned that are linked to investment service activities or the provision of ancillary services.
 - b/ The **OTP Bank Romania SA** remains mindful of developing an internal regulatory environment that is suitable for preventing persons involved in activities leading to potential conflicts of interest from concluding transactions that are prohibited by the law or involve the illicit use of confidential information or would result in conflicts of interest, by having access to insider information as a result of their activity or to confidential information as a result of their relationship with customers.

III.1.7. Corporate governance

(26) In accordance with the sustainability (ESG) criteria, the **OTP Bank Romania SA** assesses and evaluates its activity from the aspect of the activity's environmental impact (E), social fairness (S) and the related corporate governance issues (G), and ensures its compliance with the relevant legislative requirements.

(27) In the spirit of responsible corporate governance, the Bank has guidelines in place ensuring its the operations comply with the internationally recognised rules and standards of responsible corporate governance, and that the public disclosure of information on its governance and operations makes it a transparent and verifiable company.

(28) In its business practices, the **OTP Bank Romania SA** takes into account the interests of the Parent Bank's shareholders, customers and business partners.

(29) In developing its products and granting access to its services, the **OTP Bank Romania SA** complies with the principles and standards of ethics and consumer protection whereby it

is ensured that the services provided are modern, high-quality and fair, and meet customers' needs.

III.1.8. Compliance with international tax agreements

(30) The **OTP Bank Romania SA** has a fundamental interest and a legal obligation in ensuring its full compliance with the customer identification and reporting requirements set out in international tax arrangements (FATCA for the US, CRS/DAC2/DAC6 for the OECD and the European Union), and in applicable local law.

III.1.9. Compliance with the requirements of international sanctions and mitigation of risks associated with sensitive transactions

(31) Upon the establishment and maintenance of its relationships and when making its business decisions, the **OTP Bank Romania SA** takes into account the economic, financial and commercial sanctions and embargo - requirements approved by international organisations and specific states, thus, in particular, by the United Nations Security Council and the European Union. On its website, the **OTP Bank Romania SA** publishes a Group-level Sanctions Policy on its general principles of the application of international financial sanctions, and a Group-level Policy on Financing of the Defence Industry.

(32) In the interest of retaining its market position and good reputation, supporting international collaboration and complying with legal regulations, the **OTP Bank Romania SA** formulates and shapes its regulations as well as its processes and practice so as to ensure appropriate compliance with sanctions-related obligations and to protect the Banking Group's reputation.

(33) In pursuing its business policy goals, the **OTP Bank Romania SA** strives to avoid sensitive transactions that may be detrimental to the reputation and business relations of the Banking Group and accordingly, it inspects – in particular but not limited to – active transactions related to military goods, dual use products and technologies, the extraction of crude petroleum, nuclear energy and crypto instruments.

III.2. General principles and requirements

III.2.1. Responsibility for compliance

(34) As set out in the legal regulations in effect and in the internal provisions and regulations, the executives, managers, employees of the **OTP Bank Romania SA** undertake general responsibility for the application of compliance requirements and rules. All employees of the organisation are under an obligation to enforce requirements for compliance, report any circumstances that pose a threat to enforcement, and participate in the elimination of such circumstances.

III.2.2. Conditions for the use of external advisors and experts

(35) To ensure adherence to the standards set out in this Policy, all persons providing outsourced activities, acting as external experts or advisors on behalf of the **OTP Bank Romania SA** are required to declare that they have read and understood the extract from the Compliance Policy, and acknowledge to be bound by its provisions.