



# Sustainability Report 2022

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# About the Report



## About the Report

This Report is OTP Bank Romania SA Sustainability Report for 2022 activity.

**GRI 2-2, 2-3<sup>1</sup>** The report presents sustainability disclosures relevant for OTP Romania operations prepared in accordance with the GRI standards Basis 2021. Materiality assessments and various policies description cover OTP Group level, being fully applicable to OTP Romania.

In this document OTP Group (OTPH) refers to the Hungarian banking group present in 15 countries comprising various entities including OTP Bank Romania and subsidiaries.

OTP Romania refers to OTP Bank Romania SA (also individually referred to as OTP Bank or OBR) and subsidiaries OTP Consulting, OTP Leasing IFN, OTP Advisors, OTP Factoring, OTP Asset Management and OTP Bank Romania Foundation.

**Reporting period:** 2022 calendar year;  
Time horizon of data presented: 2022 and the preceding three-four years as possible  
**Reporting cycle:** annual, starting 2008 (except for 2017)

**Reporting standards:** GRI Basis 2021-Global Reporting Initiative as the most widely recognized and applied sustainability reporting framework at the international level

## Criteria applied in defining the report content:

Information relevant to highlight our contribution to UN Sustainable Development Goals

Aspects deemed material as per materiality analysis performed at OTP Group level considering stakeholder survey and feedback, topics of GRI Standards, ESG Rating topics and topics comprised in the UN PRB impact analysis tool.

Key sustainability topics identified during the stakeholder survey (in the order of importance):

- Green financing (and environmental impact/load)

<sup>1</sup> The symbols for, and the contents of, the indicators GRI 2-1, ST1, TCFD I, FN-CB-240a.4 etc. are to be found in the @GRI content index.

- Ensuring the operability of the economy
- Digitalisation
- Development of financial literacy
- Gender equality
- Environmental protection in operation
- Environmental awareness raising
- Donations
- Compliance

Additional important topics:

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

The stakeholders clearly found the environmental impacts of financing more important this time than in earlier surveys and in their earlier feedback.

### Report Boundary

**GRI 305-1,305-2:** Consolidation approach applied for the topic of GHG emissions, operational control, general policies. When presenting non-quantifiable information and practices, we specify the companies to which they refer.

The chapters of the report follow our main stakeholders: clients, employees, environment and communities. A comprehensive insight into OTP Bank Romania's operations is also facilitated by our reports, which are available on the company's website: [OTP Bank reports | OTP Bank.](#)

For additional information can also check OTP Group Integrated Annual Report 2022 [OTP Group - Sustainability reports](#)





GRI 2-22

## CEO's Greeting

Dear partners, clients, and members of the OTP Romania team,

In a world where environmental, social, and solid governance concerns play an increasingly important role, we are pleased to present our annual sustainability report.



2022 was a milestone year for OTP Romania's sustainable transformation as the local ESG strategy was defined, setting our sustainability commitments and goals. To ensure that our plans are effectively implemented and facilitate our technical and professional work we have formed local ESG organisation and defined responsibilities across organizations.

At OTP Bank Romania, we recognize that sustainable practices are grounded in a commitment to sound governance. We have taken significant strides to ensure that our operations align with robust governance principles, spanning from

highest management bodies that oversee ESG progress, to the 3 lines of defense principle applicable and our evolving risk policies that integrate ESG factors. These efforts are not only in line with our strategic goals but also contribute to a sustainable future for our organization and the communities we serve. Our local ESG Strategy outlines our objectives and directions across various areas of our bank's activities. We've integrated ESG priorities into our Business Strategy, fostering a comprehensive approach that integrates sustainability into our decision-making processes at every level.

Furthermore, we've start translating our sustainability commitments into tangible actions that make a positive impact. From financing sustainable projects, such as green building and renewable energy initiatives, to actions to reduce our carbon footprint or increase employee's engagement, to valuable collaborations with local associations for environmental clean-up and education programs, our efforts are guided by the principles of responsibility, accountability, and transparency.

As we continue on our journey towards sustainability, we are unwavering in our commitment to ensuring that

every decision we make aligns with the highest standards of ethical conduct and responsible management. Thank you for joining us on this journey. Together, we can drive positive change, make a lasting impact, and contribute to a more sustainable future.

Warm regards,

Gyula Fatér

CEO, OTP Bank Romania

Stability

Profitability

Growth

Innovation

# OTP Bank Romania



OTP Bank Romania is the subsidiary of OTP Group, the leading universal banking group in Central and Eastern Europe which offers complete financial solutions, to retail and corporate segments.

OTP entered the Romanian financial banking market 18 years ago by acquiring 99.99% of RoBank, which later became OTP BANK ROMANIA, that integrated in 2015 Millenium Bank and further pursued an organic growth strategy, thus becoming one of Top 10 players on the Romanian banking market.

Believing in people and their dreams, OTP Romania developed as universal bank that offers full financial solutions for individuals and companies- adressing retail, private banking, micro and small business, medium and large corporate, municipalities. Its products and services are offered via branch network, agents and other contractual partners and the

### OTP Bank Romania

Number of branches	<b>97</b>
Cities	<b>87</b>
Cash machines	<b>154</b>
Rank by assets	<b>9<sup>th</sup></b>
Number of employees	over <b>1,850</b>
No. of clients	<b>317.000</b>

steadily developping digital channels and cover full range of current accounts and payment instruments, deposit and savings, mortgage loans, consumer credits, working capital and investment loans.

In Romania, the members of the OTP Group are: OTP Bank Romania, OTP Consulting, OTP Leasing, OTP Asset Management, OTP Factoring, OTP Advisors and the OTP Bank Romania Foundation.

The corporate strategy of OTP Romania is to continue local development, with the balance between growth and profitability and focus on the national network, optimization of the digital sphere of services and consistent investment in the team and sustainable transformation.

Since 2019, OTP Bank is going through an extensive transformation process, through which it aims to grow significantly in business segments and also to create a better experience for customers. With a constantly growing team that embraces change and capitalizes on its potential, OTP Bank Romania builds a culture of trust at every level of the organization.

In 2022, a challenging year from geopolitic context & fast increasing interest rate environment, OTP Bank Romania moved Apollo transformation strategy to the stage of consolidating local operations and to a growth model

focused on several pillars. By maintaining customer centricity as cornerstone for long-term strategy, 2022 priorities included increasing customer number, market share, profitability and employee wellbeing, while focusing on increasing self-financing capabilities by attracting new deposits. In 2022 OTP Bank Romania defined its ESG (Environmental, Social, Governance) Strategy considering OTP Group ESG Strategic directions, regulatory recommendations, NBR

expectations, market opportunities and challenges.

**Eoy 2022** results included a 23% increase in total revenue, a 76% increase in operating profit while the Bank managed to increase customer satisfaction- as expressed by TRI\*M index higher score, especially in case of SME customers and OTP nominated as overall winner at the 2022 European Customer Centricity competition.

Table 1

	31/12/2021				31/12/2022			
OTP Bank Romania	Branches	ATM	POS	Headcount (closing)*	Branches	ATM	POS	Headcount (closing)
	97	148	7,843	1,861	97	154	8,325	1,868

\*Definition of headcount number: closing, active FTE (full-time employee). The employee is considered as full-time employee in case his/her employment conditions regarding working hours are in line with a full-time employment defined in the Labour Code. Part-time employees are taken into account proportional to the full-time working hours being effective in the reporting entity's country.





Table 2.

GRI 2 <sup>2</sup> -6 Summary ESG data of the OTP Bank Romania (2022)	
Percentage of Women on the Supervisory Board	44.44%
Percentage of Women in the Board of Directors	40.00%
Percentage of women in managerial positions (top & middle)	47.92%
Amount of donations/sponsorships	2,544,000 RON
Number of customers -Total	317,738
Number of Retail Customers	316,234
Number of corporate customers	1,504
Young Customers	44,293
Total assets	19,877,661,000 RON
Accessible branches and customer offices	97
Cash Machines (ATMs)	154
Installed POS	8325
Customer Satisfaction index (TRI <sup>3</sup> M) <sup>3</sup>	58
Number of participants in the financial education trainings of OTP Bank Foundation	1000
Number of employees (active 31.12)	1868
Percentage of women	71,5%
Female –to-male earnings ratio (in the same job category)	90,3%
Turnover	19,6%
Total training budget	6,244,237 RON
Average training hours per employee	34
Employees Satisfaction (engagement score)	79
Energy Consumption (electricity & heat , GJ)	30,193
Energy consumption per employee (GJ)	16.16
Total yearly CO2 emissions (Scope 1+2, t CO2)- market based	2661
CO2 emissions per employee (t CO2) –market based	1.42
CO2 emissions (Scope 1+2, t CO2) -offset	-
Total paper consumption (tones)	70.75

<sup>2</sup>Consolidated data for the bank and subsidiaries.

<sup>3</sup>Index showing the power of relationship between the bank and its customers. On a scale of -66 to 134 points, national data.

## Non-financial performance indicators

**Internal audit:** 51 closed audits, 313 recommendations, all accepted by responsible managers, 459 implementation measures formulated by the audited units.

**National Bank of Romania (NBR) Recommendations:** 29 measures to remedy the deficiencies recorded in the Supervisory Report no. VI/3/10014/01.07.2022, which concerned the Bank's activity in 2021. All these measures were implemented by OBR in 2022.

**Bank security investigations, reports:** we filed a criminal complaint in connection with a total of 42 cases , and in 15 cases we filed Investigation reports.

**Compliance:** 24 closed consumer protection related investigations.

**Official reports made on suspicion of money laundering:** in the relevant period, we notified/ filed official reports on suspicion of money laundering in 938 cases. The total amount included in the reports: 34.036.452,49 EUR.

**Fraud prevention:** The prevented loss value from the discovered crimes was aprox. EUR 860 K, while realized losses last year, amounted aprox. EUR 260 K.

The majority of the loss occurred in the area of personal credit abuse.

The number of **phishing abuses** committed on the internet banking interface to the detriment of customers has increased in 2022 compared to last year. The perpetrators rely on the IT education deficiencies, inexperience and negligence of the customers. There was an increase in customer losses, around of EUR 253 K.

Compared to 2021, an increase can be observed in the number of **card abuses**, but the value of the successful fraudulent transactions decreased. In 2022, the value of successful bank card abuses was approx. EUR 120 K compared with EUR 135 K in 2021.

The total fraudulent transaction amount (successful and unsuccessful) registered on the cards issued by OBR decreased from EUR 564 K equivalent in 2021 to almost EUR 500 K equivalent in 2022.

Despite the negative tendencies, in the case of OTP Bank Romania the **ratio of bank card misuse to turnover** remained lower than the European average published by MasterCard (last year's figures: OTP Bank Romania 0.0099%, European average 0.0427%).

**Ethics issues:** 2 ethics reports, establishing ethics offense in 0 cases.

# 1. Sustainability approach



# 1.1 Connecting to the UN Sustainable Development Goals

The 17 Sustainable Development Goals (SDG) formulated by the UN set up a new, universal measure for development by 2030, taking a stand for the elimination of poverty, the fight against climate change and inequalities. The OTP Group is committed to facilitate the SDGs realisation.

OTP Banking Group can, and wishes to, contribute to the following goals to the greatest extent: 4. Quality education, 7 Affordable and clean energy, 8 Decent work and economic growth, 9 Industry, Innovation and Infrastructure, 13 Climate action. The goals of the ESG strategy are also linked to them:

Fig. 1



GRI 3-3 The SDG goals and indicators are affected by the OTP Group's and OTP Romania activities as detailed below:

## Stability

ST4: 3-3



**Impact:** OTP Bank Romania and its subsidiaries are important participants in all regions of Romanian market and through their operations and results they have a significant impact on the respective regions' economies and financial systems, as well as on improving the standard of living.

**Contribution:** Stability is one of the most important values for OTP Group & OTP Bank Romania, therefore it spares no effort to secure this. Its solid background is demonstrated, among others, by its traditionally high CET 1 and liquidity ratios, its prudent risk management and the low ratio of non-performing loans.

## Tax payment

GRI 207: 3-3, 207-1



**Impact:** Through tax payment, OTP Bank Romania makes a meaningful contribution to the provision of community services and the management of social inequalities, thus ultimately to socio-economic stability.

**Contribution:** OTP Bank Romania is an important taxpayer, committed to maximum compliance with the laws and regulations even when fulfilling its tax payment obligations.

## Lending, investment

ST1, ST5, ST6, ST10:3-3



**Impact:** Through responsible placement of funds OTP Group and OTP Romania enables purchases, consumption and the implementation of investments. Therefore, we have an impact not only on the customers but, indirectly, also on economic growth, people's living standards, and basic needs such as housing, and the utilisation of natural resources.

prevention of excessive indebtedness. We are committed to promoting our customers' financial welfare and we offer them products that are aligned to their real needs and possibilities. Also very important for OTP Romania is to enable facilities with the involvement of public and international institutions, in many cases going beyond its market share. We contribute to environmentally sustainable economic transition by sustainability risk management and by offering financing to sustainable investments.

**Contribution:** The scoring system ensures prudent lending, a crucial requirement for the protection of deposit holders' funds and the

## Access to financial services

### ST9: 3-3



**Impact:** We make the use of our services subject to strict conditions – this is equally important for the OTP Group stability and the interests of our customers. To ensure equal opportunities and promote the principles of social solidarity, however, it is also crucial that the bank's services be accessible, that disadvantaged people also have access to the basic functions required for managing their finances and to funds, as far as possible.

**Contribution:** OTP Romania has a wide network of branches, ATMs and POSs and is providing access for a steadily increasing clientele through digital services. As an organisation that promotes inclusive finance, we maintain explicit guidelines to respect both equal opportunity values and social solidarity. To reach people equally, we make our banking services available to everyone, especially those who reside in disadvantaged communities or encounter financial difficulties.

## Development of financial literacy

### ST10, ST12: 3-3



**Impact:** Financial products and services may be highly complex – financial literacy is indispensable for one to understand such products and services, for making responsible and good financial decisions as well as for accomplishing one's objectives. Acquiring such knowledge is more difficult for members of vulnerable groups, although this is even more important for them in creating a stable financial background.

**Contribution:** We always aim to make sure that our communication is clear and straightforward. Training videos and calculators are provided for customers to help them better understand financial services and how they work; they also come in handy in managing their revenues and expenditures. The OTP Bank Romania Foundation provide free finance and economics courses including a radio poscast helping hundreds of students and adults every year to expand their knowledge.

## Employment

### GRI 401, 404, 405, ST3: 3-3



**Impact:** OTP Bank Romania is a major employer in Romania, directly as well as through its intermediary partners and supplier chain.

**Contribution:** OTP Bank Romania is committed to responsible employment, equal opportunity, the opportunity

for personal growth and work-life balance; it provides equitable income that is proportionate to performance and sufficient to finance a decent living standard. Compliance with the requirements laid down in the Code of Ethics is expected on the part of our business partners as well.

## Environment

### ST5, ST6, ST7, ST8, GRI 305: 3-3



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

**Contribution:** OTP Bank Romania, as member of the OTP Group is committed to green financing, The Banking Group also plays a dominant role in the implementation of initiatives of state and international institutions. Our objective is to reduce the environmental impact of our operations.

## Communities



**Impact:** OTPBank Romania is an organic part of society and local communities.

**Contribution:** In line with our values,

we play an active role in the progress of local communities and in supporting disadvantaged persons.



## 1.2 Materiality analysis

**GRI 3-1 Materiality analysis is a fundamental and guiding element of our activities promoting sustainable development and our sustainability reports. Materiality can be defined in a variety of ways.**

Materiality analysis is based on the GRI Standards requirements and guidelines. Its basic principle is that material topics are the ones that represent the organisation's most significant impacts on the economy, the environment and people, including human rights, (impact materiality).

In the Dow Jones Sustainability World Index approach material are the sustainability factors that have, or may, in the future, have significant impacts on the company's value/value factors, competitive position, including long term shareholder value generation and business performance (financial materiality)<sup>5</sup>.

The Union's Corporate Sustainability Reporting Directive (CSRD) will require reporting companies to observe the principle of "double materiality". Accordingly, each dimension (impact and financial) was applied in the OTP Group analysis – prioritising the GRI requirements.

The potentially material impacts:

- the stakeholder survey,
- the other available stakeholder feedback (customer satisfaction survey, employee engagement survey)
- topics of the GRI Standards

- ESG ratings topics
- identified on the basis of the topics comprised in the UN PRB impact analysis tools

GRI 207-3 The **stakeholder survey** was conducted by OTP Group with the involvement of authorities and public bodies, professional associations and representatives of civil society organisations and scientific organisations with experience in various segments of sustainability, having a comprehensive overview, with adequate information on the activities of the OTP Group, sustainability experts, media representatives, the representative of OTP Bank's trade union and representatives of sales partners.

In-depth interviews were conducted with groups of stakeholders as well as individual stakeholders by an external professional consultant without the involvement of the Banking Group's representatives to encourage the expression of honest opinions. The stakeholders identified sustainability topics considered as material in regard to the Banking Group.

According to the respondents, being a major market participant entails a great deal of responsibility, and they also expect OTP Bank to be an example and provide guidance in relation to sustainability.

Key sustainability topics identified

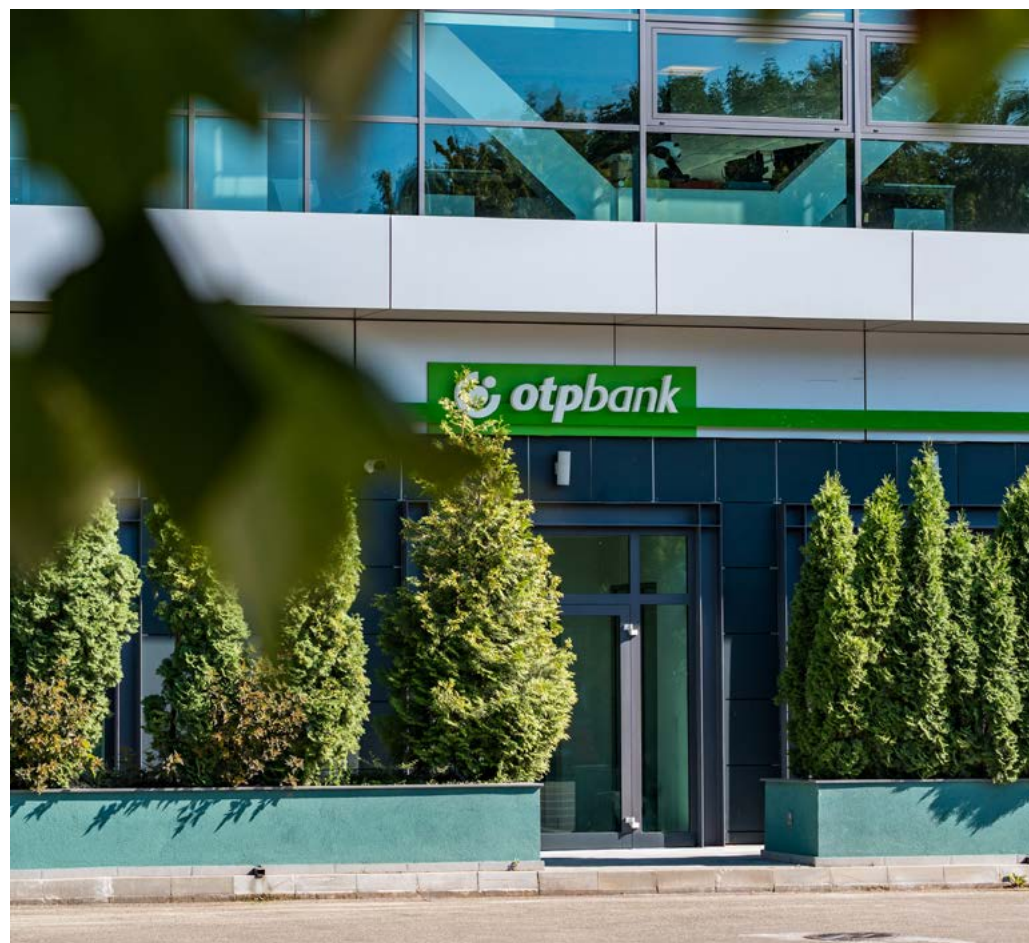
<sup>5</sup>Financial materiality is defined in various ways, which are essentially identical in terms of contents; the Dow Jones Sustainability World Index has been measuring large enterprises' ESG performance since 1999 and has been producing the most comprehensive Corporate Sustainability Assessment (CSA) year after year so far, which is why its definition is regarded as adequately authentic.

- during the stakeholder survey (in the order of importance):
- Green financing (and environmental impact/load)
  - Ensuring the operability of the economy
  - Digitalisation
  - Development of financial literacy
  - Gender equality

- Environmental protection in operation
- Environmental awareness raising
- Donations
- Compliance

Additional important topics:

- Consumer protection and product responsibility
- Disadvantaged persons' access to funds





- Protection of personal data
- Access to and application of financial services by persons with disabilities
- Sustainability aspects of procurements

The stakeholders clearly found the environmental impacts of financing more important this time than in earlier surveys and in their earlier feedback.

The OTP Group's **list of impact areas** was put together on the basis of feedback from stakeholders and other sources and evaluated them in the first round on the basis of the impacts on sustainability: economy, environment and society. **Evaluation** was based on objective metrics (e.g. number of stakeholders, degree of involvement, financial indicators, ratios) by expert estimation, with the involvement of an external consultant and the Bank's ESG division. The positive or negative sign, as well as the degree (on a -3 - 3 scale of 7) of each impact was established.

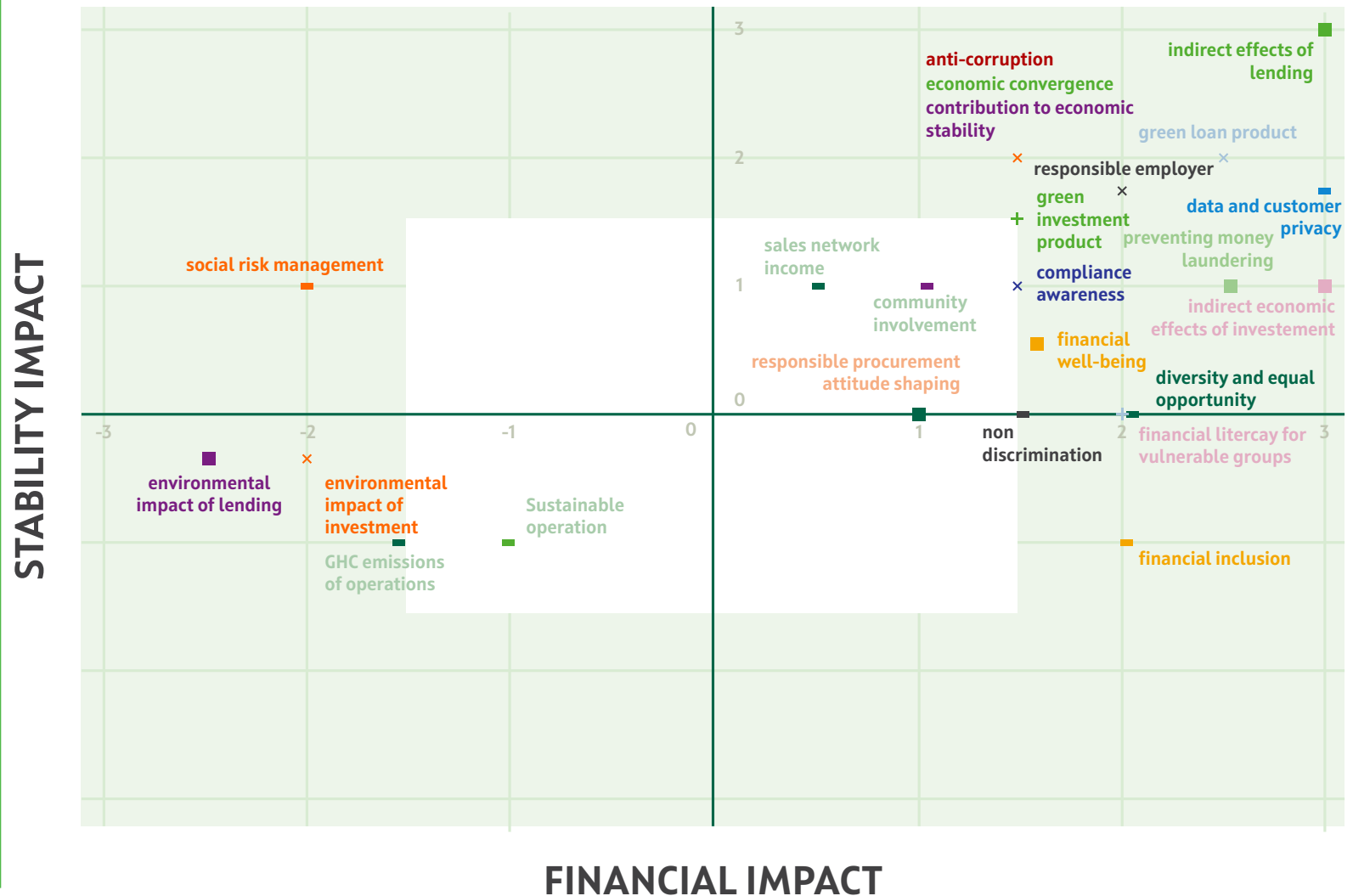
The financial impacts on the Group of the impacts identified from the aspect of sustainability and the relevance of the GRI indicators affecting the various materiality areas were determined with the help of the ESG Subcommittee.

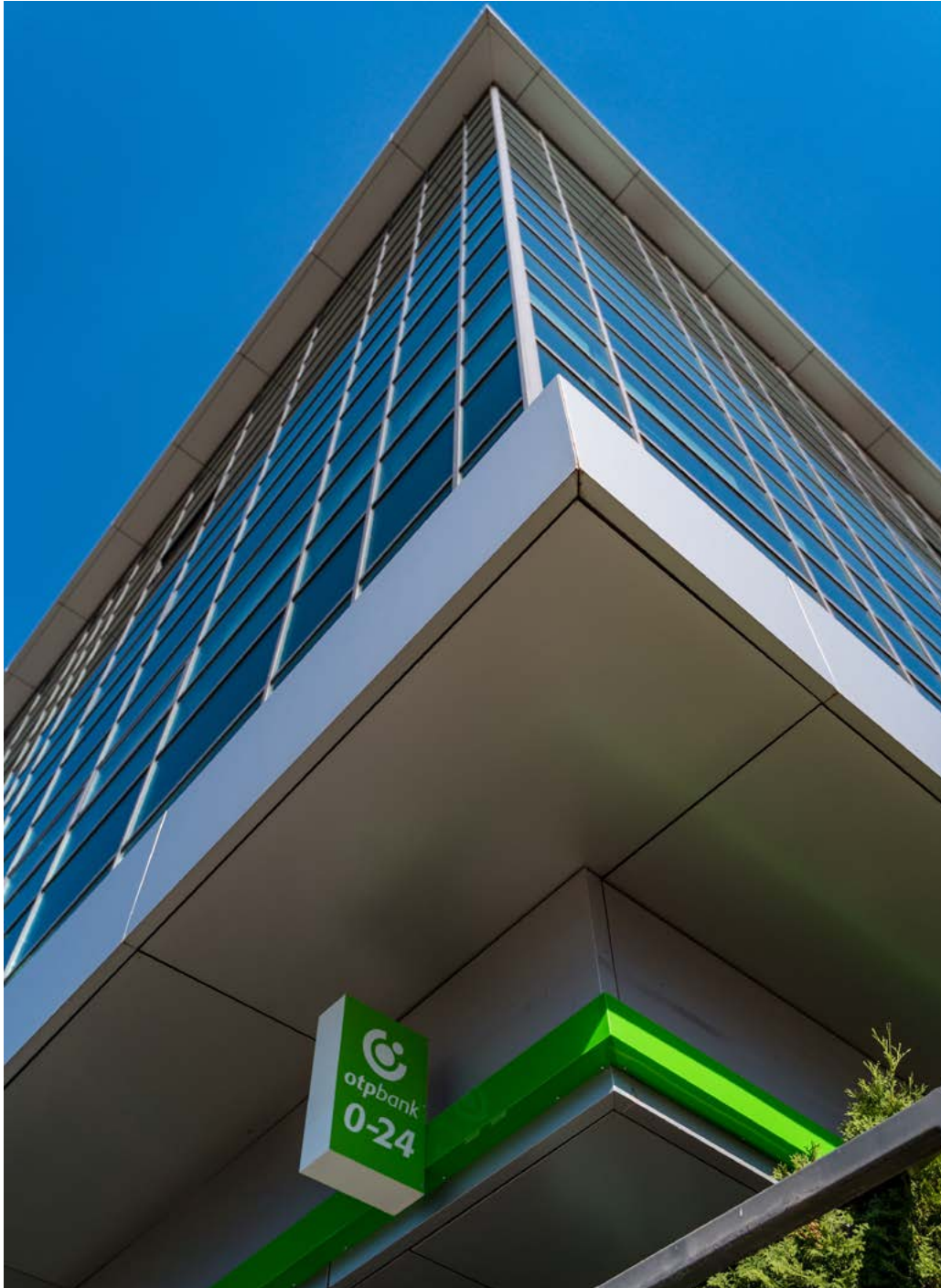
GRI 2-14 The result of the materiality analysis was approved by the ESG Committee.

GRI 3-2 **The OTP Group's material sustainability topics** are those appearing against orange background in the chart.

Fig. 2

## MATERIALITY MATRIX





Material topics in the previous year's report of OTP Romania:

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

### **BUSINESS MODEL**

GRI 2-6 OTP Romania business model is focused on offering high-quality financial services to retail, private banking, micro and small business, medium, large corporate and municipality clients, through physical branch network, the steadily developing digital channels and through agents and other contractual partners. At the end of 2022, OTP Romania served around 317.000 clients.

The aim of OTP Romania is to keep on developing its services in the era of continuous digital and technological advancement, in order for these services to be accessible to the widest possible scope of clients, in a simple, easy and safe

manner. Beside digitalisation, the Group has been putting particular emphasis on sustainability, targeting the avoidance of negative impacts on our environment and society, and the harnessing of business opportunities at the same time. OTP Romania Group has been playing an active role in the development of households' financial literacy, cultural enrichment, conservation of environmental values and fostering equal opportunity.

Regarding geographical footprint, OTP Romania is present in all regions of Romania, being physically accessible in 82 cities and villages via 97 branches and 154 cash machines. Online products and services can be accessed from anywhere in the world.

OTP Romania Group provides comprehensive banking and other financial services to both retail and corporate customers: on the liabilities side, deposit collection from customers and raising money from the interbank money market and intragroup funding; on the asset side, OTP Bank offers mortgage loans, consumer credits, working capital and investment loans to companies, as well as loans to municipalities. We invest available liquidity in money and capital market instruments. Moreover, we provide a wide range of high quality services, including wealth management, investment services (via OTP Asset management), payment services, treasury and other services.

As for the business mix, the weight of retail versus corporate volumes shows a relatively balanced picture.

## 2. ESG strategic directions





OTP Bank Romania is committed to finance a gradual and balanced transition to a sustainable, low-carbon economy while encouraging responsible behaviour and increasing its positive impact in society. We integrate social and environmental risks, and economic considerations, in our business decisions, operation and business development.

### Vision

We want to be acknowledged as a strong, stable and lucrative partner providing

medium-sized universal financial services, a partner that delivers efficient management, dynamic growth, strong social responsibility and sustainability commitment.

### Mission

We strive to provide a complete range of highest quality financial services, by operating in a prudent and transparent manner and by actively cultivating innovation. Our success is based on our clients' trust built by understanding their local and regional needs, on the quality

and efficiency of all services delivered. We also recognise and motivate the talent, confidence and dedication of our

### ESG strategy

ST6, 305: 3-3, TCFD II.a,b, IV.c. OTP Bank Romania's ESG Strategy was approved by Management Board and Supervisory Board in 2022. It was defined considering OTP Group ESG Strategic directions, regulatory recommendations, National Bank of Romania expectations, market opportunities and challenges.

Based on the materiality assessment performed by OTP Group amongst stakeholders, all ESG factors appeared as relevant and were grouped under 3 materiality strategic pillars: responsible service provider, responsible employer and responsible social actor- each of these addressing more Sustainable Development Goals. For more details please see [ESG commitments | OTP Bank](#)

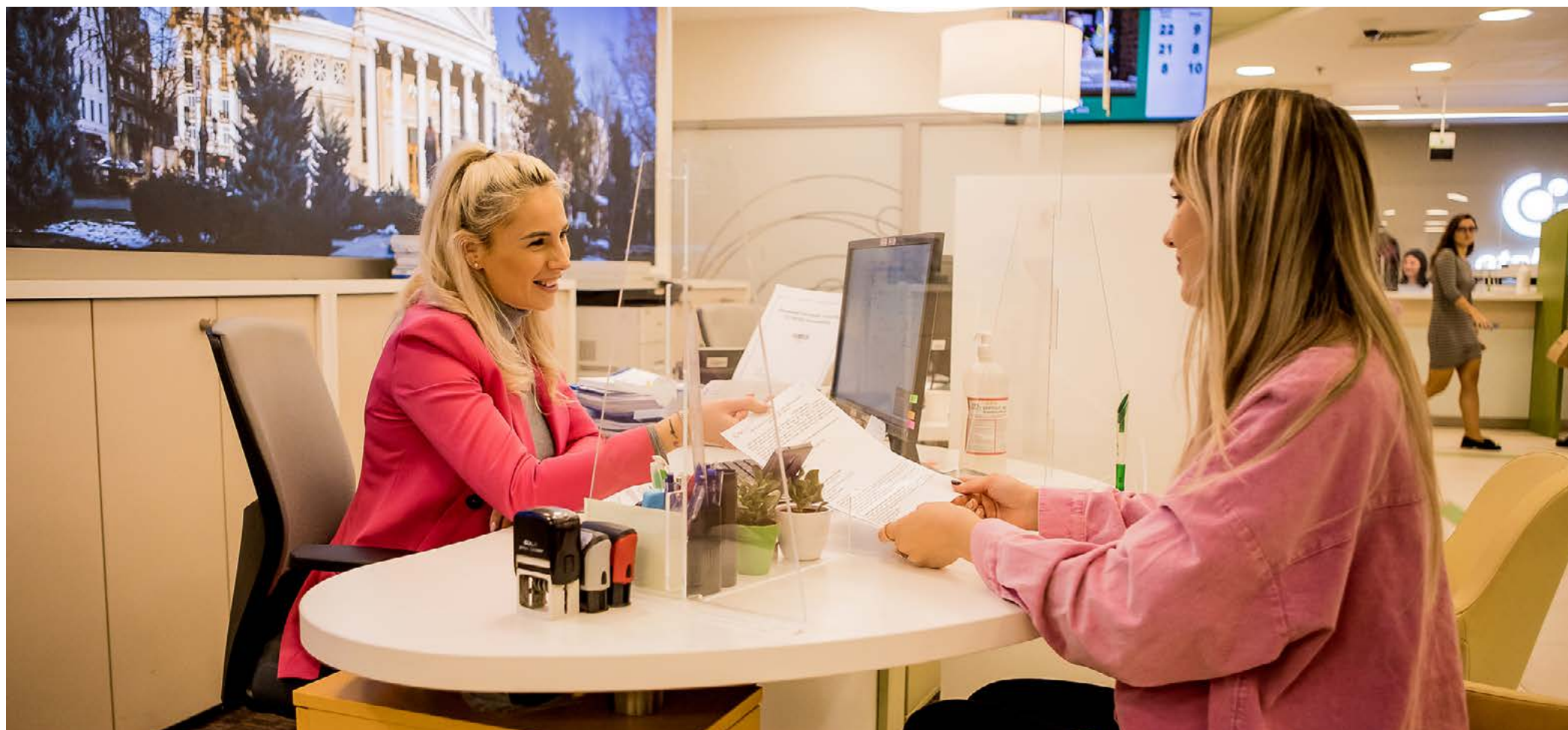


Table 3.

Strategic goals	Long-term KPIs for the OTP Group	End-2022 results
Responsible service provider <ul style="list-style-type: none"> <li>• define plan for green products and solutions facilitating the green transition of the economy</li> <li>• products and investment services to facilitate investments into the sustainable economy</li> <li>• active ESG risk management</li> </ul>	Green loans of a total of 100 mil EUR by 2025	The goal set for 2022 achieved: strategy defined, ESG factors integrated in credit, market and operational risk frameworks 69 mil EUR sustainable financing to Romanian projects at 31.12.2022 (170 mil EUR including syndicated loans with OTP Bank Hungary) for renewable energy production and energy efficient- buildings. <a href="#">OTP Green Bond Allocation Report 2022.pdf (otpgroup.info)</a>
Responsible employer <ul style="list-style-type: none"> <li>• active ESG management practices in corporate governance</li> <li>• strengthening employee well-being and development, diversity and employee engagement</li> </ul>	Steady increase in the level of employee engagement, to reach a global 75 percentile at a group level	The level of employee engagement was 79 in 2022- above market average
Responsible social actor <ul style="list-style-type: none"> <li>• strongly reducing emissions from our own operation</li> <li>• significant contribution to social objectives and SDGs through responsible products and services and through donations</li> </ul>	Net carbon neutrality for Scope 1 and 2 by end-2025, total carbon neutrality by 2050 with interim targets Reach min 10.000 beneficiaries/year via various educational programs for children and adults 10% yearly increase in the number of volunteer actions	Carbon reduction actions started  Target reached including podcasts  Target reached >800 beneficiaries reached (from 700 in 2021)

Along with business opportunities expressed by green portfolio targets, the strategy includes the management of the relevant risks, as well as social and corporate governance goals- with key KPI defined to measure the success of implementation. The time horizon of the strategy covers the period until 2025, with yearly reviews.

OTP Bank Romania, as member of OTP Group is committed to the protection of the environment, the combating of climate change and its impacts, and the preservation and low-impact use of natural resources.. All OTP Group members operate in full compliance with environmental legislation and received no fines in 2022.

**The environmental impacts** of OTP Romania are related to the provision of

financial services and directly from its own operations. Thus the strategy addresses the **environmental concerns** from double materiality perspective (inside out and outside- in impact) in two main areas:

- financed portfolio management - covering prudential integration of ESG risk in credit policies but also plan to track Greenhouse Gas emissions of financed portfolio and exploit environmental opportunities by green financing targets and setting up an internal methodology for assessment of green exposures.- see chapter 4

- own operations- addressing ESG factors integration in operational risk management (potential risks are identified during the annual process-based self-assessment, and the assessment of climate change risks is

also included in the scenario analysis of risks with low probability but high impact) but also plan to reduce own emission- see chapter 9- efforts being centered around improving energy efficiency, usage of clean energy from renewable sources, reducing paper/ plastic usage and general waste.

From social perspectives we are aware of our impact on the lives of our employees, customers and larger communities but also of the critical importance of customer satisfaction, employee wellbeing and engagement in our business performance. Top focus is given to:

- measuring and improving customer satisfaction and social impact of our product and services –see chapters 4 & 5

- employee well-being. In 2022 new

measures included increase of the minimum net salary, increase of meal ticket value, better health insurance conditions and lower costs for employee services, extended Body Awareness Bootcamps, free psychological support, apart from already consacrated facilities for proper work-life balance (hybrid work, no meeting day, free seaside accomodation for non-managerial positions) and intensive open communication focus- for details see chapter 7

- engagement with communities- by value added educational programs, awareness campaigns, sponsorships and volunteering –see chapter 8.



### 3. ESG governance, responsibilities



**GRI 2-9, 2-12, 2-13, 2-17, TCFD I.a,b**

**ESG Governance:** At OTP Bank Romania level, the Management Board and Supervisory Board, as supreme governing body, make strategic decisions regarding ESG aspects and periodically steer ESG progress as detailed in their functional regulations.

The Supervisory Board establishes, approves and oversees the implementation of the bank's general business strategy and

key strategies and policies, in accordance with the applicable legal and regulatory framework, also taking into account the climate and environmental risks. The Supervisory Board also evaluates the short, medium and long-term effects of ESG factors and ensures that they are clearly integrated into the relevant responsibilities in the organizational structure, both within the lines of activity and within the internal control functions.

The Management Board discusses and evaluates at least annually the long-

term objectives and implementation of the bank's business and risk strategies, including those regarding ESG and environmental and climate risks. It also identifies and assesses the impact, risks and opportunities of environmental, social and governance (ESG) changes and also ensures that there is adequate monitoring of ESG risks and developments that currently affect or may affect the bank in the future and the achievement of its objectives in this context.

Implementation of ESG strategic actions is made by various organizational units as

per their responsibilities areas under the coordination of Sustainability Department. ESG responsibilities were assigned to relevant organizational units and included in Internal Organizational Rules.

To ensure smooth implementation an ad-hoc ESG workgroup coordinated by the Sustainability Department. may be convoked This workgroup is comprised of Management Board members, directors and managers of various organizational units – as per responsibility area (subject owners).

Table 4.

ESG Subject Owners	Business Division	Risk Admin & Finance	Credit Risk	Procurement & Logistics	PR & CSR	HR & Training	Legal Compliance
Tasks & Responsibilities	<ul style="list-style-type: none"> <li>Market and Portfolio Evaluation</li> <li>Target Setting</li> <li>Product Strategy and Development</li> </ul>	<ul style="list-style-type: none"> <li>BNR reporting and Requirements</li> <li>Alignment with EBA and Group regulations on ESG risk management</li> </ul>	<ul style="list-style-type: none"> <li>Updating Credit Policies for new products</li> <li>UW, administration and monitoring procedures</li> </ul>	<ul style="list-style-type: none"> <li>Carbon footprint measurement</li> <li>Carbon footprint reduction targets and plan</li> </ul>	<ul style="list-style-type: none"> <li>CSR initiatives and communication plans</li> <li>Adherence to volunteering initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Human Resources and Governance Procedures</li> <li>Training</li> <li>Internal Communication</li> </ul>	<ul style="list-style-type: none"> <li>Guidance on strategy and policies</li> <li>Regulatory updates</li> </ul>
	Green framework definition: flows, procedures, developments set up						
	Internal regulations & System updates						
	The 3 lines of Defense Principles also applicable to ESG areas						

Definition and implementation of local ESG strategy of OTP Bank Romania is supported and supervised by OTP Group. At OTP Group level, the ESG Committee is a standing committee set up by the OTP Group's BoD, whose chair is appointed by the Chairman and CEO from the members of the BoD and whose members include OTP Group Bank's Deputy CEOs and elected directors. The Committee's tasks are to

- identify ESG business opportunities and risks within the Bank and the Banking Group;
- formulate the strategy, plans and policies related to ESG;
- take responsibility for setting and evaluating ESG and performance targets and
- support the Bank's governing bodies in the performance of ESG-related tasks.

The Committee is collectively responsible for the implementation of the Bank's ESG transformation. The ESG Committee cooperates with individual domains of the Bank in the process of ESG business transformation and in the management of ESG risks, and aspires to enforce ESG criteria in product development, pricing and planning, as well as in the corporate governance activity.

GRI 2-19 Compliance-conscious operation and CSR each makes up at an at least 5 percent share of the targets set out for CEO, Deputy CEOs and executive directors. These two elements comprise the satisfaction of sustainability criteria as well. Sustainability targets are also among the performance-based incentives of the managing directors.

GRI 2-12, 2-16 The Management Board and the Supervisory Board are kept informed by regular (annual, semi-annual) reports

from the various committees and divisions. The members of the managing bodies can access the documents of all of the committees and boards, and can ask any division of the bank for information.

No critical stakeholder remarks were made in 2022; nonetheless, the governing bodies are provided with information on feedback from stakeholders, including employees, customers and shareholders:

GRI 2-9 Corporate Governance: Within OTP BANK ROMANIA S.A. the governing body is represented, as provided in the National Bank of Romania Regulation no. 5/2013, by the Supervisory Board, as the governing body in its supervisory function and by the Management Board, as senior management. Some of the members of the governing body are members of more than one bodies. From the point of view of ensuring gender diversity, in the composition of the governing body of OTP Bank Romania S.A., at the end of 2022, the representation of each gender was as follows:

#### Management Board



**60% Men, 40% Women**

**TOTAL members: 5**

#### Supervisory Board



**Board: 55.6% Men, 44.4% Women**

**TOTAL MEMBERS: 9**

To carry out the activity in accordance with the regulatory requirements, the governing body can establish permanent committees, as well as subordinated subcommittees, in order to support the ongoing activities. The permanent committees are preparatory and decision-making structures, as well as advisory structures of the Bank, with competencies specific to each field of activity, detailed in the dedicated procedural rules. The Bank's Committees and Subcommittees are detailed in the Bank's Transparency Report for 2022. [OTP Bank reports | OTP Bank](#)

The primary criterion in the selection of the committees' members is professional

expertise.

Establishment of the Audit Committee, the Risk Management Committee, the Remuneration Committee and the Nomination Committee, the definition of their structure and competencies belongs to the Supervisory Board. The functioning and structure of these committees are regulated by the related procedural rules, approved by the Supervisory Board, under which they operate. The competencies of the other committees are defined by decision of the Management Board from which the decisional power is delegated and to which they report on the activity carried out.



For information on OTP Bank Romania organisational structure and governance levels see 2022 Transparency & Disclosure Report OTP Bank reports | OTP Bank

**GRI 2-13, 3-3, TCFD I.b** The governance and regulation of individual sustainability and ESG domains are implemented as follows, following the OTP Group policies and framework

Table 5.

ESG / sustainability domain	Responsibility, manager	Policy	References
<b>Compliance:</b>			
<ul style="list-style-type: none"> <li>responsible corporate governance,</li> <li>non-discrimination,</li> </ul>	In terms of compliance, governance and organisational responsibility lies with the Management Board and the Supervisory Board. Compliance officer, consumer protection officer: Executive Director heading the Compliance Directorate	<a href="#">Compliance Policy</a> : - approved by: Management Board and Supervisory Board declares the requirement to observe the law, the directives and guidelines of national and international supervisory authorities and the internal regulations; its Annexes:	reporting, monitoring, measures risk assessment
<ul style="list-style-type: none"> <li>consumer protection</li> </ul>		Annex 5-Responsibilities for compliance with consumer protection legislation <a href="#">Responsibilities for compliance with consumer protection legislation within OTP Bank Romania SA- annex 5</a>	
<ul style="list-style-type: none"> <li>anti-corruption (ABC)</li> </ul>		<a href="#">Anti-Corruption Policy</a> of OTP Group – Annex 3	
<ul style="list-style-type: none"> <li>international sanctions requirements</li> </ul>	The 3 lines of Defense Principles also applicable to ESG areas	<a href="#">Sanctions Policy</a> of OTP Group – Annex 7 <a href="#">OTP Group Policy</a> – Financing of the Defence Industry- Annex 8	
<ul style="list-style-type: none"> <li>processing and protection of personal data</li> </ul>	Manager responsible for the Bank's data processing and the protection of customers' personal data: the data protection officer (reporting directly to the top management, not accepting instructions from anyone regarding the discharge of their duties) & Executive Director Compliance	GRI 418: 3-3 <a href="#">Data Protection Policy</a>	data protection training fraud
<ul style="list-style-type: none"> <li>business ethics, conflict of interest (including the whistleblowing system)</li> </ul>	Ethics Committee: guidance, second-tier decisionmaking regarding reports of ethical offences	GRI 2-23 <a href="#">Code of Ethics</a> approved by: Board of Directors and Supervisory Board	reporting ethical offences, training
<ul style="list-style-type: none"> <li>regular statutory reporting to supervisory and other government bodies</li> </ul>	Heads of division, DCEO Fiance & Planning		
<ul style="list-style-type: none"> <li>Security</li> <li>overall security, cybersecurity</li> </ul>	Responsibility for security rests with the Management Board and the Supervisory Board. Manager responsible for compliance with IT security and bank security requirements: Managing Director of the IT and Bank Security Directorate	<ul style="list-style-type: none"> <li>OTP Bank Romania Strategy for banking security – for physical security, human risk management, and internal and external fraud risk (G453) (approved by: Management Board &amp; Supervisory Board</li> <li>sets forth the principles and main guidelines concerning security at the Bank,</li> <li>declares the Bank's commitment to maintaining and preserving security at all times.</li> </ul>	reporting, risk assessment training fraud
<ul style="list-style-type: none"> <li>protection from money laundering and terrorist financing</li> </ul>	Anti-Money Laundering Committee: decisions on sustaining or creating high-risk business relationships within its competence	<a href="#">Anti-money laundering</a>	

ESG / sustainability domain	Responsibility, manager	Policy	References
Risk Management: • all risk types	Audit Committee and Risk Management Committee: they monitor the risk management activity. Group Risk Committees (Credit and Limit Committee, Workout Committee, Group Operational Risk Management Committee): ultimate decision-making competence on the cornerstones of risk management methodologies. Officer in charge of risk management: Deputy CEO responsible for the Credit Approval and Risk Management Division	Risk Assumption Strategy: • approved by: Management Board & Supervisory Board • defines the risk management framework and the principles and guidelines for risk assumption.	<a href="#">rules, functions</a> exclusions lending policy, responsible lending operational risk assessment debtor protection
Green finance:	OTP Group Green Program Directorate: Supporting all members of OTP Group in taking maximum advantage of the opportunities in green financing.	<a href="#">ESG strategy</a> of OTP Group <a href="#">ESG commitments   OTP Bank Romania</a>	
Product development, sales:	Product Development, Sales and Pricing Committee: adopts decisions applicable to OTP Bank Romania on the development, introduction, discontinuation, pricing and terms of new schemes and product variants, and on sales and incentives. Approves plans for image campaigns and for advertising specific banking schemes.	OTP Bank Romania Product and Service Governance Policy: (G356) • approved by: Management Board and Supervisory Board • declares that, in designing its products and services, the Bank pays special attention to the enforcement of consumer protection principles, and to reducing the information asymmetry between customers and the bank.	objective, clear information responsible selling responsible products
Human resource management: • HR overall  • diversity and equal opportunity,  • occupational health and safety	Manager responsible for human resource management: Executive Director heading the Human and Organisation Development Directorate  Manager responsible for health and safety: Executive Director heading the Human and Organisation Development Directorate	HR strategy: • approved by: Management Board and Supervisory Board • determines the medium-term areas of focus for human resource management.  Health and Safety Regulation: • approved by: Management Board • uniform and comprehensive preventative health and safety strategy to implement safe working conditions that do not constitute a health risk.	turnover training income freedom of association organisational diversity  reporting, risk assessment, training, accidents
Procurement/purchasing • expectation of ethical conduct, • sustainability, environmental criteria	Manager responsible for the procurement activity, Managing Director & DCEO Finance & Planning	Procurement policy: - approved by: Management Board • regulates the procurement process, spheres of responsibility, procurement principles; stipulates that the procurements of OTP Bank Romania is supervised and coordinated by the Banking Group Procurement procedure Procedure regarding the Perfection, Administration and Monitoring of Contracts.	rules materials used



# 4. Environmental and Social Implications of Financial Services



### GRI 3-3, 203-2

#### Impacts<sup>6</sup>:

Social impacts and indirect economic impacts of lending, Indirect economic impacts of investments: By way of responsible placement of customers' funds enabling consumption and investment projects through lending and investment. Impact on the population's living standards, contribution to the achievement of housing objectives, to the development of businesses and the economy as a whole and, indirectly, facilitating job creation. The impacts might even be negative as the case may be, through excessive indebtedness and/or consumption.

#### Financing of high social risk sectors:

The risk of negative social impacts is potentially higher in the case of these funded activities, which however, can be mitigated by prudent lending.

#### The environmental impacts and GHG emission, Investments' environmental impacts and GHG emission:

Both lending and investment involve the use of environmental resources and the emission of greenhouse gases. Their extent largely depends on the attributes of, and the efforts made towards mitigation by, the organisation or individual performing the activity.

#### Green loan products, Green investment products:

Such products provide funding for activities having positive environmental impacts, facilitating their growth/expansion. The positive impact can occur if activities generating actual environmental benefits are financed.

#### Objectives:

- Making funds accessible for businesses



- and residents of the region
- Prudent service provision and lending
- Supporting the long-term sustainable progress of society and the economy
- Regional leader in green transition
- Helping access to basic needs
- Avoiding, alleviating potentially negative impacts

#### Acts:

- Active lending in the region

- Strict, conservative risk management by integrating ESG risks
- Ethical and fair product design
- Debtor protection programs
- Active role in national and international programs

Products for vulnerable social groups (among others, the youth and pensioners) Serving the financial needs of micro, small and medium-sized businesses at a

high standard of quality Supporting the transition to green economy and a low-carbon economy

#### Stakeholder involvement/compliance:

reviewing customer feedback/exploring their needs, cooperation with international institutions in relation to product facilities, compliance with regulations, Disclosure of ESG strategic objective.

<sup>6</sup>With a focus on material topics.



## 4.1 Sustainable finance framework

**In 2022 OTP Group adopted its group-wide Sustainable Financial Framework (SFF), in line with its broader corporate responsibility strategy, covering the environmental and social elements of sustainability.**

GRI 201-2 The purpose of the creation of the [framework](#) – on which an external expert issued its opinion<sup>7</sup> – was to enable OTP Banking Group to issue financial instruments to finance and refinance projects facilitating the transition to a low-carbon and climate change resilient economy and/or have positive social impacts and alleviate social problems. The OTP Group is committed to encouraging

sustainable business operations in the industries and regions in which it is present. By issuing sustainable financial instruments the Banking Group ensures increased transparency regarding supported projects and assets generating environmental and social benefits, potentially facilitating additional investments into environmentally and socially sustainable assets which contribute to the achievement of the targets set out in the SDGs enshrined in the Paris Agreement as well as those established by the UN.

OTP Group may issue green and social financial instruments, including bonds and medium term units under the framework (sustainable financial instruments). The framework was worked out on the basis of the ICMA<sup>8</sup> Green Bond Principles, 2021; the ICMA Social Bond Principles, 2021, the

LMA<sup>9</sup> Green Loan Principles, 2021 and the LMA Social Loan Principles, 2021.

Sustainable financial instruments cannot be used for financing loans relating to fossil power generation, nuclear power generation, arms and defence, mining, gambling or tobacco.

Corporate strategy for eligible green categories<sup>10</sup> focused primarily on the macrosectors that indicate highest growth opportunities:

- „green” buildings( real estate investment projects with energy excellence certification)
- renewable energy production
- clean transportation (mainly for Leasing).

Eligible social categories:

- job creation, programs aimed at preventing and/or alleviating unemployment resulting from social and economic crises, including cases taking place through potential impacts of the financing and microfinancing of SMEs.

In the summer of 2022 from the OTP Group, OTP Bank was the first bank in Hungary and one of the first ones in the Central and Eastern European region to issue **green bonds** in a total amount of EUR 400 million (HUF 155.8 billion), for a 5.5 percentage return. The Bank uses the funds so raised for financing part of the green loans in its books. The green loans were issued in Hungary and the Balkan countries from which Romania too, in which we have renewable energy,

<sup>7</sup> SPO: Second Party Opinion

<sup>8</sup> International Capital Market Association

<sup>9</sup> Loan Market Association

<sup>10</sup> The precise criteria are specified in the framework.

sustainable real estate and mobility (primarily electro-mobility) projects. The use of the funds is strictly regulated under the Sustainable Financing Framework; for instance, real estate projects have to meet energy efficiency requirements, while renewable energy projects must not exceed the applicable whole life cycle CO2-emission limits.

First Allocation and Impact Report to investors was published by OTP Group in 2023, for 2022 green bond issuance – presenting OTP financing aligned with SFF- for details:

[OTP Green Bond Allocation Report](#)

[OTP Green Bond Impact Report 2022](#)

As per OTP Group Allocation and Impact report 2022, **together with OTP Hungary, OTP Romania financed at 31.12 2023 a sustainable lending portfolio of 170 mil EUR allocated to Romanian projects leading to an impact of over 91,600 T CO2 avoided emissions.** They come from 15 financed projects for solar & wind energy production (total financed capacity of 77 MWh) and green real estate developments (with 70% - 68% average energy reduction. For details please check

[Sustainability projects](#)

Out of these, **stand alone OTP Romania financing to sustainable projects at 31.12.2022 amounted 69,2 mil EUR:** renewable energy 41.195.757 EUR and green buildings 27.993.791 EUR



## 4.2 Green products

**GRI 201-2, ST6: 3-3, TCFD II.a,b, IV.a,c One of the most important goals of OTP Bank Romania's ESG strategy is to finance adjust and gradual transition to a low carbon economy and contribute to building a sustainable future by offering balanced financing products and services.**

In 2022 OTP Bank Romania set its goals regarding the size of green loan portfolios – as part of local ESG strategy – which was approved by OTPH ESG Committee. OBR strategic focus is to introduce green lending solutions in a way that not only follows market trends, but also supports access to banking supervision incentives that support sustainability and sectorial policy incentives for economic transformation. It creates the opportunity for further expansion of products and services that will facilitate the transition to a sustainable economy and provide an opportunity to increase sustainable investment.

In 2022, in order to define commercial strategy for green products approaches and targets, a thorough market screening was done regarding: regulatory incentives, growth opportunities from EU Funding & national programs, RO Market Perspectives from National Decarbonization Strategy, competition approaches and OBR current market position & portfolio distribution.

The main strategic direction defined in 2022 for building green portfolio in OTP Romania were:

**OBR Corporate strategy for eligible green categories<sup>11</sup>** focused primarily on the macrosectors that indicate highest growth opportunities. For Romanian market, considering OTP Romania position, these were: green buildings, renewable energy production and clean transportation (mainly for Leasing).

On longer term shall be explored opportunities for green lending (taxonomy aligned) in the agricultural sector, energy efficiency & waste management investments – based on OTP Group experience and guidelines.

**On Retail side**, market opportunities for **green retail lending** (aligned to EU/ CBI Taxonomy high standards such as top 15% energy efficiency) are very limited yet. The cost of funds and lack of regulatory incentives represents a challenge for designing marketing campaigns for eco products with interest discounts. No green product launched in 2022, but OBR will monitor opportunities for further actions. A first step for further defining „Green“ Mortgage was to start collecting in 2022 of the Energy Performance Certificates

**Leasing Strategy:** As per market & portfolio assessment, strategic direction for greening OTP Leasing Romania portfolio are to grow sustainable financing by: leasing for electric vehicles (special promo campaigns run in 2021 and 2022); on longer term explore sustainable financing for agriculture high precision equipments.

In order to properly assess green characteristics of its exposures, 2023 objective for OTP Bank Romania will be to extend the OTPH Green Lending Framework to local operations (define a methodology based on Romanian market specific legal requirements & technical documentation background)

to allow assessment of the alignment of potentially green financing granted by the bank to EU Taxonomy & CBI requirements.

**Green Lending Framework (GLF):** OTPH was the first financial institution in Hungary to prepare its green lending



<sup>11</sup> The precise criteria are specified in the framework.

framework to regulate the Bank's green lending activities. Its aim is to identify projects enhancing positive environmental impacts and reducing negative ones as well as helping businesses and societies adapt to the impacts of climate change. The framework introduced a number of categories making it possible to identify the green lending activities pursued by OTP. The criteria are based on the EU Taxonomy Regulation and the Taxonomy of the Climate Bond Initiative, therefore they are more complex than the guidelines of the Sustainable Finance Framework. The Green Lending Framework – supported by an external expert opinion as well – was approved by the National Bank of Hungary (MNB) on 16 March 2022 and

is available on the OTPH website [OTPH Group - Responsible service provider](#). For the green loans OTPH will also lay down transaction-specific environmental/social/governance requirements and criteria to be met during the entire term of the each contract, in order to encourage the highest possible level of sustainability of the transactions concerned.

#### Disclosure according to the Taxonomy Regulation

The mandatory disclosures of the OTP Bank Romania under Regulation (EU) 2020/852 (Taxonomy Regulation) are listed in the following table -the carrying values of the exposures are as of the reference date of 31 December 2022.

Table 6.

Disclosure as per the delegated regulation relating to Article 8 of the Taxonomy Regulation		
OTP Bank Romania		
Article 10(3)(a),	The proportion in their total (GAR) assets of exposures to Taxonomy-eligible economic activities *	31.98%
Article 10(2)(a),	The proportion in their total (GAR) assets of exposures to Taxonomy non-eligible economic activities *	24.84%
Article 10(2)(b)	Proportion in their total (GAR) assets of derivative transactions *	0.31%
Article 10(2)(c),	Proportion in their total (GAR) asset of exposures to undertakings that are not obliged to publish non-financial information pursuant *	39.07%
Article 10(2)	Proportion in their total (GAR) asset of on demand inter-bank loans *	0.60%
Article 10(2)	Proportion in their total asset of the trading portfolio	0.00%
Article 10(2)(b)	Proportion of exposures to central governments, central banks and supranational issuers over total assets	24.08%

Table 7.

Disclosure as per the delegated regulation relating to Article 8 of the Taxonomy Regulation	
OTP Bank Romania	
Article 10(3)(d),	Annex XI, quality information
	<p>Contextual information in support of the quantitative indicators including the scope of assets and activities covered by the KPIs, information on data sources and limitation:</p> <p>Exposures to eligible economic activities include retail exposures contained in the banking book (limited to loans covered by residential real estates or home renovation loans and to motor vehicle financing), in observance of the restrictions specified by the applicable statutory regulations. For OBR portfolio, only purchase and ownership of buildings had been taken into account</p> <p>Exposures to Taxonomy non-eligible economic activities include the year-end stock of exposures to non-eligible economic activities. Share of derivative transactions- the numerator reflects the year-end exposure of derivatives</p> <p>Exposures to entities not subject to the obligation to disclose non-financial information</p> <p>Exposures to undertakings not subject to the NFRD obligation under Articles 19a or 29a of Directive 2013/34/EU was defined as follows: The non-NFRD portfolio of the OTP Group was determined on the basis of internally available data, by first identifying the NFRD clients as follows: according to the Hungarian Accounting Act, OTP Bank considers those public interest entities (listed on the stock exchange) to be NFRDs, which have an average number of employees exceeding 500. By excluding these clients from the list of financial and non-financial corporations, we were able to identify the non-NFRD clients required for the numerator.</p> <p>Share of interbank loans: the numerator is the year-end exposures of interbank loans, while the denominator is the sum of GAR (covered) exposures.</p> <p>Exposures to central governments, central banks and supranational issuers - the numerator includes the year-end exposures to central governments, central banks and supranational issuers, while the denominator includes the Bank's total assets.</p> <p>Share of the trading portfolio - the numerator is the year-end stock of trading exposures, while the denominator is the Bank's total assets.</p> <p>* Without the exposures to be eliminated from the KPI nominators according to the Regulation.</p>



Table 7 (continued).

Disclosure as per the delegated regulation relating to Article 8 of the Taxonomy Regulation	
OTP Bank Romania	
Article 10(3) (d),	Annex XI, quality information (continued)
	Explanations of the nature and objectives of Taxonomy-aligned economic activities and the evolution of the Taxonomy-aligned economic activities over time, starting from the second year of implementation, distinguishing between business-related and methodological and data-related elements; This time we focused on Taxonomy-eligible activities. Our goals relating to green financing and the activities we have implemented are discussed in the textual descriptions outside the table.
	Description of the compliance with Regulation (EU) 2020/852 in the financial undertaking's business strategy, product design processes and engagement with clients and counterparties Our goals relating to green financing and the activities we have implemented are discussed in the textual descriptions outside the table.
	For credit institutions that are not required to disclose quantitative information for trading exposures, qualitative information on the alignment of trading portfolios with Regulation (EU) 2020/852, including overall composition, trends observed, objectives and policy; This time we focused on Taxonomy-eligible activities.
	Additional or complementary information in support of the financial undertaking's strategies and the weight of the financing of Taxonomy-aligned economic activities in their overall activity. This time we focused on Taxonomy-eligible activities. Our goals relating to green financing and the activities we have implemented are discussed in the textual descriptions outside the table.

### Indicators identified by OTP Bank Romania as part of voluntary reporting

In the context of the climate change mitigation and adaptation objectives of the taxonomy regulation, OTP Bank has examined the loan portfolio of non-financial customers based on the NACE codes that can be specifically attributed to

activities in the delegated acts<sup>12</sup>.

The OBR corporate lending activity in relation to Taxonomy-eligible activities is linked to environmentally sustainable economic activities in the EU Member States in the following ways and to the following extents<sup>13</sup>.

Table 8.

Indicators identified by OTP Bank Romania as part of voluntary reporting	
Eligible Non-financial corporations / Total assets The proportion in the total assets of the Taxonomy-eligible corporate portfolio	13,92%
Eligible proportion / Non-financial corporations (EU) The proportion in the total non financial corporate portfolio of the Taxonomy-eligible corporate portfolio	45,68%
Taxonomy eligible NFRD undertakings / Total assets The proportion in the total assets of the Taxonomy-eligible corporate portfolio, coming under the scope of the NFRD: 0.39%	0,82%

For exposures to non-financial corporations, the disclosures under Article 8(4) of the Taxonomy Regulation shall be based on actual information provided by the respective corporations, but where this is not available, financial corporations may choose to estimate the proportion of economic activities that

are taxonomy-eligible as part of their voluntary financial statement. Exposures to taxonomy-eligible activities for non-financial corporations have been analysed by NACE code. Companies covered by the NFRD were considered to be listed companies with more than 500 employees.

<sup>12</sup> According to the delegated act on environmental goals published in the EU Official Journal on 9 December 2021.

<sup>13</sup> The exposures under review are limited to OTP Bank Romania S.A

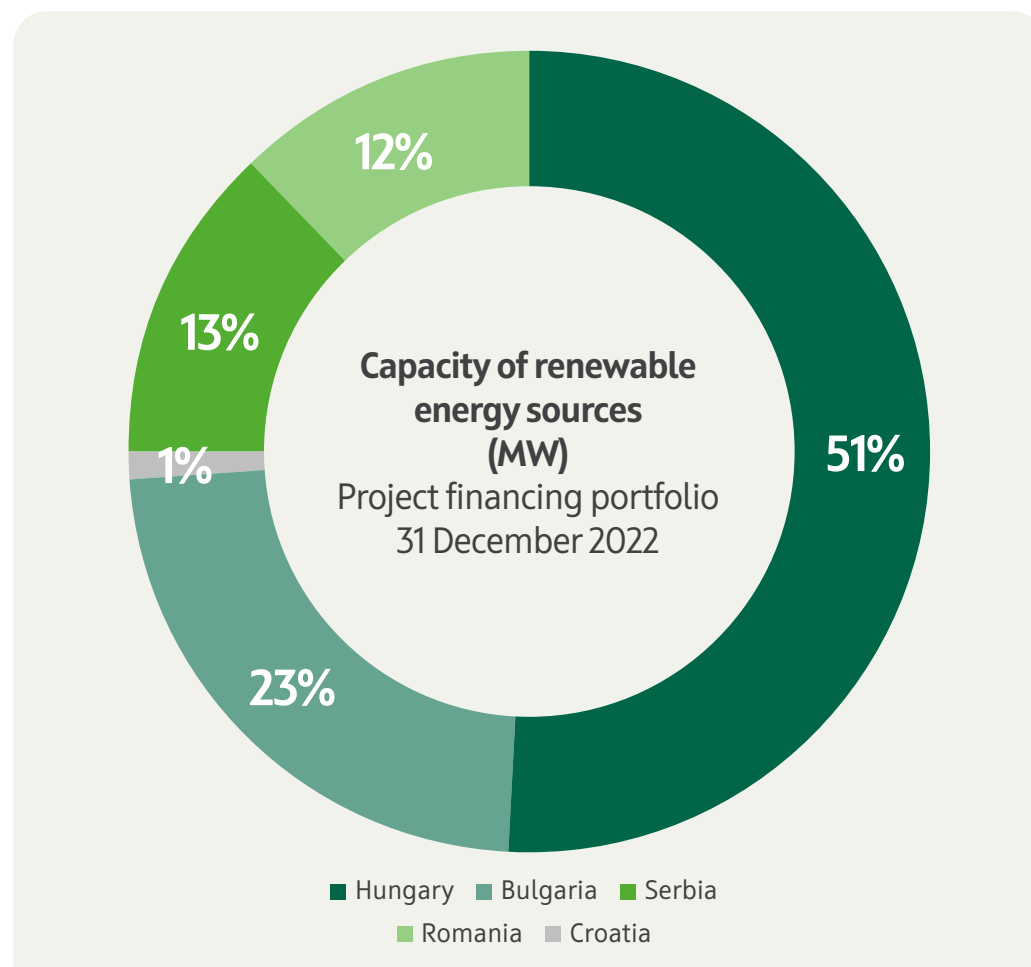
## Green lending activity:

### Corporate lending

OTP Group's 2022 Corporate Lending Policy added the financing of green energy generation to the preferred category. The list of the projects financed by the Group, planning to generate at least part of their income from selling electricity on the free market, increased. The renewable energy sector accounted for some 30 percent of new project financing transactions.

The Group's consolidated corporate green loan portfolio amounted to EUR 400 mln at the end of 2022.

Fig. 3



The Bank paid particular attention to dealing with the real estate sector in 2022. In office development financing most transactions do have green certification, which the Bank takes into account as a positive factor in credit scoring.

OTP Bank Romania Renewable energy portfolio at 31.12.2022 was 36 mil EUR. The OTP Group provides its customers with funding in the context of the European Union's New Common Agricultural Policy as well, where environmental and climate protection efforts must be taken in consideration on a mandatory basis. Loans provided in connection with the Rural Development Program also promote environmental purposes, for instance by supporting precision farming projects required for the digital transition of the economy, the development of the agricultural water management sector or the transition to organic farming.

OTP Bank Romania participated in financing the GreenWEEE in a 10 million EUR project for a new electronic waste recycling plant for electrical and electronic equipment.

On leasing side, OTP Leasing Romania (OLR) aimed to stay ahead of the „go green” trend and supports their clients in their endeavour

to become more environmental & social aware of their impact. In this regard, OLR launched in 2021 and 2022 the Green Leasing campaign to promote the procurement of EV & Hybrid Passenger Cars. At the end of 2022 OTP Leasing portfolio of electric cars amounted 1,3 mil EUR.

On Retail loans side **OTP started** collecting energy efficiency data in connection with new housing loans to enable identification of the proportion of green loans.

### Other services promoting transition to a low carbon economy

Starting Spring 2022, we designed and launched a customer guide through the mortgage loan main steps, as to help our potential customers understand and prepare better for this important step in their lives. This guide introduced also the importance of the energy performance of the building. Energy performance certificates start being collecting in 2022 for all new mortgage loans for house acquisition purposes.

From Vis to Biz - external communication stream promoting successful stories of OBR clients with sustainable entrepreneurship- 11 episodes in 2022

## 4.3 Investments

**ST2, ST7, ST8: 3-3, TCFD II.a,b, III.a,b,c, IV.a Sustainability endeavours regarding investment funds and investment services are determined by strong statutory requirements. OTP fund manager in Romania, OTP Asset Management offers a number of ESG aligned funds to its customers.**

OTP Bank Romania acts as a distributor for the investment funds offered by the following administrators: OTP Asset Management, NN Investment Partners and Franklin Templeton Investment Limited.

FN-IB-410a.3. In 2022 – in accordance with the SFDR<sup>14</sup> – all these fund managers OTP Asset Management adopted their investment sustainability risk management policy and supplemented the information provided for their customers with information on that policy.

OTP Asset Management published on their website the statements on the integration of sustainability risks and on the principal adverse impact of investment decisions on sustainability factors (PAI). Environmental impacts must be measured and monitored from 2023 under the SFDR.

OTP Asset Management uses ESG ratings and scores created by an external data provider - MSCI ESG Ratings. The provider collects extensive market data, based on company reports, publicly available data from the media, and official

databases. From the end of 2022 OTP Group will provide publicly available information on the adverse impacts of the portfolios managed in the framework of our portfolio management services on sustainability factors. In the case of this service we introduced so-called cumulative risk limits in relation to ESG. Portfolio managers put together their portfolios making sure that the aggregated weight of the lowest scoring elements from the perspective of sustainability – i.e. those categorised as CCC, B and BB on the 7-grade MSCI scale – is as low as possible.

The selection of the funds recommended in the context of investment advice is based on quantitative and qualitative criteria, including sustainability risk considerations inter alia. Excluded from investment advice are investment funds with high or medium sustainability risks (CCC and B on the MSCI scale).

The fitness test of the MIFID2<sup>15</sup> framework – its purpose is to protect investors' interests and to ensure high standard service provision for customers – is aimed at assessing the customer's financial knowledge, investment objectives, risk bearing capacity as well as financial situation and income, to help the Bank offer the customer products aligned to these factors. Since 2022 the questionnaire explores sustainability preferences and objectives more thoroughly than before. In the context of our investment advice and portfolio management services we primarily offer products and services accordingly. A customer is provided with feedback on its conformity to the sustainability preferences in the suitability report.

GRI 203-2 The investments of mutual funds are selected as described in the funds' management policies.

### Responsible investments

ST8: 3-3, GRI 201-2 Among the OTP Group's funds promoting environmental and/or social characteristics, i.e. products corresponding to Article 8 under the SFDR, OTP Asset Management Romania launched OTP Innovation Fund.

ESG criteria and sustainability risk management are integrated into OTP

Innovation fund investment strategy. The objective of OTP Asset Management is that OTP Innovation fund aggregate sustainability risk profile to remain in the low risk class.

In Romania, OTP Asset Management was the first such company that launched an investment fund matching Article 8 of the SFDR, in April 2022. The investments of [OTP Innovation Fund](#) are aimed at international companies that spend a significant proportion of their revenues on research and development

<sup>14</sup> REGULATION (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.

<sup>15</sup> 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU, and the relevant regulations At purchasing power parity, as a proportion of GDP.





(R&D). The investments are focused in the technological, biotechnological, e-commerce and automotive sectors, to name but a few. The aim is to keep the fund's aggregate sustainability risk profile low and make sure that at least 85 percent of the portfolio is made up of medium or low sustainability risk elements, which the fund manager also measures in terms of the MSCI ratings. The fund applies an exclusion policy as well. The fund's total asset amounted to EUR 0,76 million and had nearly 300 investors at the end of 2022. Regarding the aspects related to ESG criteria, we believe that the fund represents an opportunity to align clients' investments with their personal values.

OTP Innovation specifically exclude investments in the following financial instruments:

- Financial instruments related to controversial weapons, including nuclear, biological, chemical weapons, blinding laser weapons, anti-personnel mines, cluster munitions, undetectable fragments and other weapons that are either prohibited by international legal provisions or considered controversial due to harm and/or the disproportionate suffering it causes.
- Issues of government bonds of states subject to general sanctions or that do not respect human rights, according to international regulations.
- A weak ESG performance and an insufficient degree of transparency in the public disclosure of ESG data, respectively securities issued by companies with increased sustainability risk.

## 4.4 Management of ESG risks

**GRI 201-2, TCFD II.a,b, III.a,b,c, IV.a The integration in the risk management processes of environmental, social and corporate governance risks continued in 2022 – the Banking Group continued to make significant progress in this field.**

**ESG Risk Management Framework** implemented in 2021 in OBR completed the corporate loan origination process with ESG Exclusion List, sectorial ESG Risk Heat Map, and client & transaction level ESG risk assessment. The methodology was revised in 2022, when also ESG risk appetite and ESG operational risk tolerance were implemented – zero tolerance to new clients and activities under exclusion list.

ESG factors were also implemented in **operational risk management**: scenario analysis, RCSA, SAS loss database, ESG climate stress test for reputational risk. Climate disaster scenarios start being incorporated Group level into trading book stress tests.

In the next years efforts are committed to continuous improvement of ESG Risk Management Framework - considering client specific information, physical risks, extension to mortgage portfolio, harmonisation with green lending, setting sectorial limits within the Risk Appetite Statement, defining possible framework for data collection for ESG reporting and bottom-up stress testing.

GRI 2-13, TCFD I.a Work on the development of the internal ESG credit risk exposure

reporting got under way in 2022; due to data cleansing tasks the system will be finalised in 2023. Reports will be prepared on a quarterly basis. The Supervisory Board will also receive reports on the loan portfolio.

The energy efficiency characteristics of collateral residential real estates – established during the value appraisal procedure – are reflected by the market value and in the credit collateral value. The collateral portfolio has been reviewed in the retail segment from the aspect of energy efficiency on the basis of the energy efficiency ratings of the real estates comprised in the portfolio. One of the key objectives is to maximise the proportion of real estate collaterals on which the energy ratings are available, in the bank's records. In the following years, The ESG criteria



will be integrated in retail lending in the case of retail loans secured by real estate collaterals because these are the products in which the ESG criteria are the most significant.

ST14: 3-3 The ESG **exclusion list** of the ESG credit risk management framework of the business segment includes activities and behaviours that, due to their disputed nature or effects, cannot be reconciled with the core principles of OTP Bank Romania, the protection of human rights and the promotion of sustainable development.

Among others, the list includes the following exclusions:

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

Customers are required, as a minimum, to comply with the relevant and applicable environmental and social laws and regulations and have the relevant permits, licences and authorisations.

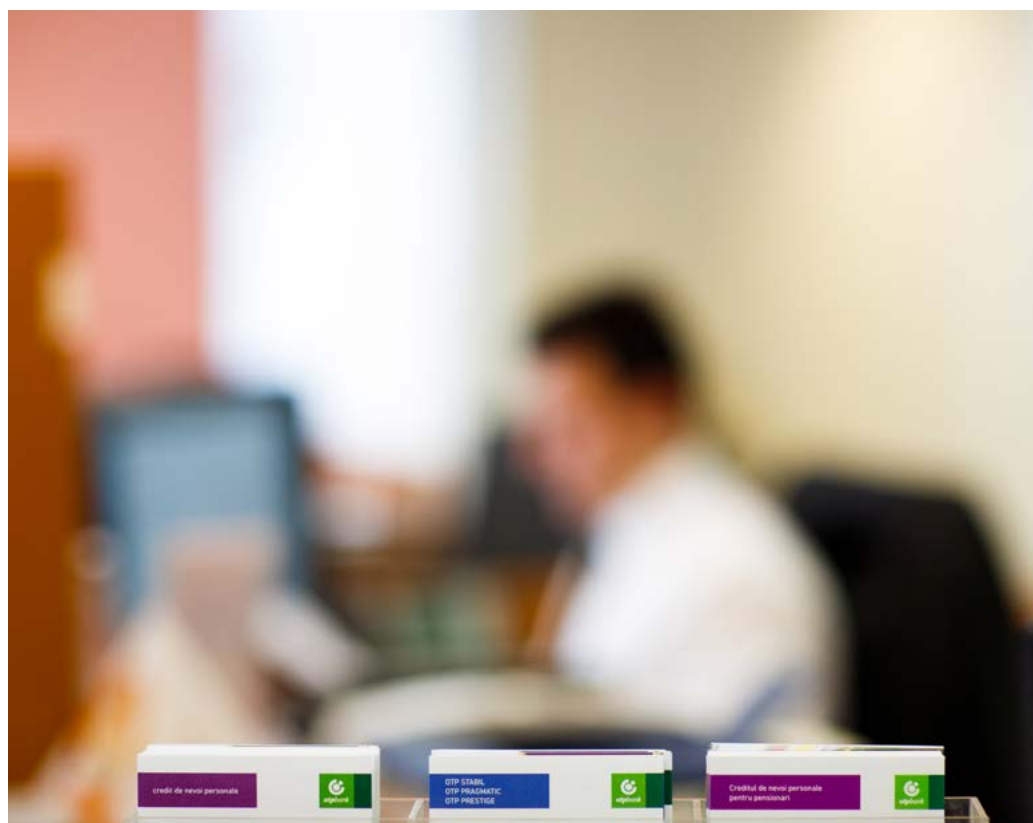
During the credit approval process the customer's and the transaction's ESG risk rating is seen, and taken into account, by the decision maker, in decision making.

GRI 201-2 At OTP Group level, the first **climate change stress** test took place for the first time in 2022, as part of the internal capital adequacy assessment process. The stress test (CChSTs) was focused on identifying climate change induced financial losses; the exposure of the OTP Group's portfolio to physical and transition risks in the long run (up to 2050) was examined. The results show that the annual losses would only increase modestly (by about 0.15 percentage point as a proportion of the exposure) up to 2050 even under the most disadvantageous so-called Hot House scenario in comparison with the climate-neutral trajectory. There is, of course, a considerable uncertainty factor in these assessments. The OTP Group's exposure to physical risks is in line with the average exposure of banks in the euro area. This type of risk is higher in two countries: Russia and Romania. The OTP Group's exposure to transition risks is somewhat higher than that of average banks in the euro area – because of the higher carbon intensity of the economies in the Central and Eastern European region. In the area of the Banking Group's operations the economies of Bulgaria and the non-

EU member states are significantly more carbon intensive<sup>16</sup>. Short term climate stress testing is planned to be carried out in 2023 regarding transition risks, covering lending, market and operational risks as well. Moreover, a pilot project has been launched in Hungary to model the physical risks of climate change.

GRI 305-3, 305-5, TCFD II.c, IV.b The **estimate of Scope 3 (indirect) greenhouse gas emissions has been worked out** as one of the first steps towards mitigating climate risks. The calculation – in accordance with the methodology based on the PCAF (Partnership for Carbon Accounting Financials) Greenhouse Gas Protocol – was carried out with the help of the consultancy firm Klima.Metrix, for the end-2021 Group portfolio. Four segments were formed as prescribed by the PCAF protocol: corporate loans, retail mortgage loans, commercial real estates and motor vehicle loans. In lieu of adequate guidance, unsecured real estate loans were not included. On the whole, the calculation covers 81.3% of the total loan portfolio. The PCAF specifies five categories in terms of accuracy, with Category 1 being the most accurate. Due to data accessibility emissions at a macroeconomic level and where the data were not accurate enough or were not available at all, we resorted to substitution. The calculation is the current best available approximate estimate.

The parent bank communicated the results to the subsidiary banks The Banking Group aim to improve the calculation's



<sup>16</sup> Recommendation No. 10/2022. (VIII.2.) of the National Bank of Hungary (MNB) on climate change and environmental risks and the integration of environmental sustainability aspects in the activities of credit institutions



accuracy, which is expected to be enabled by increases in the quantity and range, and an improvements in the quality, of publicly reported data. The Banking Group will work out its decarbonisation strategy by 2025 and plans to disclose the Scope 3 financed emissions for the first time regarding year 2024.

At OTP Group level, the adequacy of ESG risk management is assessed primarily from the perspective of conformity to the MNB's Green Recommendations and the requirements of the European Central Bank. The Bank monitors progress in terms of the requirements laid down in the Green Recommendation and keeps both the Management Committee and the ESG Committee regularly informed. The development and application of the new processes take, in some cases, more time and resources than planned in advance, partly because these processes are altogether new in the whole of the market and because the subsidiary banks are being faced with questions and tasks that are different from the ones the parent bank has to deal with.

### Operational risks

The possible impacts of the climate change risk were integrated into both the business impact analysis and the business continuity plans. A Group ESG risk tolerance value was worked in early 2022, for quarterly monitoring.

ESG risks were integrated in operational risk management as early as in 2021. During the annual process based risk and control self-assessments respondents assess the next year's losses expected from the aspect

of ESG relevance as well. Mitigating actions are expected to be worked out by the divisions concerned for risks of over HUF 200 million losses expected. The list of risks was refined and the actually relevant ESG risks were identified in 2022. Loss data are also monitored from the aspect of ESG relevance. The OTP Group uses scenario analysis for the assessment of events of low probability but high potential impact. The impacts of climate change have been examined under a separate scenario since 2021 (together with all risks of environmental relevance). The same methodology is applied in the scenario analyses for the parent bank, foreign subsidiaries and Merkantil Bank. Of the group members OTP Bank Ukraine identified the greatest loss expected in relation to climate change in 2022 (the financial impact of the materialisation of the risk), in an amount of HUF 1.9 billion, three times more than in the previous year. In addition, the Bulgarian, the Romanian and the Croatian subsidiary bank calculated significantly larger losses expected than in 2021. Out of the 17 scenarios analysed, the value of loss expected under the climate change scenario was among the smaller expected losses at all Group Members.

Reputational risks relating to ESG considerations were also assessed and evaluated in 2022 in the context of the ECB (European Central Bank) climate stress test. As many as six reputation scenarios were assessed, as required by the ECB. „Media campaigns relating to environmental issues, contributing to the deterioration of the institution's reputation“ was the scenario for which the largest amount loss expected – HUF 705 million – was established at OTP Group

<sup>17</sup> Recommendation No. 10/2022. (VIII.2.) of the National Bank of Hungary (MNB) on climate change and environmental risks and the integration of environmental sustainability aspects in the activities of credit institutions





## 4.5. Products with social benefits

**ST1: 3-3 OTP Romania have traditionally been paying particular attention to catering for the financial needs of the young and the elderly and to making available preferential facilities for housing purposes. We continued to increase the number and variety of such products in 2022 as well.**

The sustainable financial framework identifies the eligible social category exclusively in the segment of loans and credits available for financing and/or refinancing SMEs. Products beyond this target group are also described below. Large numbers of refugees fled from war-torn Ukraine to Romania; we provided them with assistance in the way of financial services as well.

OTP Bank Romania made it possible for Ukrainian refugees to exchange money, open accounts, rent safe deposit boxes and use other services via two offers for preferential conditions for immigrants:

- For clients identified with an international passport: OTP Lejer Package with zero monthly administration fee without any conditions and with the following benefits included: Current account, Debit card, Internet and Mobile banking.; unlimited national ATM cash withdrawals; 2 international ATM cash withdrawals per month; Zero fees for intrabank and interbank payments in Lei.; Free SMS alerts

The offer is applicable till the end of 2022 and the benefits granted are valid until 31.12.2024; starting with 2025 all these

customers will have standard conditions

- For customers identified with a national (Ukrainian) passport / identity card and the driving license: current account in LEI with zero administration fee & cash withdrawal from the ATM with the debit card to be limited at LEI 2,000/day,

The offer is applicable during the conflict in Ukraine and the benefits granted are valid until 31.12.2024; starting with 2025 all these customers will have standard conditions

Less than 300 clients benefited of this offer in 2022.

**OTP Bank Romania also** provided additional preferential terms and conditions **for young people** in 2022 - providing more favourable conditions for debit card use.

OTP Bank Romania launched a new package for **pensioner customers** in 2022, with the main purpose of better addressing the needs of this customer segment. Benefits short description:

- zero administration fee for the current account
- 10% cash back for the money spent at pharmacies, in the first 12 months from of contracting the package
- zero commission for cash withdrawals from OTP Bank ATMs
- zero commission for cash withdrawals from any ATM in Romania for two withdrawals per month
- 0.20% p.a. bonus interest rate for term deposits in lei
- Free SMS Alerts

- zero commissions for intra and interbank transfers in LEI, to any bank in Romania, via OTPdirekt

**Minimum packages** are available for customers who require a narrower range of services. Access to basic financial services is provided by such accounts.. The demand for such basic packages has been rather low for years now; not more than a few hundred customers uses them at our bank. In Romania we support communities with **„Iskola” package- over 100,000 clients** in stock in 2022: (account & card). Benefits short description:

- cash withdrawal with zero costs
- free card payments (POS & online)
- cash withdrawals from OTP Bank România SA ATMs / Euronet ATMs (same price conditions)





- term deposit openings
- saving account transfer
- utility and invoice payments carried out at bank counters or through OTPdirekt
- intrabank and interbank transfers

**Access to real estates, modernisation**

GRI 203-2 OTP Bank plays an important role in the implementation of housing goals primarily through mortgage loans<sup>18</sup>. We are providing our customers with predictable loans geared to their debt servicing capabilities and promoting the use of energy efficient solutions.

OTP Bank Romania continued to provide mortgage loans with state guarantee to help young people purchase their first homes, in 2022 as well. At the end of 2022 loans were placed under a total of 140 transactions in an amount of RON 30 million and the facility was much in demand even while demand for loans declined in general as a consequence of rising interest rates. The “Noua Casa” program for 2022 was launched starting March 2022 with 18.2 M RON guarantee ceiling received by OTP Bank Romania.

**Other social contributions:**

Support for loan repayments: In 2022, new legislative moratoria was implemented to sustain a good quality of the loan portfolio and meet customers adjusted needs following increasing loans interest rates, generated by increased IRCC and Robor, increased inflation rate, etc. The number of customers with implemented new moratoria in 2022 supported by OBR was of 124.

OTP Bank Romania contributed to developments aimed at rendering the use of the local public transport services more convenient in three large towns in Romania by providing self-service electronic payment terminals. Customers can purchase tickets and passes from the contactless ticketing machines.

**Micro, small and medium-sized business customers**

ST1: 3-3 Year 2022 was a year full of challenges for many a small and medium-sized enterprise. Although varying in severity problems were caused by disruptions in the supply chains in the wake of the coronavirus pandemic, the war and the accelerating inflation. OTP Bank Romania continued to play an active role in providing small and medium-sized enterprises with access to funding even in such circumstances.

GRI 203-2. The MSE (IMM) loan portfolios increased by about 20 percent;

OTP Bank Romania joined a program supporting SMEs and sole proprietorships as a partner bank. The program is aimed at promoting the establishment and development of small and medium-sized enterprises with the help of state aids. The Bank opened dedicated accounts for its customers through which the aid amounts are channelled to the recipients. Applications for credit facilities enabling the pre-financing of the aids may also be submitted to the Bank.

The year 2022 brought unexpected

<sup>18</sup> OTP Bank Russia does not offer mortgage loans and nor does this type of service account for much of OTP Bank Ukraine's operations either.





challenges and extraordinary circumstances for the business environment and the entire society, as we still faced global pandemics caused by the COVID-19 virus and the economic crisis generated by the armed conflict in Ukraine.

With an approach defined by responsibility, sustainable performance and commitment to a better understanding of our customers' needs, OTP Bank Romania is a reliable partner in providing best quality financial services for its customers:

- **In 2022, we continued to be a solid partner of the IMM Invest Program/ IMM INVEST PLUS Program, with all its components (IMM INVEST, AGRO IMM INVEST, IMM PROD, GARANT CONSTRUCT, INNOVATION),** launched by the Romanian Government based on the Government Emergency Ordinance no. 24/2022 and

based on the Government Emergency Ordinance no. 99/2022, taking into account the success of the program IMM INVEST (COVID 19 state aid scheme). We were one of the first banks that granted loans within the IMM Invest Program, since we understood the emergency and the necessity of standing by the Romanian entrepreneurs in this ambitious Program. Since its inception, we have intensely promoted the IMM Invest program among our clients because we understood the benefits it brings to the business environment and, most importantly, we have reconfigured our internal structure and increased our team so that we are able to support the SME's segment as efficiently as possible through specific solutions.

- The „**IMM INVEST PLUS state aid scheme**” is a Government's program which has

as object granting subsidies as state aid for the interests (without penalties or due interest), risk fee, administration fee and granting state guarantees for the loans contracted by small and medium enterprises and by small company with mid-market capitalization and by administrative territorial units, from banking institutions.

The „**IMM INVEST PLUS state aid scheme**” with all its components is a viable solution for companies that are facing a temporary lack of liquidity or that need to adapt their business plans to the particular evolution of the business environment.

**The total volume of loans approved through IMM Invest/IMM Invest Plus Program is 444 M RON, granted to 489 clients from all lines of business (Micro, Commercial, Large Corporate).**

- **Considering the success of last year's Black Friday campaign and in order to promote the transactions through the digital services and the brand awareness, we developed a very successful “Spring Friday” campaign in April 2022 and „Black Friday” campaign in November 2022.** All the clients that registered in the dedicated landing page and met the criteria of the campaign could benefit of: the free of charge current accounts at the bank, Internet Banking for one user and Visa Business debit card, unlimited number of inter-banking payments in lei by Internet Banking and optionally, one 1 POS / E-Commerce / Soft POS terminal, for which a commission of only 0.70% commission is applied to the processing of transactions through POS / E-Commerce / Soft POS regardless of turnover. Over 3.500 new customers

applied for opening an account at OTP Bank Romania SA during these 2 campaigns.

- Given the current context of rising prices, including for food and utilities, directly or indirectly caused by the energy crisis and the war between Russia and Ukraine, in order to sustain the business environment and mainly the businesses affected by the pandemics, **we have implemented the solutions as per the Government Emergency Order no. 90/2022, with all the subsequent amendments.** Customers with ongoing loans, whose income was affected by the situation generated by the current crisis, determined directly or indirectly by the energy crisis and the war between Russia and Ukraine, had the possibility to request rates deferral for a period between 1 and 9 months, in accordance with Government Emergency Ordinance no. 90/2022. Over 3.500 new customers applied for opening an account at OTP Bank Romania SA during these 2 campaigns

#### GRI 203-2

**Starting with 25.10.2022, OBR launched the product “Triple SAPS prefinancing”**, in order to increase the number of Agri clients and loan portfolio and to simplify the pre-financing flow of the subsidies due to the fact that a single request and analysis will be made for three years pre-financing.

The new proposed product “Triple SAPS prefinancing” is in line with the Ministry of Agriculture and Rural Development strategy, in order to support the agri clients and that will significantly increase OBR image as Agri focused bank. The new product has been launched at the end of October 2022, and we expect to see results in 2023.

In 2022, besides the specific projects of the Commercial client category and measures taken to support the businesses through the difficult economic and social period, **we continued to place the agriculture at the center of the OTP Bank Romania preoccupations.** In this respect, starting with 08.04.2022, we launched a new agri product „Ceiling for financing agricultural crops”, in order to become a top financial partner for Agro companies in Romania, since the farmers are becoming more and more familiar with this type of facility, easy to manage, the guarantees being similar to those used by input distributors (surety, promissory note, movable mortgage on insured crops), so this product offers easy access for farmers to inputs with better prices. OTP Bank Romania was offering up to RON 5 million credit limits for the financing of the production of spring and winter crops as well as maize. The advantage lying in the product is that it is available without the customers having to provide supplementary collateral. The volume of loans granted was of 2.4M RON in 2022.

In 2022 the Bank became a partner bank the delivery of non-repayable state grants provided for agricultural and food industry companies, therefore it opened dedicated accounts and transmitted the grants to the program's beneficiaries:  
In June 2022, **OTP Bank Romania become a partner bank by concluding the addendum at the Convention with the Ministry of Economy, Entrepreneurship and Tourism, for the support measures instituted by the Government Emergency Ordinance no. 61/2022 regarding the grants from external non-reimbursable funds for the agro food sector.**

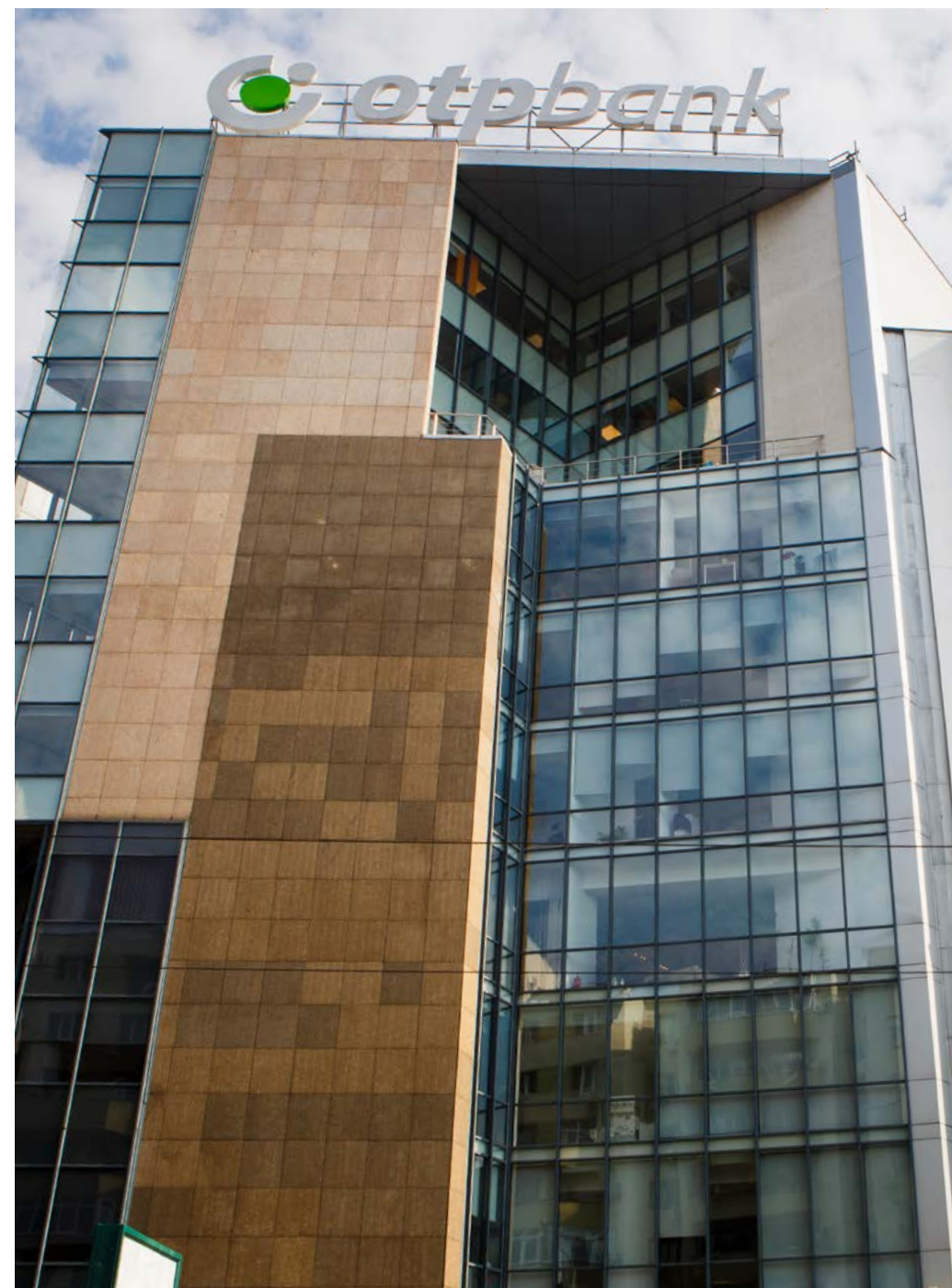
Therefore, we have opened dedicated accounts and distributed the funds for the eligible companies and private entrepreneurs according to the conditions of the program. For this campaign, in 2022, we received funds and paid 117 customers, total amount being 47 MIL RON.

**In the direction of increasing digitalization, in 2022 we launched a digital platform for 100% online Micro & SME onboarding - covering 10 packages of products and services.** Thus, in a fully online process, companies registered in the Romanian Trade Registry & having a unique shareholder, can perform, fully online, KYC to become OBR clients and open current accounts (in RON, EUR & HUF), business card, Internet Banking & POS (physical or softPOS or e-commerce).

We continued to align the products and services of OTP Bank Romania S.A. dedicated to Commercial clients and private entrepreneurs to the general digitalization trends in order to provide the fastest and most appropriate financing and operational solutions through a various range of alternative channels.

In July 2022, **OTP Bank Romania become a partner bank by concluding the Convention with the Ministry of Economy, Entrepreneurship and Tourism regarding the implementation of the National Programs for stimulating the establishment and development of the SMEs mentioned in article 25 ^ 1 LAW no. 346 of 14 July 2004.**

The main objective of the National Programs (Start-up Nation and Woman in Tech) is to stimulate the establishment and development of small and medium-

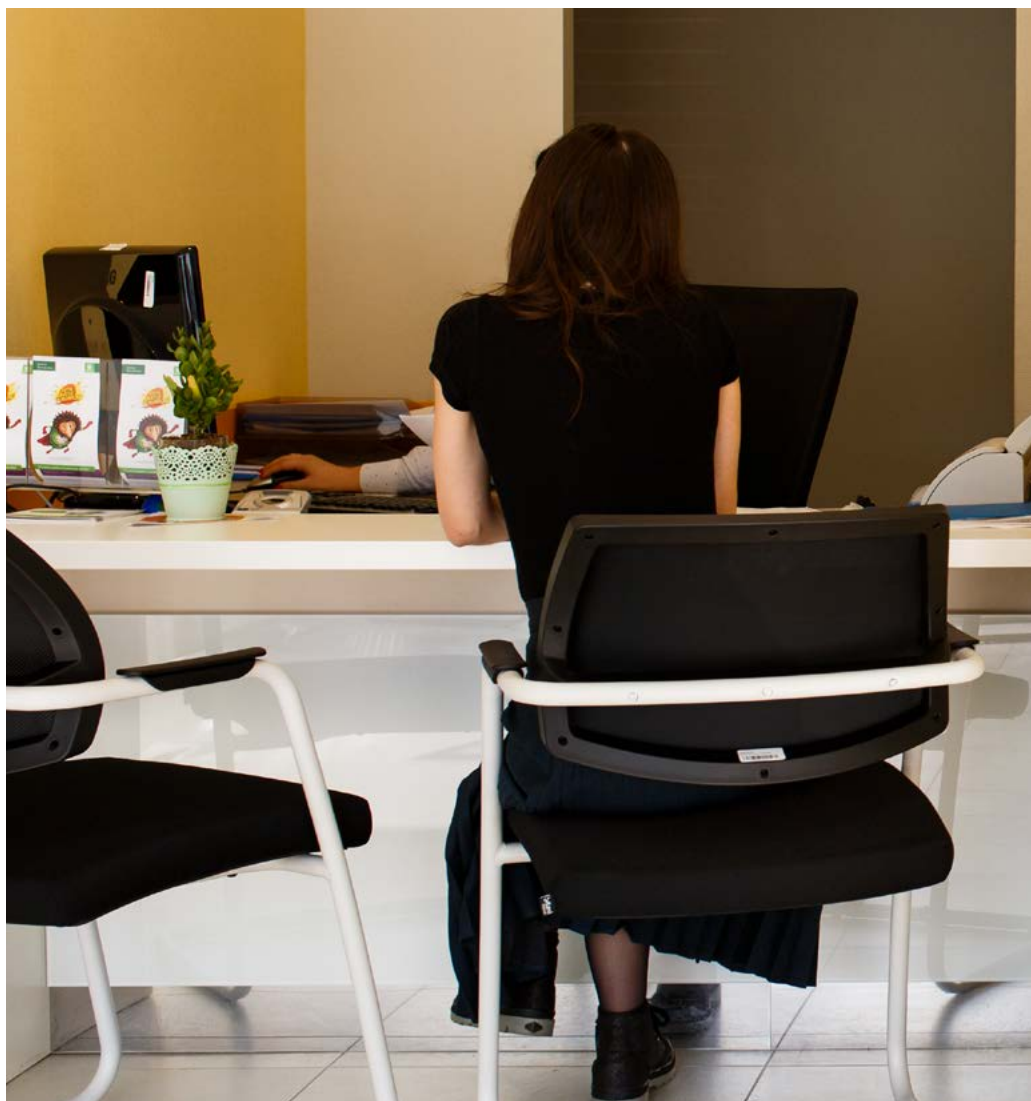




sized enterprises and to improve their economic performance/ economic growth, based on digitalization, sustainable development, innovation and entrepreneurship, job creation, etc. Therefore for the program beneficiaries we started to open dedicated accounts and we will distribute the funds for the eligible companies and private

entrepreneurs according to the conditions of the program. A bridge loan can also be granted for pre-financing these grants.

**Corporate** business line is constantly concerned with supporting the activity of its customers by providing end-to-end services for all their banking needs,



developing and improving products and services or customised financing solutions that fully meet their current needs and those of business growth.

In 2022 we have explored for our Large corporate customers all of the opportunities from Governmental programs, to agro financing and to syndicated loans, as detailed below.

- Syndicated loans registered a significant increase, by 36% versus previous year, which confirmed the trust of clients and partner banks in the professionalism of our team of specialists, participating not only as agents but also as arrangers.
- Together with the partner institutions, we upheld the financing of the agribusiness sector by continuing to grant the product that represents a real support for the sector, the Loan for double pre-financing of the APIA SAPS subsidies (130 million RON) as well as other range of subsidy pre-pre-financing products and dedicated investment loans for acquisition of land or equipment (107 million RON).
- Financing granted to a brand of strategic importance in the local energy sector that strengthens our role in supporting the local economy.

**OTP Consulting Romania** contributed to the achievement of social goals by preparing applications and providing project management services. OTP Consulting participated in the implementation of three EU-funded projects in 2022 which were aimed at enhancing environmental awareness and promoting the development of vulnerable and disadvantaged local communities through human capital development.

The purpose of the two-year-long AID4NEETs project was to assist young unemployed persons in the NorthEastern and central part of the region. The program pays special attention to equal opportunity; there are minimum criteria for the Roma communities, those living in rural regions and disadvantaged people. Two other projects were aimed at the encouragement of students to start a business in the least developed seven regions of Romania. The aim of the projects is to create as many as 130 new jobs. The programs included concrete actions regarding the introduction of green practices as well.

## 4.6 Portfolio components by sector

### GRI203-2

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

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



Table 9.

Micro and small enterprises	OTP Bank Romania	
Assets by sector, on-balance sheet exposure to own customers without leasing and consolidation, 31.12.2022 <sup>19</sup> vs. 2021	2021	2022
Agriculture, forestry, fishing	6%	7%
Mining, quarrying	0%	0%
Manufacturing	12%	11%
Electricity, gas, steam and air conditioning supply	0%	0%
Water supply; sewerage, waste management and remediation activities	0%	1%
Construction	12%	14%
Wholesale and retail trade; repair of motor vehicles and motorcycles	30%	32%
Transportation and storage	10%	10%
Accommodation and food service activities	5%	4%
Information, communication	2%	2%
Financial and insurance activities	1%	3%
Real estate activities	2%	2%
Professional, scientific and technical activities	8%	7%
Administrative and support service activities	4%	3%
Public administration and defence; compulsory social security	0%	0%
Education	1%	1%
Human health and social work activities	4%	3%
Arts, entertainment and recreation	0%	0%
Other services	1%	1%
Activities of households as employers; Undifferentiated goods for own use	0%	0%
Not classified	1%	1%
<b>Total (EUR millions)</b>	<b>54,20</b>	<b>62,5</b>

<sup>19</sup> The table contains the data of only those sectors whose share is above 0.5 percent. Because of that and because of rounding, not all columns add up to 100%. Industrial classification is according to UN (ISIC) classification. Company sizing complied with the relevant legal categorisation.

Table 10.

Medium and large enterprises	OTP Bank Romania	
Assets by sector, on-balance sheet exposure to own customers without leasing and consolidation, 31.12.2022 <sup>20</sup> vs. 2021	2021	2022
Agriculture, forestry, fishing	15%	18%
Mining, quarrying	0%	0%
Manufacturing	14%	13%
Electricity, gas, steam and air conditioning supply	3%	2%
Water supply; sewerage, waste management and remediation activities	1%	1%
Construction	13%	12%
Wholesale and retail trade; repair of motor vehicles and motorcycles	18%	17%
Transportation and storage	4%	4%
Accommodation and food service activities	4%	3%
Information, communication	1%	0%
Financial and insurance activities	6%	6%
Real estate activities	13%	17%
Professional, scientific and technical activities	4%	1%
Administrative and support service activities	2%	1%
Public administration and defence; compulsory social security	1%	2%
Education	0%	0%
Human health and social work activities	1%	1%
Arts, entertainment and recreation	0%	0%
Other services	0%	0%
Not classified	0%	0%
<b>Total (EUR millions)</b>	<b>1,238.48</b>	<b>1,410.28</b>

<sup>20</sup> The table contains the data of only those sectors whose share is above 0.5 percent. Because of that and because of rounding, not all columns add up to 100%. Industrial classification is according to UN (ISIC) classification. Company sizing complied with the relevant legal categorisation.

# 5. Financial Welfare, Responsible Customer Service



## GRI 3-3

**Impacts:** Financial welfare: As well as with its products, OTP Romania can contribute to financial welfare and to enabling customers make the best possible financial decisions in their particular situations in life, by the way in which it provides its services. The extent to which the conditions and requisites for responsible management of funds are given or limited is affected by the bank's practices, as well as by the financial and social conditions of the customers themselves.

**Equal opportunity in accessing financial services:** Accessibility is one of the basic prerequisites for financial welfare: A positive social/economic impact can only take place if disadvantaged groups can also manage their finances effectively – by making a reasonable effort – through digital channels, at branches or through ATMs. The previous chapter described the products available for vulnerable groups.

### Objectives:

- Correct and fair information and customer service
- Transparent and understandable product structure
- Making tools and knowledge enabling good financial decisions available
- Barrier-free service provision for persons with disabilities
- Accessibility even for socially and economically disadvantaged people

### Acts:

- Development of practices relating to responsible marketing communication
- Highly visible information in plain language
- Thorough exploration of customer

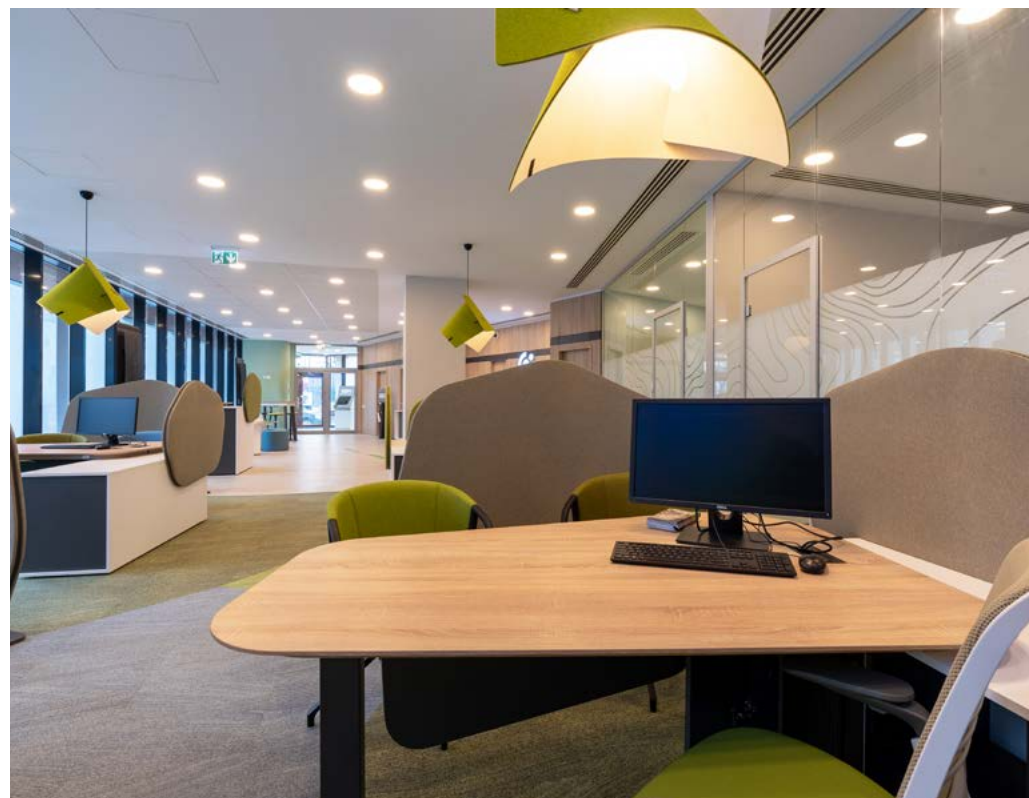
- situations and requirements
- Responsible selling and product offers
- Provision of services for Ukrainian customers in both Ukraine and abroad
- Videos presenting banking products and context
- Financial calculators
- Expanding online services
- Maintaining the option of personal customer service, strengthening the advisory function
- Developing accessibility

**Stakeholder involvement/compliance:** reviewing customer feedback/exploring their needs, mystery shopping, complaint management, cooperation with civil professional organisations.

## 5.1 Responsible communication and sales

**ST10: 3-3 The provision of information on, and communication regarding, banking products and services is a strongly regulated segment. OTP Romania spare no effort to always comply with the changing regulations; moreover, they keep using their best effort to provide adequate information year in year out. The OTP Romanian Group aims to make sure that the products it offers and sells to its customers are aligned to their situations in life and their needs, and help them achieve their financial objectives.**

The OTP Romanian Group aims to make sure that the products it offers and sells to its customers are aligned to their situations in life and their needs, and help them achieve their financial objectives.



Straightforward communication continues to be one of the main pillars of customer orientation. We go out of our way to ensure that our messages are understandable and help customers keep informed and select the products that best suit their needs.

OTP Bank worked out in 2022, and posted on its website, its [Responsible Marketing Policy](#), in which it laid down the basic principles of fair commercial communication and of the provision of correct information and product offering. The policy also sets out the principles of sustainability and non-discrimination. To facilitate the implementation of OTP Bank's [Consumer Protection Compliance](#)

[Program](#), launched in 2021, a checklist was put together setting out the requirements – in general and for each communication channel specifically – which must always be observed and complied with. The program is supported by an IT system, strengthening transparency and retrievability.

As per OBR Compliance Policy, the Compliance Directorate participates in providing preliminary opinion on all commercial communications, for consumers and formulates proposals to avoid consumer protection concerns and risks.

Compliance Directorate is also involved in in-house preparation and



consultation processes from the start if a new product/product category/sub-product is developed and/or a new sales channel is put in place. The involvement of Compliance Directorate in product approval processes is necessary to ensure consumer protection compliance, in all cases where, besides as mentioned above, a product non-price adjustment is made and/or a test, pilot process commences.

The Tone of Voice manual regulating the OTP Group's style of communication serves as a model and provides guidance for foreign subsidiaries when it comes to preparing their own respective manuals. The use of plain language is prescribed in the manual as a basic goal and requirement.

A guide, summing up the OTP Group's campaign and communication principles, has been put together, in which both customer orientation and sustainable

operation appear along the most important objectives. To support customer oriented operation and easy-to-understand wording OTP Bank set out the process and principles of its naming practice regarding both its products and services.

A number of internal training programs took place at OTP Bank in 2022 as well, to ensure that as many as possible of our specialists engaged in external communication actually apply the above principles in practice. To continue basic **training** on easy-to-understand wording we developed a so-called advanced module as well.

### GRI 3-3

Actions to increase customer satisfaction and convenience: prepared a guide summing up the main steps of taking out a mortgage loan to help customers understand the characteristics of this type of loan and prepare for applying for

it. The leasing firm posted a questions and answers document and knowledge sharing articles on its website during the year.

- Starting Spring 2022, we designed and launched a customer guide through the mortgage loan main steps, as to help our potential customers understand and prepare better for this important step in their lives
- Starting Summer 2022, we automatized the generation and issuance, at customer's request, of 33 agreements possible to be requested during the loan life time. This initiative improved the experience of our customers, by reducing the necessary time to process such requests and also reduced the Bank response time to it
- We started a pilot for the centralization of contracts preparation in case of mortgage loans, improving the internal and external customer experience by assuring higher level of contracts correctness

During 2022, OTP Bank Romania continued to focus on having a competitive TTY for Cash and Mortgage loans, ensuring an excellent customer experience and a high degree of customer satisfaction on this segment.

Starting Summer 2022, we automatized the generation and issuance, at customer's request, of 33 agreements possible to be requested during the loan life time. This initiative improved the experience of our customers, by reducing the necessary time to process such requests and also reduced the Bank response time to it. We have added the refinancing on maximum 5 years to the automatic flow for personal loans

We started a pilot for the centralization of contracts preparation in case of mortgage loans, improving the internal and external customer experience by assuring higher level of contracts correctness

On digital area:

- new development for all digital channels mentioned above,
- recurrent direct communication with digital customers that helps reducing service level in Contact Center or faced channels.

**Commercial business line:** We continued to align the products and services of OTP Bank Romania S.A. dedicated to SME clients and private entrepreneurs to the general **digitalization trends** in order to provide the fastest and most appropriate financing and operational solutions through a various range of alternative channels. In order to **improve the customer service quality and increase the efficiency of the opening of the business relationship phase**, in June 2022 **we launched a digital platform for 100% online Micro & SME onboarding** - covering 10 packages & Black Friday offer. Thus, in a fully online process, companies registered in the Romanian Trade Registry & having a unique shareholder, can perform KYC to become OBR clients and open current accounts (in RON, EUR & HUF), business card, Internet Banking & POS (physical or softPOS or e-commerce). The E2E digital acquisition channel leads to: improved brand awareness, gain competitive advantage in the market versus non-digitalized banks, improve customer experience in the digital environment, products with instant time-to-yes & time-to-cash, sustain clients' perception on OTP Bank Romania as



being in line with new digitalization era developments.

**Large Corporate:** Our continuous efforts are aimed at implementing effective solutions in order to ensure our large corporate clients have a positive experience from the moment of onboarding to accessing our dedicated financial solutions and benefit from professional counseling of the experienced Relationship Managers. In order to support this segment of clients, we continue to align the products to the general digitalization trends. We focused on recalibrating the existing products and business flows in order to achieve our clients' expectations and consolidate the partnerships with our clients, built on a high level of professionalism, trust and respect.

Our offer of complete and complex range of cash management products, both for legal entities with local presence, includes a high degree of customization depending on the need of each customer. Thus, in order to increase the quality and timely manner of servicing our customers, new and more digitized tailor made solutions and improvements for a series of large corporate customers were implemented:

- the most complex cash management solution of intra-Bank Cash Pooling, a product that consists in the joint administration of the liquidities from the Bank accounts opened at OTP Bank in different currencies, was improved to be integrated in the Internet Banking platform, in order for clients to view the product and the consolidated balance
- dedicated collection and direct debit solutions specific to certain utility

and software providers through specific parameters according to their requirements, development of new communication channels for files exchanges between the bank and insurance companies, tailor-made solution for specific cross-border services MT101, MT940

**OTP Asset Management:** Together with OBR Private Banking Team we were in charge of presenting and promoting the new ESG fund, OTP Innovation. The fund represents an opportunity for clients' to align their personal values with their portfolio of investments. We also presented solutions to their needs

for more efficient savings or investing. We also held two webinars in the course of 2022, dedicated to clients, in which we promoted the new fund and the market trends, with specific Q&A session.

**OTP Leasing Romania (OLR):** The year 2022 marked a new stage in the way OLR approached the concept of responsible customer service, as previous year initiatives reflected what consumers expect from our customer service experience and how it can become a key factor in how they perceive our brand. Having this in mind, we hired a dedicated person to handle our customer experience

strategy and work towards upgrading our interaction with our clients on multiple levels. The highlights of the year are:

- New strategy in place, focusing E2E on the customer interaction on multiple channels and pain points
- New platform dedicated to our clients, with a better self-service feature and that facilitates a seamless transition from self-help to agent assisted services
- Implemented new NPS & Customer Satisfaction forms
- Annual Survey to assess the customer sentiment on every touch point for the business flow
- Focusing on increasing the client facing







employee's awareness regarding empathy, communication and thinking out of the box in order to provide better services to our clients (dedicated workshops, in-house/external training, cross learning with other companies in the group)

- Acting on customer feedback: actively pursuing to integrate as soon as possible the customer feedback (main initiatives: simplified procedures in certain areas, reduced response time for the clients, eliminated redundant work for both clients & team)
- Enhancing customer self-service options: chatbot (new flows added based on clients' inquiries), FAQ pages, knowledge articles
- Case-management: started to create

a database w/situations and lessons learned

- Enhance omnichannel support by providing multiple customer support options to allow customers to contact our support team in the way that's most convenient for them.
- Reviewed business procedures in order to simplify the client's experience in all business points (pre-sales, sales, approval, after sales)
- Initiated Operational Excellency project, with a Lean Six Sigma methodology, dedicated to the Operations Division aiming to increase efficiency and customer satisfaction (internal & external)
- Changed providers in certain areas that better match the company's vision

regarding customer care & digital transformation

- Promoted the e-Invoice option among our customer, increasing the % of clients' who choose to receive the bill electronically
- Launched the direct debit appendix for the leasing contract

### Improving financial awareness regarding banking services

OTP Romania post basic financial literacy elements on their websites, with detailed explanations of banking products and practical advice, pointing out financial facts and relationships. The regularly updated contents also respond to topical situations and novelties (e.g. Covid, ESG). In 2022 on Card usage we run:

- Communication campaigns, based on online media plans, designed to:
  - promote debit card payments, increase usage and reward valuable customers by running the Portfolio Optimizer campaign in cooperation with Mastercard
  - promote the instalments feature along with the other advantages offered by **OBR credit cards** with the aim to increase the customers' trust and satisfaction regarding their product and thus boost usage and awareness.
- Dedicated campaign to reward the loyalty of customers who have a credit card and actively promote it towards his friends, relatives, family (credit card ambassadors, member get member campaign).
- Frequent informing e-mails send with the scope to:
  - promote the full mobile payments solution to all Mastercard cardolders, with video

tutorials included for a better understanding of the clients

- promote the above mentioned campaigns
- Simplified website cards page and dedicated page for every card campaign.

**Individuals Loans:** Starting Spring 2022, we designed and launched a customer guide through the mortgage loan main steps, as to help our potential customers understand and prepare better for this important step in their lives.

**Digital** set up ongoing communication with digital customers explaining IB/MB features, options and other available channels for supporting customers service (monthly communication based on digital customer journeys and ad hoc communication)

**Commercial:** External communication continued to represent one of our main priorities, considering the fast, easy and direct acces to information required by most legal entities clients. We have communicated all relevant information meant to sustain our customers during the past difficult year, such as the continuous involvement in the IMM Invest Program/ IMM INVEST PLUS Program with all its components, the launch of the Government Program instituted by the GEO no. 61/2022 regarding the grants from external non-reimbursable fund for the agro-food sector, **the National Programs for stimulating the establishment and development of the SMEs** the „Spring Friday"/"Zero Friday" campaign, the solutions implemented as per the Government Emergency Order no. 90/2022.

**Large Corporate:** In order to better

understand our fundamental corporate clients' expectations and standard, to develop a more customer centric way of life, build competitive advantages, increase the loyalty of our clients and number of new clients, our bank joined other subsidiaries in the delivery of the Group-wide Corporate CX survey on the local market.

Thus, a pool of relevant companies was contacted in order to respond to a dedicated survey. Up until now, the study for MSE sector was finalized, with very satisfactory results. The results for Large corporates is expected.

**OTP Asset Management:** We have permanent projects going on with a couple of National TV stations where we have weekly live mini-interviews about the stock exchange daily evolution and the listed companies. We also have constant interviews with a couple of economic TV stations and online platforms where members of the investment team are invited as financial specialists to comment upon the economic trends influencing the financial markets.

Starting with 2017 we have launched a company blog in order to raise financial literacy for the broader audience, as well as for our potential clients. The blog is part of the company website and the contributors are the members of OTP AMR team with over 150 articles with a perspective on the options people have in terms of money and life, deeply anchored in everyday reality.

The subjects addressed touch the financial component and make the reader more aware of the benefits of financial planning, investing and long term saving.

The main themes are Financial literacy, Automatic savings plan, Diversification, ESG, Innovation and R&D, Stock Exchanges, Covid-19, Pensions, REITs, About funds, Analysis.

**OTP Leasing Romania:** This year we aimed to explore new ways of providing our customer in particular, and the potential customers, in general, ways to better understand our role in their companies' development. The highlights of the year are:

- The first eBook about financial leasing, providing clear & simple information dedicated to the local companies to learn about what means financial leasing, documentation, advantages and long-term implications
- The first podcast dedicated to the financial leasing, bringing together our colleagues, partners & clients. We aimed to share first-hand information about our services and teams, and to pair it with clients' experience & real life use of a financial leasing.
- Training sessions for the dealers and partner's representatives in order for them to better understand our products and services.
- Customized offering tool in a transparent manner from the financing structure and costs point of view.



## 5.2 Debtor protection

**ST1, ST10: 3-3 A number of conditions need to be met – from a correct assessment of possibilities to the Bank's prudent risk management, to an adequate regulatory environment – for borrowing to actually be the way forward. The extraordinary events of the past few years posed severe challenges to many of the borrowers; even the government took some strong actions to protect them through imposing stricter regulations on the conditions of lending and making repayments easier.**

In 2022 a new moratorium was introduced in Romania to preserve the good quality of the loan portfolio. 124 individual clients benefited, of the loan repayment moratoriums introduced during the coronavirus pandemic the option of suspending repayments remained in effect for Large Corporate customers also.

On the basis of the pandemic and postpandemic economical challenges, our Large Corporate clients were confronted with decreases of the sales, temporary activity suspensions or supply chain problems, affecting as well their repayment capabilities or plans for requesting new development loans.

Thus we have presented them with important opportunities and tools in order to support them and at the same time conduct our operations in a responsible manner. We continue to offer during 2022 the possibility to postpone the repayment of due rates also by applying the legislative moratorium.

## 5.3 Customer satisfaction

**GRI 2-29 The OTP Group explores the needs and requirements of its customers in a variety of ways, including asking for feedback on existing or prospective products and services, integrating the findings in product and service development.**

The satisfaction of OTP Group retail customers is measured with the standard TRI\*M method across the Group, which some of the member companies supplement with the NPS or the SQM methodology.

TRI\*M gauges the overall satisfaction and

loyalty of our own customers as well as customers of all of our major competitors, along with the main factors for satisfaction. Information is also analysed by customer segment (e.g. career starters, juniors, premium customers). We perform one measurement per year per country on a representative sample of 1,000 persons. OTP Bank Romania's customer retention score was 58 in 2022.

The average TRI\*M value of competitors was 80 points. Satisfaction improved among junior customers, while at competitors it deteriorated, i.e. in this segment OTP Bank outperformed the average of its rivals. Due to the nature of the scale a few points' change cannot be regarded as significant.

Satisfaction with the services provided by the members of the OTP Group increased in most countries; the greatest improvements were recorded in Serbia and Romania.

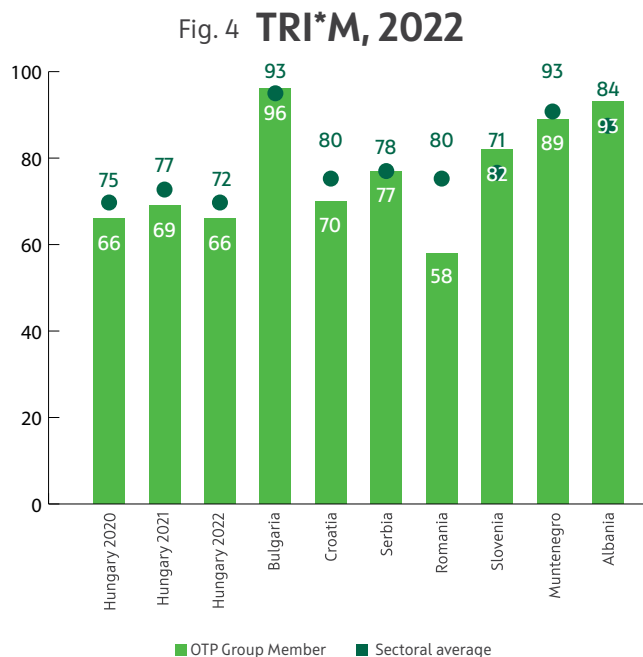
The performance of the Romanian subsidiary is significantly affected by the fact that OTP is a secondary bank for most customers and satisfaction with their primary banks is typically significantly higher. It is clear in the case of OTP Bank Romania that customers opting for OTP as their main bank have better opinions of its performance.

OBR introduced SQM measurement for customer interactions through the contact centre in 2022. Each customer giving a negative feedback is called by telephone to understand the reasons for dissatisfaction and make the necessary improvements.

In OBR in 2022 we have identified, using a statistical modelling project that top 4 most important dimensions for customers when choosing a bank as their main, are:

- human interaction
- the effort they apply to find and understand information provided by the bank, and perform operations,
- personalized approach in communication
- trust

As part of the project, we have created a list of priorities that aims to improve the way we interact with our customers, personalize communication and how we offer effortless operations and information, related to the bank's products and services. Additionally, we have started to research among customers, who consider OTP their secondary bank, what do these dimensions mean to them and what could OBR do to demonstrate this characteristic, and provide to them a better experience with our products and services



<sup>21</sup> Based on distribution by age, sex, education, municipality type, region. Online interviews were conducted in Hungary, Croatia, Romania, Serbia and Slovenia. Personal interviews were conducted in the rest of the countries.



## 5.4 Accessibility of financial services

**ST9: 3-3 Technological development creates an increasing variety of ways for doing business with customers as regards finances and the OTP Group continuously seeks for solutions for making the use of its services even more convenient for its customers with different needs and requirements. Our customers typically welcome the introduction of new possibilities and regard them as positive developments.**

### Remote access through digital channels

The expansion of digital channels is a continuous and long term trend. To satisfy customer needs and requirements as fully as possible OTP is expanding the range of remotely accessible services and functions. The use of the digital channels is encouraged by education as well.

**OBR** introduced on-line account opening for micro, small and medium-sized enterprises in 2022 regarding 10 different account packages.

**68%**

of OTP Bank clients may generate their statement via Digital/ mobile banking

Internet Banking /Moble Banking is available 24/7 that offers flexibility to customers to access banking account statements at any time. Customers have the possibility to set up alerts in order to check different transaction performed on their account and also the account balance.

Starting December 2022, Investments fund are available in Smart Bank.: OTP Bank Romania implemented the facility to make subscriptions and redemptions in Smart Bank (mobile version of OTPdirekt) for the investors with intermediation contract already signed. This facility previously existed only in OTPdirekt Internet Banking (desktop version of OTP Direkt). This improvement has positive impact on customer's experience, creating easiness and more accessibility for investors to make transactions with their investment funds.

**More than 95%**

of large corporate clients use internet banking for regular operations and generation of statement accounts.

**OTP Asset Management:** The statements we generate are in most majority, electronic. The rate of paper-based ones is around 1.5% from the total statements generated. Compared to 2021, the rate has maintained around the same level, considering total statements generated.

We try in general to use as little paper as possible, except where there is no alternative, such as legal requirements.

**OTP Leasing Romania:** Our clients have access to MyLeasing – our client dedicated self-service platform, available 24/7, that enable our customers to complete activities from the comfort of their office or remote location. MyLeasing provides access to billing, financial statements, power of attorney for certain activities, contract overview. The account is used by almost

60% of our clients.

**Our objective objective is to broaden the range of products that are partly or fully digitally accessible, paying attention to make sure that the processes are accessible as conveniently, and for as many customers, as possible.**

We also lay emphasis on transferring the knowledge required for the use of the on-line channels.

### In-branch and ATM service

GRI FS13 The OTP Bank Romania is at the service of its customers through its

networks of 97 branches and 154 ATMs – at the end of 2022..The roles of both the branches and the ATMs are changing now but branches are still major customer service venues besides the increasingly complex digital channels. Functions available through these channels are also being continuously enhanced, the ways and modes of service provision being more and more closely adapted to customers' needs and requirements.

GRI 3-3, FS13 Owing to its extensive branch network, OBR provides access to the population of disadvantaged regions for handling finances in person.

Table 11.

OTP Bank Romania		
Access points in disadvantaged regions*	Branch	ATM
Number of access points (as a % of the total number of access points)	42 (43%)	48 (31%)
Number of new access points (as a % of all new ones)	0 (-)	6 (100%)
Number of terminated access points (as a % of total terminated)	0 (-)	0 (-)
Change from the previous year	0%	+14%

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





## 5.5 Accessible customer service

**ST9: 3-3 Even as we specified in our accessibility strategy, we are making efforts to provide equal access for persons with disabilities through service provision adapted to their special needs.**

Our customers were provided with services with the help of the following already proven means and instruments:

We assist our customers with reduced mobility as follows:

- 80% of the branches are accessible for people with reduced mobility
- We also strive to make ATMs wheelchair accessible.



# 6. Ethical Business Practice



### GRI 3-3

#### Impacts:

Compliance awareness; tax payment; prevention of money laundering, anti-corruption activities and non-discrimination: through our practices we affect the reliability of the financial sector, our employees' standards of ethics, their morale, and the prevalence of (financial) crime in general.

Data security: secure processing of data affects our customers' material welfare as well and we also influence the general levels of financial crime.

The greater our weight in the market, the greater impact we may have; by introducing good practices however, even a smaller market participant can have a pull effect on the sector.

#### Objectives:

- Maximum legal compliance, ethical operation
- Prevention of corruption and money laundering, investigation and management of detected cases
- Comprehensive, quick and fair customer complaint management
- The best possible protection of the data and IT systems of our customers
- Proper payment of our tax liabilities

#### Acts:

- Operation of compliance officer network
- Further development of the system in place

for internal communication of information on changes in the relevant legislation

- Establishment of minimum compliance standards to be met by all members of the Group
- Development of the sanctions pre-screening function
- Operation of Code of Ethics and whistleblowing system
- Fair complaints handling
- Internal cyber security audits
- Security awareness raising among customers/residents and employees
- Continuous development of security systems and work processes, training of our employees

Stakeholder engagement/compliance: Cooperation with financial control/supervisory/audit bodies and authorities, and the police, in relation to the prevention and detection of crime. Complaint management, and cooperation with the National Consumer Protection Authority.

For our core principles and comprehensive objectives relating to compliance\*, see [www.otpbank.ro/e-bout-otp-bank/about-us/compliance](https://www.otpbank.ro/e-bout-otp-bank/about-us/compliance)

For complaints management & ethics concerns reporting channel see [Contact us | OTP Bank](#)

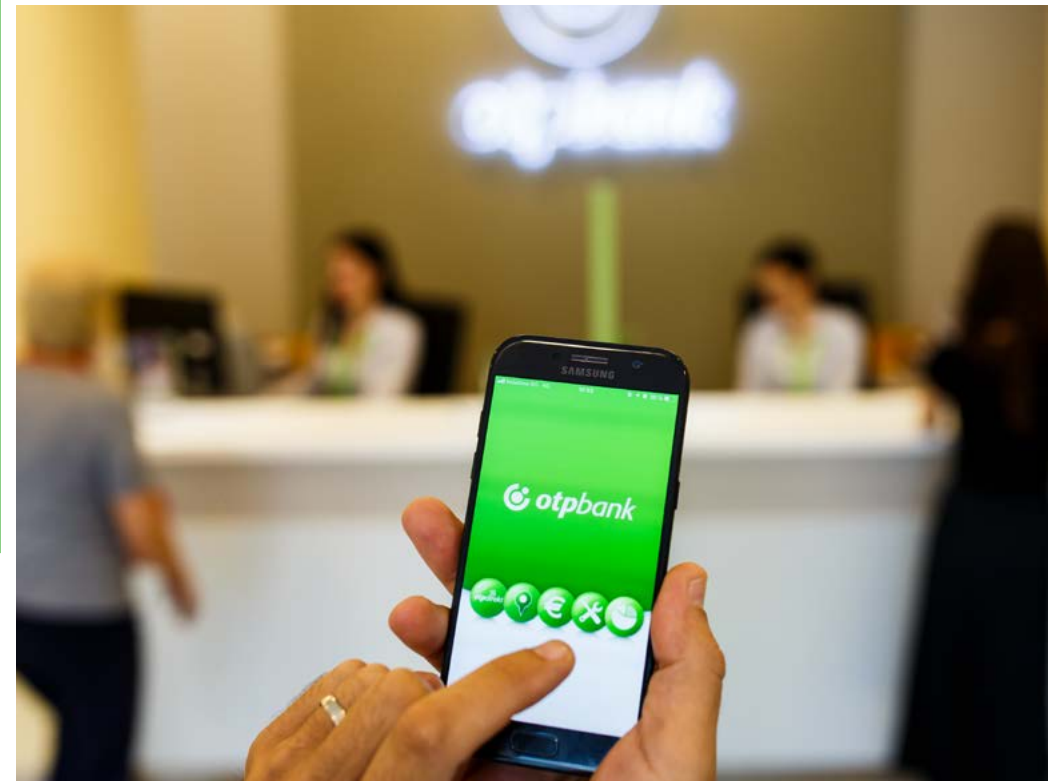
## 6.1. Compliance and adherence to laws and regulations

**GRI 3-3 We consider it a fundamental principle to adhere to the law, international standards and norms and ethical requirements.**

GRI 2-13 Under our group level Compliance policy, we must place emphasis on the prevention of breaches of compliance at all times. When an action or incident constituting a breach nevertheless occurs, we take appropriate and effective measures in order to address it. We are operating a group-wide compliance officer network. The Head of Compliance reports

on compliance quarterly to the Bank's Management Board and annually to its Supervisory Board. An abstract of the policy is accessible on the Bank's website: <https://www.otpbank.ro/e-bout-otp-bank/about-us/compliance>

We are continuously monitoring the EU regulations and changes taking place in the regulatory environment (including the requirements of the European Banking Authority (EBA), the European Securities Market Authority (ESMA), the European Central Bank (ECB)) and process pieces of legislation applying to the Banking Group and/or its operation. In line with our Internal Organizational Rules OBR monitors through Legal Directorate every changes occur at legislation level. Every directors and managers receive the summary of



\*Compliance with legislative requirements and international norms and standards on ethical business conduct



new or modify legislation (at local and international level) that disseminates to their coordinated area, further being monitored by Compliance Directorate on the status of their implementation on internal procedural level. In this way they are able to more quickly respond to changes in legislation.

After the introduction of the single compliance policy at OTP Group level, it was disseminated to be met by all members of the Group and the areas where the same practices are to be applied across the Group.

The first line of defence was reinforced by introducing the World-Check On-line service supporting **sanctions pre-screening** and the checklist supporting the evaluation of the screening results, across the Group. OTP Bank's relevant employees are provided with intensive training in relation to sanctions prescreening.

**Compliance risk assessment** - OTP Bank Romania SA compliance risk is assessed annually in two separate cycles, as per OTP Group methodology (CoRis methodology)-supported by an IT application. The assessment of ethical and corruption risks is also part of the risk assessment process. The result of the assessment is forwarded to the Group Operational Risk Management Committee and it is also a part of the annual Compliance Report. Where high-risk areas are identified, the relevant functional areas are expected to draft and implement action plans. No high risk identified in 2022 that would require group level action.

- For the H1 2022 local assessment - no total high risks were recorded at Bank level, but only at several entities level (punctual) for AML-CDD and Consumer Protection

risks, all cases dealt with by action plans implemented as per assumed deadlines.

- For the H2 2022 assessment (standard MiFid risks), as well no total high risks were recorded at Bank level but only at two entities level (punctual) for Personal Transactions risk - dealt with by action plan implemented as per assumed deadlines.

Overall the risks with highest scores for H1 were Consumer Protection, Ethics, Sanctions - Sensitive Transactions and AML-CDD, while for H2 were Product governance process and Personal transactions (significant II) followed by Relevant communications, other records keeping, Chinese Walls, Cost transparency and Inducements (significant I). None of them exceeded, however, the level above which an action plan would have had to be prepared.

#### Enhancing compliance awareness

ST13: 3-3, 2-15 Training the employees - based on identical principles across the Group - is one of the key elements of enhancing compliance awareness. The training of the employees is monitored and where deficiencies are identified, arrangements are made to update or transfer knowledge, as necessary. Special training courses are also provided on a continuous basis with a focus on specific compliance topics.

Mandatory compliance trainings at OTP Bank Romania:

- Compliance orientation material - Content: compliance function and organization, ethics and conflicts of interest, personal transactions, market abuse, „Chinese wall” rules - Timing: a mandatory requirement for every newly







hired employee when they come on board, special content for Large Corporate Directorate new entries

- Compliance I training material – Content: compliance risks and policy, Code of Ethics, non-discrimination and conflicts of interest, forms of insider trading and market abuse – Timing: annual refresher all staff – e-learning platform, study and testing
- Data protection training – Content: the importance of data protection, data protection organization at the Bank, processing of personal data, data impairment – Timing: annual refresher
- Training - aspects related to the provisions of the “Personal transactions with financial instruments within OTP Bank Romania Internal Norm”
- KYC/AML/CFT and International Sanctions annual training (e-learning platform, study and testing):- Lesson and Test: KYC/AML/CTF and International Sanctions – general/advanced information
- Induction training „KYC, AML for new employees” - e-learning platform, study and testing. According with the applicable legislation, all new employees must complete the training material and pass the related test within the first month of employment.
  - Trainings on investment services dedicated to Bank personnel involved in sales of investment funds (IF) and HO Units (Private Banking, Corporate Banking, Retail Banking, SMS’s etc.)
- Training sessions were organized for impacted areas of the Bank: “International Sanctions”, “Relevant Issues in the Analysis of Sensitive Transactions - Annex 2”, „Coris - Prevention of Money Laundering and Terrorist Financing”, “The source of wealth”, Training on KYC&AML/

- CFT issues for the staff of Private Banking line of business, Operations Directorate, SME, Micro Corporate Directorates, Training on SAFEWATCH alerts management for employees of the International Department, Training on KYC&AML/CFT topics and Apostille Verification;
- Specific training program on KYC/AML/ CFT topics, organized during on-site control actions
- Dedicated and customized live / on-line sessions to Compliance Messengers and replacements throughout the year 2022; Annual training for compliance messengers and substitutes for study - e-learning platform
- Customized training further CoRis H1 2022 assessment (Consumer Protection risk) for entity having scored high risk 2022 Annual Training on CoRis – Methodology for compliance risk assessment - all staff - e-learning, study and testing
- Customized dedicated training for Bank partners
- FATCA/CRS for Bank HO and branch targeted staff (2 training materials) - study and testing
- Compliance Officers’ Professional Training: annual professional training with a focus on key compliance topics, changes in regulations, best practices, case studies.
- An e-learning course was delivered on insider matters, in addition to the generally applied practices

The compulsory training courses are followed by tests in which a score of at least 70% is required. Failure to complete the training may – after several warnings – result in consequences under the labour law.

Compliance awareness raising took place at OTP Bank Romania, apart from training, through the following additional channels:

- A series of articles on the internal communication portal (Intranet): in 2022 on the Framework for reporting unethical conduct, the Code of Ethics, reporting of ethics infringements, Gift Policy and Social Media Policy.
- Compliance Messengers Platform - a SharePoint platform with important information, training materials and newsletters for organizational unit heads - that play the role of Compliance Messengers

Newsletters for the Compliance Messengers (agents) Network

- Compliance Pills - E-mails and information posted on Compliance Corner - OTP Connect
- Information in the form of „Compliance Pills” related to KYC&AML/CFT topics were sent to the impacted territorial units and central bank structures;

Considering its importance, the annual assessment is stipulated within “Compliance Policy of OTP Bank Romania S.A.” - highest level of internal document regulating compliance within the Bank.

Compliance Culture measurement and assessment is intended to contribute to ensuring a proper alignment with the legislative framework applicable to banking activity, to prevent the compliance reputational risks influencing employees’

behavior within the company and in relationship with Bank customers.

Further 2022 annual evaluation to assess 2021 Compliance Culture, for the third consecutive year, the result obtained was “good compliance culture” best rating on the 3-level scale: good culture of compliance (20 - 30) / deficiencies are likely to occur (13 - 19) / there may be severe deficiencies (0 - 12)

- General perception: compliance area is an independent internal control function
- Regulations related to Compliance area contain sustainability factors such as: Anti-Corruption policy, Sanction policy, Privacy policy, Social media policy, Policy on the financing of the defense industry, Commitment to Consumer Protection, Internal lines of defense and Code of Ethics.

### Code of Ethics and reporting of ethical offences

GRI 2-23, 2-24, 406: 3-3 The basics and principles of ethical business conduct is summed up in the Code of Ethics. The Code was supplemented by matters of relevance to ESG inter alia, in 2022. All employees were notified of the changes.

GRI 205-2 All new employees, executive officers and sales agents must sign declaration of adherence to the Code of Ethics; moreover, its acceptance is a mandatory element of the supplier contracts at OTP Bank Romania. Both the Code of Ethics and conflict of interest are compulsory parts of the annual compliance training;

### Bank's ethics reporting system

GRI 2-26 OTP Bank Romania operates a whistleblowing system (Ethics reporting system). The conditions for filing whistleblowing reports and the relevant contact information is provided in the publicly available Codes of Ethics on the Banks' websites, and additional detailed information is provided on the bank's website in a separate page : <https://www.otpbank.ro/ro/contact> . Reports received by complaint management regarding matters of relevance to the Code of Ethics or the Bank as a whole are transferred to the Compliance Department on the basis of a separate rule.

Through the Bank's ethics reporting system a total of 2 reports concerning ethical issues were received in 2022. In both these reports, we deemed it necessary to conduct an ethical procedure and 0 case's investigation resulted in declaring ethics offense.





**Discrimination** is prohibited by the Code of Ethics. The Bank is making efforts to create a working environment in which individual differences are accepted and appreciated. Any negative discrimination based on a person's actual or perceived characteristics or traits is prohibited.

GRI 406-1 Three reports relating to discrimination were submitted at OTP Bank Romania, Each of the three cases were investigated by the responsible entity – none of them was well-founded.

GRI 410-1 The security guard personnel employed through subcontractors are knowing the provisions present in the Code of Ethics – including requirements pertaining to human rights.

### Anti-corruption activities

GRI 205: 3-3 The OTP Bank Romania is committed to combating corruption, and declared zero tolerance towards all forms of bribery and the gaining of unfair advantages as part of the Compliance Policy, attached to which is the [Anti-Corruption Policy of OTP Bank Romania](#).

The policy was established at OTP Group level and lays down the principles of the Group's anti-corruption activity, identifies the areas particularly exposed to the risk of corruption and serves 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 employees concerned. The basic principles and provisions laid down in the policy are applicable across the whole of the organisation of each group member, fully covering all facets of their operations from the drafting of their internal

regulatory documents, to the contracts to be concluded with their partners, to all actions of every individual employee, in all of the activities of the group members. The scope of the policy covers all employees and contracted partners of the group members as well as all other persons participating in the performance of their activities in any way.

GRI 205-2, 2-15 OTP Bank Romania's Code of Ethics also defines and prohibits all activities involving, or relating to, corruption and lays down rules relating to gifts. The annual compliance training covers the fight of corruption as well, via the Code of Ethics.

In this regard the Code of Ethics contains the Statement of the Senior Management of OTP Bank Romania related to „ZERO Tolerance to Fraud“. The desire to maintain an adequate and safe internal control environment and the need to protect bank's reputation has determined OTP Romania to treat corruption and bribery prevention as a top priority

All new contractual partner were provided with information on the relevant provisions of the Code of Ethics and the Anti-Corruption Policy during the year – either directly or on the websites of OTP Bank.

GRI 205-1 As part of compliance risk assessment OTP Group also carried out a corruption risk assessment in 2022. The risks of corruption were assessed at 540 (84%) of the 640 organisational units of the Group. The risk of corruption is low; a modest risk was identified in some special segments (e.g. in the management of large corporate customers).

GRI 205-3 There was no confirmed incident of corruption or any public legal case involving



corruption in the Banking Group in 2022.

Thanks to targeted awareness raising and the warnings awareness regarding the accepting of gifts improved considerably at the relevant divisions of OTP Bank in 2022.. OTP Bank Romania and its management declared zero tolerance towards all forms of bribery and the gaining of unfair advantages and cover entire organization, spanning the full spectrum of its operation from the formulation of internal regulatory documents through the contracts to be concluded with partners to the actions of individual staff members, and are applicable to all of the Group Member's activities. No employee or any other empowered person

shall ever offer, promise or pay, neither accept any valuable assets, with the purpose to influence public clerks or other persons or to obtain an unfair business advantage.

Offering gifts is often part of local culture and traditions, that is why offering gifts in business affairs and in relation to clients might preserve good reputation and enable business cooperation. Usual gifts for business purposes may be offered and accepted within strictly internally regulated limits. Nevertheless, employees are forbidden to offer or accept gifts in such circumstances that might be interpreted as influencing business decision or as bribery.



Business decisions are always taken according to bank's interests and never to favor the personal relationship that can be developed based on the granted gifts or other facilities. Bank's employees are also forbidden to offer – on their labour relationship – any financial or nonfinancial support to any political party, organization, member of representative thereof.

During 2022 the Bank has not identified any type of corruption or bribery.

### Lobbying

At OTP group level, it is predominantly through the Hungarian Banking Association and the Association of Investment Service Providers that OTP Bank participates in the reviewing of legislation concerning the financial sector and coordinating that review process. It also takes part in the work of the Corporate Governance Committee of the Budapest Stock Exchange. Locally, OTP Bank Romania is an active member of The Romanian Banking Association

In 2022 we expressed our opinion for example on matters of relevance to the regulation of electronic documents, topics relating to the preparation of the new legislation on the land register, ESG compliance and bank digitalisation, along with legal regulations on the extra profit tax, the interest stop and moratoriums, through the Banking Associations. We also participated in the cooperation aimed at facilitating the Banking Association's lobbying activity, in the form of expressing our opinion on draft EU regulations and proposals on matters involving the Bank/Banking Group.

### Supplier qualification

Suppliers are pre-qualified by OTP Bank Romania if the value of the procurement is expected to exceed a gross amount of 50.000 Euro. The pre-qualification system requires that the supplier has no public debts and that it complies with statutory requirements regarding health, security and environmental protection. Sanctions screening was integrated in the qualification process in relation to the war in Ukraine.

At OTP Bank the handover of the data protection requirements and the data protection templates was brought forward to the beginning of the procurement process so that partners and suppliers can review them in an early phase of procurement.

GRI 2-6, 205-2 The procurements of the OTP Group are related primarily to making sure that the requisites for the performance and sale of services are available. OTP Bank Romania's procurement policy declares the requirement of responsible and ethical conduct on the part of suppliers (see above, Anti-corruption activities). OTP Bank Romania cooperated with as many as 1,028 suppliers in 2022. The Group procurement strategy assigns special significance to sustainability considerations. The aim is to maintain business relations only with suppliers and entrepreneurs that undertake environmental and social responsibility in compliance with national and international treaties, standards and laws. The environmental aspects of procurements are listed in the OTP Group Environmental Policy. Details on Group procurement principles are available on our [website](#).



## Proceedings by authorities, and other legal procedures

### GRI 2-27 Authority controls in OTP Bank Romania:

During 2022, the Authorities performed 209 control actions most of them finalized with no sanctions;

- Authorities having controlled the Bank: National Bank of Romania (NBR), National Authority for Consumers' Protection, Competition Council; General Directorate of Local Taxes and Duties; National Agency for Fiscal Administration; National Authority for Data Protection (NADP); Romanian Banking Association; Territorial Labour Inspectorate; Romanian Police; Guarantee Fund for Banking Deposits.

### Sanctions imposed by Authorities

a. **28 financial sanctions** (fines, contravention fines, etc)<sup>1</sup>:

- Authorities having imposed most relevant financial sanctions on the Bank: NBR, NACP, Romanian Police
- total amount imposed on the Bank = RON 587,890.00 (equivalent EUR 119,211.94)

- **most significant financial**

**sanction imposed and paid:** total RON 500,000.00, equivalent EUR 101,389.03), fine imposed by NBR. The deficiencies that led to the application of the financial sanction mainly concerned:

- Inadequate application of standard and enhanced customer due diligence measures in certain cases;
- Inadequate monitoring of certain customer transactions.

b. **12 non-financial sanctions**<sup>2</sup> (warnings and verbal warnings) - Bank deals with them as seriously as with financial ones, to prevent escalation into significant financial sanctions.

Authorities having imposed non-financial sanctions: NACP (10), NADP (1), NBR (1). GRI 206-1 In 2022 the Romanian competition authority launched onsite inspections at 10 Romanian banks including OTP Bank Romania on account of their presumed conduct relating to the 3-month ROBOR (Romanian Interbank Offer Rate). The investigation has not been closed yet.

## 6.2 Complaint management

**GRI 2-25 We strive to achieve error-free customer service; we investigate and address the reported complaints. We aim to prevent complaints by continuously improving our practices. We are continuously improving our complaint management system.**

OTP Bank Romania created customer experience in CS HUB: Address quality issues, both in servicing customers and following complaint registration processes. Measure the satisfaction of complaining customers. Contact a sample of 10% customers by phone on a monthly basis, to get their feedback

regarding how the complaints were solved. Also, when the customers faced unpleasant situations with bank products/ services we try to raise their satisfaction level with a compensation.

We receive positive feed-back on some of the initiatives implemented by the complaints team, like: Customer satisfaction survey and WoW Smile Project. Also, during 2022, the team focused on identifying preventable complaints with the purpose of reducing complaints' volumes and processing time.

### OTP Asset Management

All the complaints that reach OTP AMR directly or through OBR are solved within the legal deadline, addressing all the issues



<sup>1</sup> Including 18 fines eventually paid by Bank responsible employees

<sup>2</sup> 7/12 warnings were imposed in 2022 following controls started and completed in 2022 and 5/12 warnings were imposed following controls started in 2022 and completed in 2023

the complainant makes in his message.

### OTP Leasing Romania

This year, we've improved our complaints management system, aiming to respond to customer service complaints before they happen and aligning it with our operational excellency efforts.

GRI 2-13 In OTP Bank Romania the reports on complaints and their handling are discussed monthly in CEX Forum with top managers participation. In order to prevent complaints, we assign great significance to the continuous training of our employees. The range of the types of complaints that

can be promptly resolved (in the case of which solutions, that are accepted by the customers as well, are immediately provided for the customers' claims) continued to be expanded at OTP Bank Romania. A function for responding by e-mail was created for our customers who can be identified by e-mail address, thereby accelerating the procedure. E-mail messages on the status of their complaints are sent to customers. In the case of errors affecting multiple customers, or in the case of losses of larger amounts, the issue is notified to the division concerned and the progress of rectification is monitored.

Measurements of customers' satisfaction with complaint management are conducted at OTP Bank Romania. The results of the satisfaction measurements are monitored. According to our customers' feedback the way and effectiveness of complaint management is in the adequate range.

Since April 2021 the number of complaints decreased constantly and in the last year the number stabilized around 50 complaints/month. Also, the answering

time decreased and stabilized around 10 days and we will continue the actions in order to decrease more the time of answer for received complaints.

OBR's complaints management meets customers' expectations and the feedback received is a positive one. The continuous attention of the complaints team to improve their activity is very visible and appropriate to our customers' expectations.

Fig. 5 Customer complaints, OTP Bank Romania

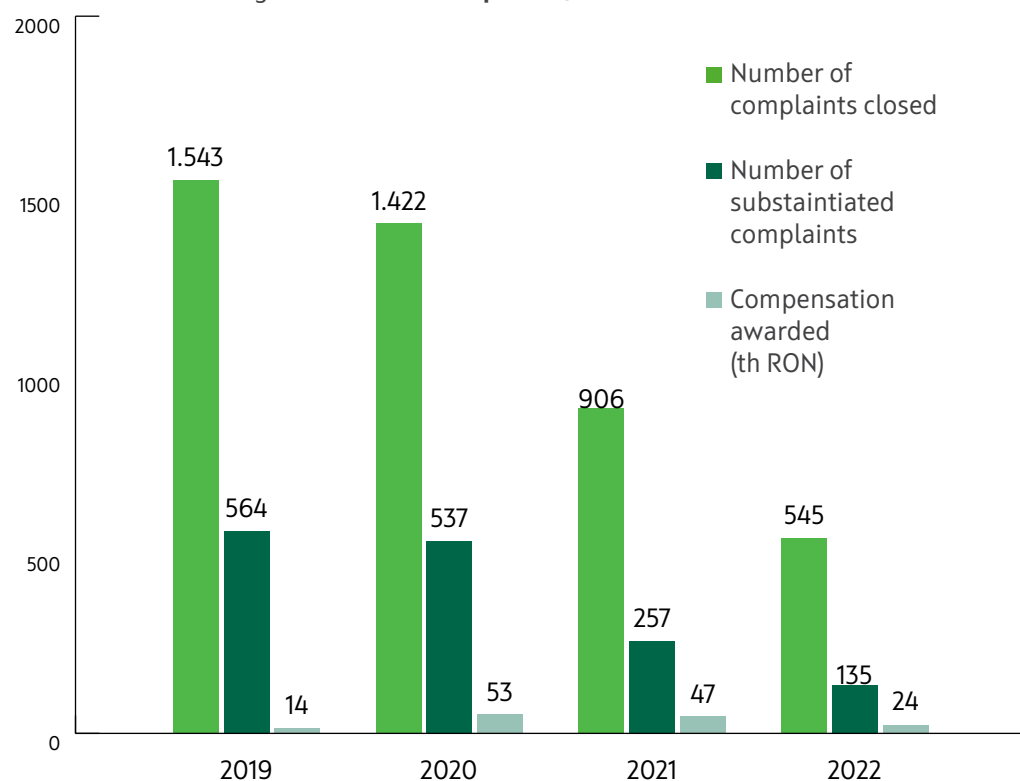


Table 12.

Customer complaints	OTP Romania				
	2018**	2019	2020	2021	2022
Number of complaints closed	-	1543	1422	906	545
Number of substantiated complaints	-	564	537	257	137
Amount of compensation paid (RON th)	-	14	53	47	24
Total number of complaints relating to accessibility*	-	-	-	-	-
Number of complaints related to product structure transparency*	-	-	-	-	-

\* For the moment, no track records kept for complaints related to accesability nor related to transparency of the product structure

### Typical complaints, questions

At OTP Bank Romania the most questions and problems had to do with card and current account transactions, OTPdirekt log-in attempts (unlocking access code or token, transactions support). and the introduction of Google Pay and Apple Pay.

During 2022 Call Center handled different topics of requests from clients, according to the specific economic environment, OBR priorities, focus or campaigns

For example in Q1 we received increased volumes of calls related to account balance due to Iskola clients payments. Data actualization notification was also a subject which increased the requests volumes received in Contact Center during 2022. Other inquiries: loan offers, about the conditions for applying to a loan, and the balance of their account, pending paymnets.

**Commercial Clients:** As the business environment of this year was affected by the armed conflict in Ukraine and also by the COVID-19 pandemics, the main issues and concerns of the clients were related to the proper sustaining of their businesses, postponing the loan instalments and accessing the on-going Government programs or financings in order to sustain the activity.

**Large Corporate Clients:** After the outbreak of the war, the first concern of our large corporate clients was what is the bank's position and our future local market strategy related to financing of our clients, plus what is the impact of the group's exposure to Russia and Ukraine. Also, considering the macroeconomic context, the clients' questions are aimed

at the bank's appetite for financing and the increase in the pricing of loans.

**OTP Asset Management:** 2022 brought record levels of inflation, uncertainty regarding the Russian invasion in Ukraine, the high rates of monetary policy as well as the energy crisis. The negative yields of bond funds, generated by the bond markets have been the main soar of the investors. Thus, a lot of our investors, but also investors in other asset management companies on the Romanian market, decided to redeem their investments, even though they would mark the loss, otherwise virtual.

**OTP Factoring SRL:** According to the main activity request regarding debt collection and delays in payment.

**OTP Leasing Romania:** The first important moment of 2022 that led to questions from the clients was the unfortunate outbreak of the war in Ukraine. Clients' fears/questions were directed towards the tendency of the leasing market to increase costs and restrict financing conditions as a result of the imposed international sanctions felt at the level of each country.

A second moment that led to questions/ uncertainties on the part of clients occurred with the increase of the Euribor and its transition from the negative zone to the positive one. Taking into account that the leasing market finances in euro currency in an overwhelming proportion, the clients raised the issue of how far the Euribor will be able to increase, what risks of non-payment they may face in the next period, what possibilities exist to benefit from fixed costs, what there are real chances that the exchange rate will also depreciate, etc.

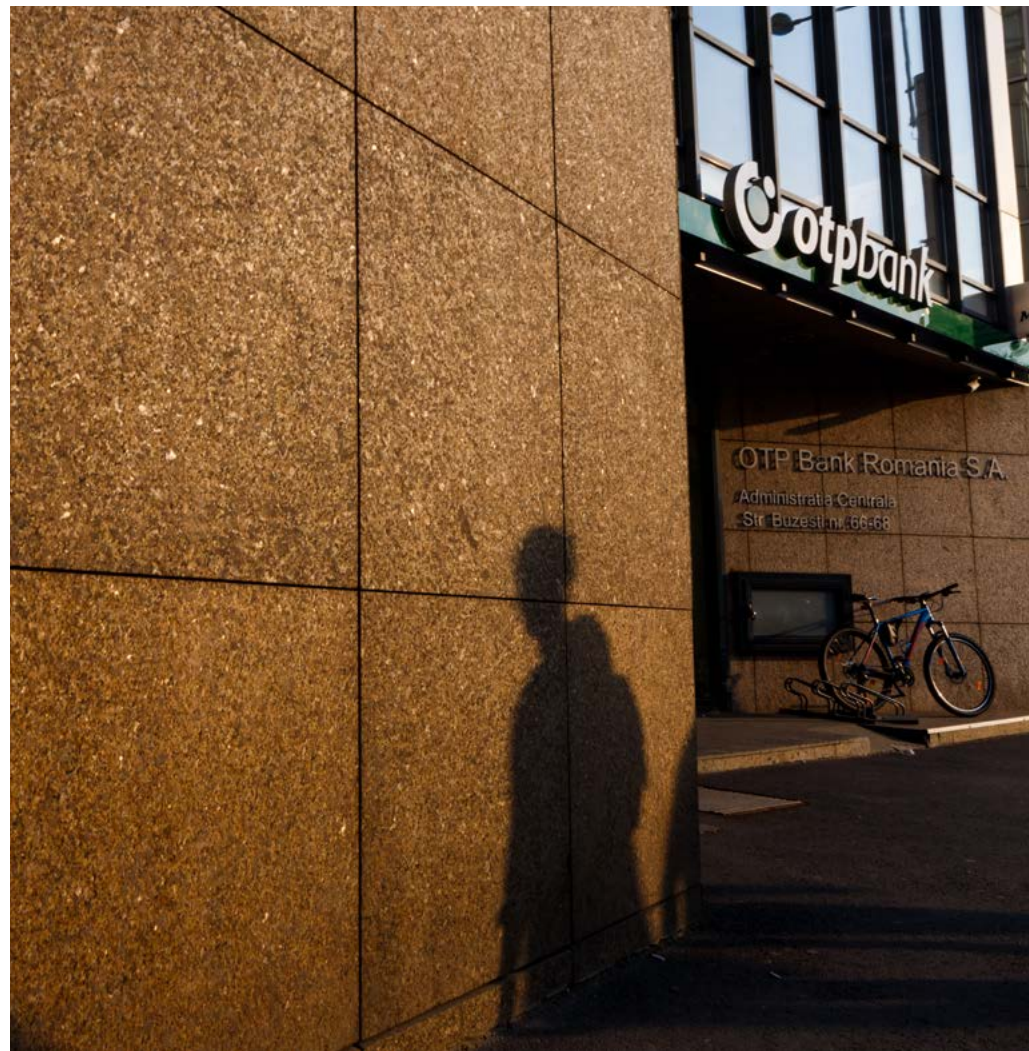
## 6.3 Financial supports

### GRI 201-4 No grant received by OTP Romania in 2022.

Table 13.

GRI 201-4 Financial assistance (HUF millions)*					
	2018	2019	2020	2021	2022
Romania	0	3	14	8	0

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





## 6.4 Secure operation

Safe and secure operation is a priority for OTP a. With that in mind, we assess and manage operational risks and ensure that we are strongly protected against fraud attempts. What with the expansion of IT services, IT and cyber security are becoming more and more important in the operation of our company. In particular, fraud management and prevention has become crucially important.

**IT, cyber and bank security framework**  
GRI 2-13 Banking Security Directorate reports as follow: monthly to the Group and to OBR Management Board regarding the IT Security activity, quartely to OBR Management Board and Supervisory Board for security situation and annually to the Group.

It is a fundamental principle of OTP Group, including OTP Bank Romania, that the primary purpose of our measures is to prevent and inhibit security incidents. The principles and main guidelines concerning security at the Bank are set out in the



Security Policy. The Information Security Policy defines, inter alia, the theoretical objectives and application areas of information security, the principles of risk assessment, the requirements of compliance and those of the security awareness training, and confirms the Bank's commitment to the continuous enhancement of the information security management system.

In OTP Romania, during 2022, in accordance with the national legislation in use, Group recommendations and bussiness needs, the following regulations were reviewed, reconciled and approved:

- Internal norm regarding human risk management and human security measures within OTP Bank Romania
- IT security Strategy within OTP Bank Romania S.A.
- Internal norm regarding the Exchange of information regarding cyber threats between OTP Bank Romania S.A. and its partners
- Internal norm regarding Security requirements for remote work within OTP Bank Romania S.A.
- Internal norm regarding Information Protection within OTP Bank Romania S.A.
- Internal norm regarding IT Security Risk management within OTP Bank Romania S.A.
- Internal norm regarding Antivirus protection within OTP Bank Romania S.A.
- Procedure regarding the IT Security Incident Management within OTP Bank Romania S.A.
- Procedure regarding the Use of portable devices within OTP Bank Romania S.A.
- Procedure for the detection and assessment of vulnerabilities in information systems within OTP Bank Romania S.A.

- Performing security penetration tests on the information systems of OTP Bank Romania S.A.
- Internal norm regarding Security requirements of protection systems
- The procedure regarding remote access management to the bank's IT resources for employees and collaborators within OTP Bank Romania S.A.

In 2022 we were part of the Banking Group's first Cyber Defence Program, aimed at mitigating risks from the cyber space primarily by the provision of group-wide services.

The details of information security risk management are laid down in the regulation on the regime of IT logical risk analysis. The methodology of risk analysis was profoundly renewed in 2022, therefore the mandatory biannual risk analysis will be carried out in 2023 on the basis of the new method. In the case of newly introduced systems, before going live we conduct an annual vulnerability test for IT systems classified into the two highest-level security classes; moreover, vulnerability tests are performed on a weekly and/or monthly basis for the supporting operating systems. Our independent organisational units vested with audit rights conduct an internal audit on compliance with IT security objectives, the implementation thereof, and the successful adoption and maintenance of the requirements. IT security maturity assessment is carried out at our foreign subsidiaries once a year, their results are summed up in executive summaries.

To effectively maintain information security we cooperate with the Romanian national competent authority for the security of

network and information systems (DNSC) The scale of the cyber security incidents is indicated by the fact that we managed 256382 SPAM e-mails and 165 phishing campaigns. Number of employees receiving IT security training in the given year, expressed as a percentage of the total number of staff is 98%.

### Protection of customers' personal data

GRI 418: 3-3 Protection of the customers' data is one of the most important dimensions of secure operation. Data protection and the protection and confidential processing of the personal data of customers are a basic and indispensable condition for the reliability of the OTP Bank Romania.

The protection and processing of personal data are also a part of our Compliance Policy, in which the regular assessment of risks and the maintenance and improvement of awareness are also discussed. The OTP Bank Romania applies

the most modern solutions continuously for data processing and data security and in order to prevent data leaks.

At OTP Bank Romania and its subsidiaries, dedicated data protection officers and data owners are responsible for ensuring compliance with the data protection requirements (e.g. supervising personal data processing, principle of data minimization, the processing of high-risk data). To this end, data owners participate, in annual professional training courses

In 2022, out of the total number of investigations on data protection by regulatory authorities (3), one non-financial sanction (warning) was applied to the Bank. Also, the Bank solved all 4 substantiated complaints filed by external parties and applied adequate measures for solving all 5 cases of customer privacy. To this end, the Bank faced no cases in which data were stolen/lost.

There is a considerable risk in on-line abuse based on deceiving customers – in such cases the customers themselves disclose their own confidential data (see the next heading). In 2022 OTP Group started a comprehensive revision of the process in place for the management of cases of abuse involving payment services, by carrying out the necessary organisational changes with effect from 2023.

In addition to the Banking Group's high degree of preparedness and our employees' security awareness, our **customers' security awareness also needs to be raised.** Moreover, we increase our communication activity when a new form of criminal behaviour is encountered

### Security incidents and their management

A considerable number of criminal acts or attempts are committed against customers by way of deception year after year.

These cases have included, in particular, data phishing, abuse involving payment services by means of social engineering (psychological manipulation), fraud with the help of the information system, cases of fraud where customers are prompted to transfer money or otherwise. The amount of the damage caused to the bank's customers by such crimes increased significantly in comparison to the preceding year.

The most frequent methods of fraud in Romania were various forms of phishing, including the navigation of customers to fake websites (e.g. counterfeit OTP internetbank page, fake websites of other businesses) or by fraudulent advertisements. The Bank notified the competent authorities about the fraud and its attempt and conducted consultation and coordination with them to facilitate effective detection and prevention of such cases.

Table 14.

GRI 418-1 Abuse of personal data	GRI 418-1 Abuse of personal data				
	OTP Bank Romania				
	2018**	2019	2020	2021	2022
number of substantiated complaints by external parties	-	5	0	0	4
number of complaints by regulatory authorities	-	4	0	0	3
number of breaches of customer privacy	-	-	-	-	5
No. cases in which data were stolen	-	0	0	0	0
number of times data were lost by the organisation	-	0	0	0	0





In the course of card-related attacks the sharing of important information was extremely helpful in the prevention of fraudulent transactions. The open-to-buy limit on the cards blocked and reissued with different security details in OTP Bank Romania s worth approx. EUR 1.35 million. The ratio of bank card fraud to turnover is significantly lower than the European average published by Mastercard: for OTP Bank Romania it was **0.0099% (0,0097% card not present when fraud committed) while the European average stands at 0.0427%\***. The total amount of the fraudulent card transactions was approx. 5 million at OTP Bank Romania.

The highest risk cases committed **against the OTP Bank Romania** included primarily credit and card frauds.

A number of steps were taken at OTP Group level in 2022 **to reduce violations**:

- An anti-fraud strategy was adopted including OTP Bank Romania
- An Anti-Fraud Competence Centre was set up at OTP Bank Hungary and on-line fraud prevention consultations with the subsidiary banks were strengthened.
- Preparation of the introduction of the NIST Cybersecurity Framework at a group level: this helps understand, manage and mitigate cyber risks and strengthens the protection of the networks and the data.
- The introduction of a central incident management – cyber threat intelligence sharing platform (MISP) was started at OTP Bank with the participation of the MNB and the NKI to gather, analyse and share information regarding cyber security

incidents and malware. The system is planned to be introduced and used at every one of our subsidiaries in 2023.

- Cyber threat information is continuously gathered through Cyber Threat Intelligence. Cyber Threat Hunting can proactively identify in the cyber space and the internal network.
- Starting brand and supplier chain protection service across the Group (e.g. to identify fake OTP websites or facebook pages).
- A working group was formed at OTP Bank – organised by the Security Operations Centre (SOC) – to seek for solutions against data phishing methods committed via IT devices and make proposals for business divisions for mitigating risks.

The development of customer education was set as a medium term goal because this might bring about a material progress in fight against fraud. In this context we wish to cooperate with the authorities as well, so that basic IT skills relating to protection against data phishing should perhaps be integrated into schools' training materials on financial awareness.

### Awareness raising

Since the awareness of our employees may result in the prevention of a lot fraud attempts, we laid particular emphasis on raising security awareness 2022 as well. A lot of the relevant activities were executed in October, in connection with the European Month of Cyber Security.

That was when we introduced a mandatory annual IT security awareness

training for all of our employees, which is closed by a registered examination. The training material is renewed every year, in line with any change in the regulatory environment in the meantime. The training material is planned to be renewed in 2023 in terms of concept and methodology. 2022 was the first year in which we participated to International Rotation Program. This is a three-day professional program for the IT security managers and staff members of the foreign subsidiary banks where was

presented the parent bank's expectations and plans as well.

Attention to data phishing risks was drawn again in an article published on the intranet. The article was read by far more than the average readership. Also awareness PUSH messages were sent to all users of Internet Banking/Mobile Banking. The attention of the branch employees is drawn to the modes of perpetration and the tasks to be carried out after receipt of notification from customers, on the Bank intranet page.



<sup>1</sup> Including 18 fines eventually paid by Bank responsible employees

<sup>2</sup> 7/12 warnings were imposed in 2022 following controls started and completed in 2022 and 5/12 warnings were imposed following controls started in 2022 and completed in 2023



## 6.5 Prevention of money laundering

**ST11: 3-3 As a responsible financial service provider we spare no effort to make sure that OTP Bank Romania is not used for money laundering. Compliance with the rules is a priority for OTP Romania and its subsidiaries.**

Money laundering is when attempts are made to conceal or cover up the origins of money originating from crime. Perpetrators or other persons may typically try to use services of financial institutions to produce proof of the legitimate origin of the money.

OTP Bank Romania S.A. developed and implemented mechanisms and systems to contribute to the compliance with legal provisions and regulations incidental to the field of **combating money laundering and terrorist financing/international sanctions and to ensure a KYC process adapted to the business model** that allows the identification of customers associated risks and applying appropriate KYC measures.

In order to comply with specific legislation and applicable regulations in the AML/CFT field and that of international sanctions, OTP Bank Romania S.A. implemented procedures adapted to the business model adopted by the Bank, correlated with the risk and business strategy, approved by the Bank's management and intended to be a real support for ML/FT risk management. In this purpose, the Bank elaborates, evaluates and periodic updates the internal regulatory framework. In addition to KYC/AML/CFT legal compliance, OBR continuously



monitors the latest trends in money laundering and terrorism financing as well as the modes of actions and adapts the risk management measures to prevent the use of the bank in committing ML/FT.

All Bank staff is involved in the process of preventing and combating money laundering, according to the approved authority limits and as per the attributions established within the Bank's Internal Organizational Rules. Thus, the responsibilities regarding customer due diligence and ML/FT risk assessment associated to customers, transactions and the entire activity **reside with all bank staff**, as per the established limits, structured according to the three lines of defense principles.

In this respect, Compliance Directorate provides advice to both territorial units and Head Office entities, in order to identify the ML/FT risk elements, and with respect to the observance of international sanctioning regimes imposed, all with the purpose of:

- unitary implementation of provisions applicable in the field;
- limiting reputational and/or financial impact generated by compliance/reputational/operational risks to which the Bank may be exposed.
- with regard to personnel recruitment strategy, at OTP Bank Romania S.A., specific standards within the internal regulations are set for hiring staff with responsibilities in the KYC/AML/CFT area, standards that ensure an

adequate selection process versus specific requirements related to compliance function.

**The observance of sanctioning regimes imposed at international level** is a permanent concern for the Bank, considering the global political and economic context, while compliance with trade embargoes and economic sanctions is also a priority. Aspects regarding international sanctions are important as they may increase the level of risk associated with Bank activity in relationship to customers. At OTP Bank Romania S.A. level, enforcing commercial embargoes and economic sanctions represents a priority. For this purpose, policies, norms, procedures and workflows

regulating the activity and specific attributions of the employees both at first and second level lines of defense are issued and implemented, while the activity is supported by the implemented IT solutions. By using them, the Bank ensures real time scanning of the customers and the transactions, the continuous updating of information regarding the persons and entities upon which international sanctions have been imposed at international level - periodical adequate checks are performed to ensure compliance with newest issued sanctions.

The Compliance Directorate/KYC/AML/CFT Department elaborates, according to the personnel training strategy, approved by the Bank's management, training programs for ensuring the training of persons with responsibilities in the application of the provisions set out within the KYC/AML/CFT and International Sanctions norms, so as to ensure that they know the legal requirements, the mandatory responsibilities according to the internal norms, the risks to which the institution is exposed according to its own risk assessment. Such programs aim to raise awareness of the consequences of employees' non-fulfillment of such responsibilities and their implications for the institution and the persons concerned, in the case of risk manifesting and that they have the capacity to recognize suspicious indicators to operations that may be related to money laundering or terrorist financing.

GRI 2-13 AMLdivision - Compliance Directorate reports to management every quarter on the risks it has identified and the associated risk mitigating actions and developments, summing up the results

accomplished and the actions taken during the period concerned. In 2022 we repeatedly reviewed and revised the AML training material aligned to the respective jobs and positions of our employees. Mandatory training is delivered to all employees at least once per year, at onboarding training for the new hires of the branches. Employee who have completed the training act with increased awareness, identify risky customers and identify transactions that are suspicious of money laundering more easily

In the context of the fight against money laundering OTP Bank Romania is continuously cooperating with the competent domestic and international authorities and interest organizations.

## 6.6 Tax payment

GRI 207: 3-3, 207-1, 207-2 The OTP Group aims to achieve maximum compliance with the legal regulations on taxation; accordingly, it settles its tax liabilities in the amounts prescribed by those regulations together with all of its other tax-related obligations (e.g. data supply) in each country in which it performs activities or in which it comes under the local tax regulations for any other reason. Strict prohibition of tax evasion and of taking advantage of loopholes in the law in ways contrary to the purposes of those laws, is a key element of its corporate culture. In Hungary we even contribute to the stability of public finances by bearing extra burdens (e.g. moratorium, banking tax, extra profit tax).

The [Tax policy](#) adopted by the OTP Group in 2022 applies to the entire OTP Group, every member of the group members' managing

bodies and every employee of the Group, along with all natural and legal persons performing outsourced activities, expert or consultancy assignments or agency activities for the Group.

GRI 207-3 The Tax Policy is based on, and is in line with the elements of, the Code of Ethics. Upon any impairment of the Tax Policy an ethics offence can be reported. The purpose of the introduction of the Tax Policy was to harmonise and standardise the tax payment practices.

The Tax Policy is approved, and revised at least once a year, by OTP Bank's Board of Directors, paying particular attention to changes in the regulatory environment and tax authority's and courts' practices, in the guidelines issued by international organisations shaping international tax policies and in international practices.

The head of the Accounting and Finances Directorate (chief accountant) is a top manager who is in charge of, and can be held accountable for, the taxation policy.

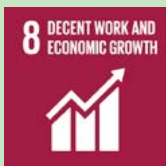
The taxation division is independent of the business divisions.

Owing to the complexity of the taxation rules and the constant change of judicial practice, taxation risks (e.g. tax deficit, fine) cannot be altogether precluded. Their management is regulated at the highest level by the Tax Policy. The Banking Group has no specific tax payment strategy. We always aim to ensure full legal compliance, to file tax returns in time, to fulfil our data supply obligations and avoid being fined. These objectives appear in the individual targets set for the heads of the tax department as well.

GRI 207-3 In our cooperation with the tax authorities we aim at ensuring transparency, closing tax inspections as quickly as possible and providing information of adequate quality. Interests relating to taxation are asserted via the Banking Association. As regards the interpretation of the legal regulations we even communicate directly with the authority and regulatory bodies.



# 7. Responsible Employer





## GRI 3-3

### Impacts:

**National employment:** Responsible employment promotes labour market adaptability and competitiveness, the sustainability efforts and the implementation of even socially responsible employer's behaviour. Employees are one of the Banking Group's most important stakeholder groups. As an employer, OTP Group Romania profoundly affects the livelihoods, living standards and the harmony between private life and work, for more than 1,800 individuals and families. Decent employment can facilitate the welfare and development of the employees. Continuous training and development, a caring and family-friendly corporate culture promoting equal opportunities, and healthy work environment, equally play important roles in this.

### Impact on livelihoods and income levels:

The provision of incomes – that are proportional to performance and sufficient for a decent living – has a fundamental impact on the quality of life of our employees and their families.

### Equality of opportunities for employees:

A diverse corporate culture may contribute to the Banks economic performance; it promotes its innovation capabilities and facilitates better understanding of the requirements and expectations of its environment. It encourages women to take up jobs.

### Objectives

- Decent employment
- Enhancement of employee satisfaction and engagement
- Retaining talented employees in the long run, career opportunities
- Fair income
- Ensuring work-life balance
- Motivating, and community, atmosphere at work
- Mental health improvement and well-being
- Accomplishment of equal opportunity and diversity

### Acts

- Decent pay and a performance-based benefits system
- Flexible employment
- Strengthening of a non-discriminatory, inclusive attitude by sensitisation programs and training
- Ensuring equal opportunities for the sexes, providing equal opportunities in training and development
- Feedback development through open two-way communication methodology and development of its toolkit
- Engagement measurement, and development of, and follow-up on
- Introduction of new management role model, skill development
- Health insurance services, screening programs, sports and recreational possibilities

OTP Bank Romania is adopting active ESG management practices in its governance and HR activities, as human capital is key for a successful ESG strategy & effective ESG culture.

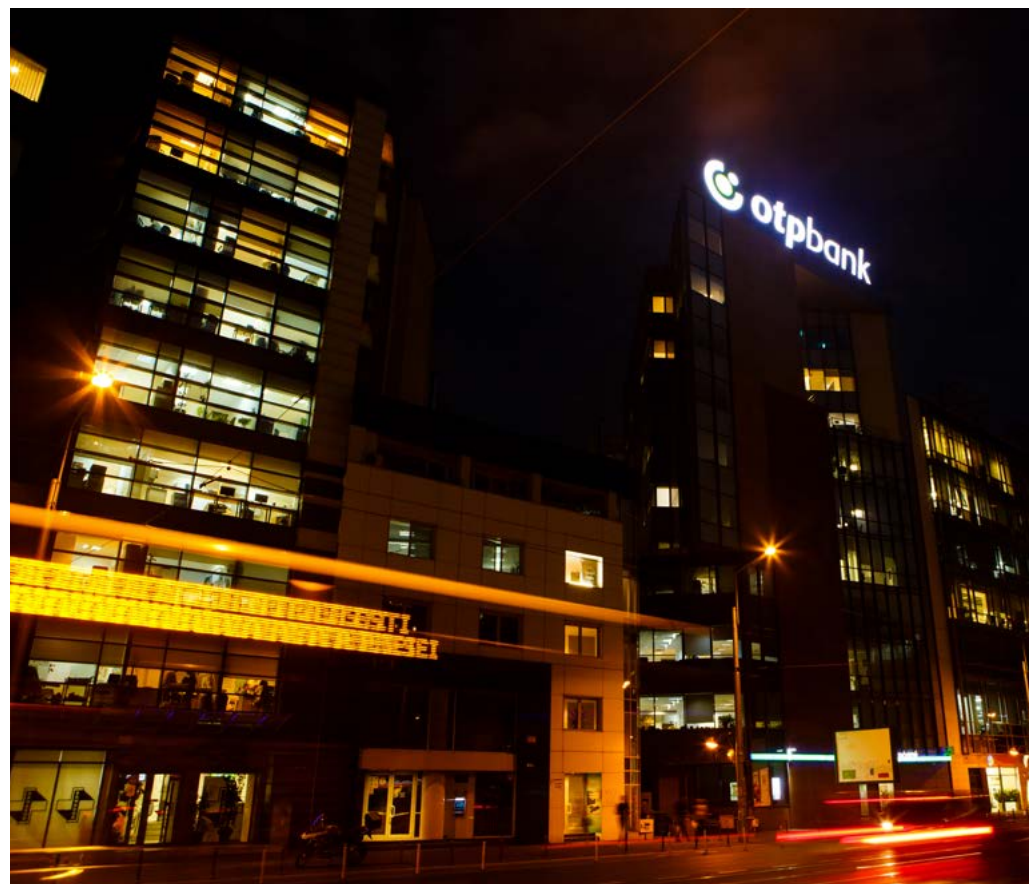
As Responsible Employer OTP Romania particularly focuses on:

- Human rights, fair income & performance rewards
- Wellbeing
- Diversity & inclusion
- Engagement
- Recruitment, Development (including development of general ESG awareness & specific knowledge) & Retention.

### Stakeholder engagement/compliance:

employee feedback, engagement, performance evaluation, interest organisations, cooperation with higher education institutions and service provider partners, compliance with requirements of supervisory bodies and authorities, disclosure of the objectives of the ESG Strategy.

Further basic principles and comprehensive goals relating to employees- applicable to OTP Romania subsidiaries also, are to be found on Group [website](#).



## 7.1. Employment

**Responsible employment continued to play a particularly important role in the life of the organisation. Comprehensive programs and effective change management were key in achieving equilibrium, with a focus on employees.**

### GRI 2-7

The OTP Group Romania accounts for a total of 1,868 employees at the end of 2022 in Romania- almost flat compared to 1,861 at 31.12.2021, distribution 71.5% female and 28,5% male, while OTP Bank Romania's headcount represents 1,752 out of the group total. The proportions remain close to those of the group, with 72.1% female and 27.9% male. Considering the national disersion, 68% of the employees work in Bucharest and 32% in the country (53.7% of the total employees work in the Bank headquarters in Bucharest, while 46.3% of our colleagues work in the agencies network).

Table 15.

GRI 2-7	OTP Bank Romania											
	2019	Employee headcount on 31.12.2019		2020	Employee headcount on 31.12.2020		2021*	Employee headcount on 31.12.2021		2022*	Employee headcount on 31.12.2022	
	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female
Full-time employees (persons)*	1,406	446	960	1,594	510	1,084	1,789	557	1,232	1,824	519	1,305
Part-time employees (persons)*	24	9	15	33	12	21	72	25	47	44	14	30
<b>Total headcount</b>	<b>1,430</b>	<b>455</b>	<b>975</b>	<b>1,627</b>	<b>522</b>	<b>1,105</b>	<b>1,861</b>	<b>582</b>	<b>1,279</b>	<b>1,868</b>	<b>533</b>	<b>1,335</b>
Women/men ratio		31.8%	68.2%		32.1%	67.9%		31.3%	68.7%		28.5%	71.5%
Proportion of those employed under fixes term contracts	2.4%	2.4%	2.5%	3.4%	3.1%	3.5%	4.9%	5.3%	4.8%	4.3%	3.0%	4.8%
Employees with a fixed-term employment contract (persons)*	35	11	24	55	16	39	92	31	61	80	16	64
Employees with an indefinite-term employment contract (persons)*	1,395	444	951	1,572	506	1,066	1,769	551	1,218	1,788	517	1,271

\*2021 and 2022 values reflect OTP Romania aggregated group figures, versus 2019 and 2020 that contain only OTP Bank Romania data without subsidiaries

Table 16.

2022	Average employee headcount OTP Bank Romania	Employee headcount on 31.12.2022		Average employee headcount OTP Group Romania	Employee headcount on 31.12.2022	
	Total	Male	Female	Total	Male	Female
Full-time employees (persons)*	1,715	478	1,237	1,824	519	1,305
Part-time employees (persons)*	37	10	27	44	14	30
<b>Total headcount</b>	<b>1,752</b>	<b>488</b>	<b>1,264</b>	<b>1,868</b>	<b>533</b>	<b>1,335</b>
Employees with a fixed-term employment contract (persons)*	77	15	62	80	16	64
Employees with an indefinite-term employment contract (persons)*	1,675	473	1,202	1,788	517	1,271

Table 17.

GRI 2-8 Workers not employed, person, 31.12.2022	OTP Bank Romania 1,715	OTP Group Ro
Temporary agency workers	37	47*

Independent workforce in legal terms include for the most part IT experts (developers, operators), trainers and other specialists performing other services

\*The figure is based partly on estimates

Table 18.

GRI 205-2 Agents	2021	2022
	Sales agents (not employed)	
Agents on 31st Dec (persons, not employed by the bank)*	278	789
No. of agents completed Code of Ethics training (prs)	278	789

GRI 205-2 A considerable proportion of sales agents (789 persons) are cooperating with the OTP Group in Romania at the end of 2022 – considerable extension of this channel versus 2021.

**Number of new recruits and fluctuation**

GRI 2-7, 401-1 On the background of the unfavourable macroeconomic processes, the challenging international environment and the companies' internal transformations, fluctuation remained somewhat stable at around 20% for OTP Romania.

Through the Apollo transformation program, started in 2019, OTP Bank's team of professionals has grown spectacularly. Being in the 3rd year of agile transformation, the recruitment focus was to hire candidates with experience in transformation and digitization projects, previous experience in banking, non-bank financial, or IT&C institutions. The organization's expansion and development plans lead to numerous growth and development opportunities. Career Path program offer support to the employees looking for career development. The objective is to further develop this pilot and create development plans for all the roles within the banks, mentorship program as part of career management and job shadowing initiative for better understanding the needed skills for a position.

**Employee statistics**

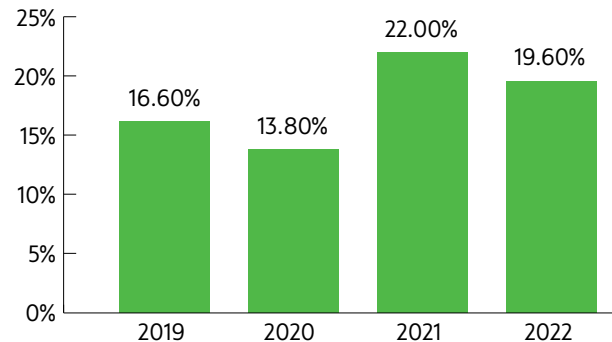
**GRI 401: 3-3, 401-1 Turnover:**

The employee fluctuation was as follows:

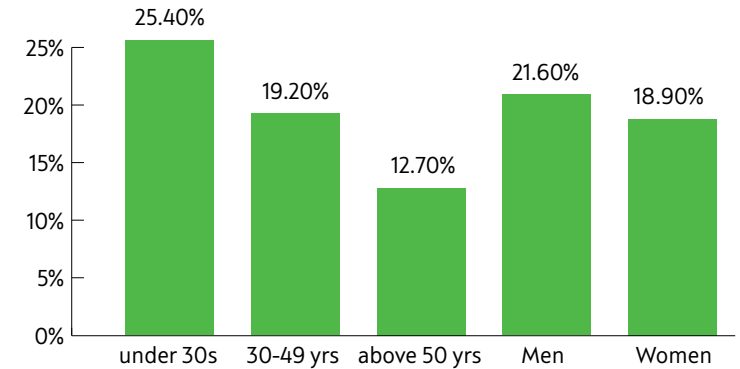
Table 19.

OTP Bank Romania employee turnover											
2019			2020			2021			2022		
in	out	fluctuation	in	out	fluctuation	in	out	fluctuation	in	out	fluctuation
393	238	16,6%	433	225	13,8%	476	410	22,0%	454	367	19,6%

**Fig. 6 OTP Romania Employee turnover 2019 - 2022**  
turnover per year as a percentage of closing headcount figure

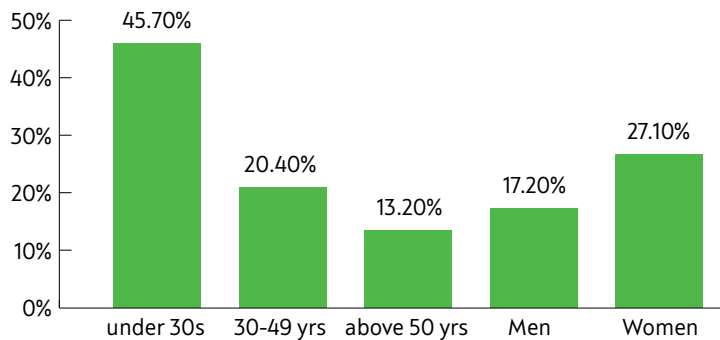


**Fig. 7 OTP Romania Turnover ratio within specific employee group**  
as percentage of the closing headcount of each category, 2022

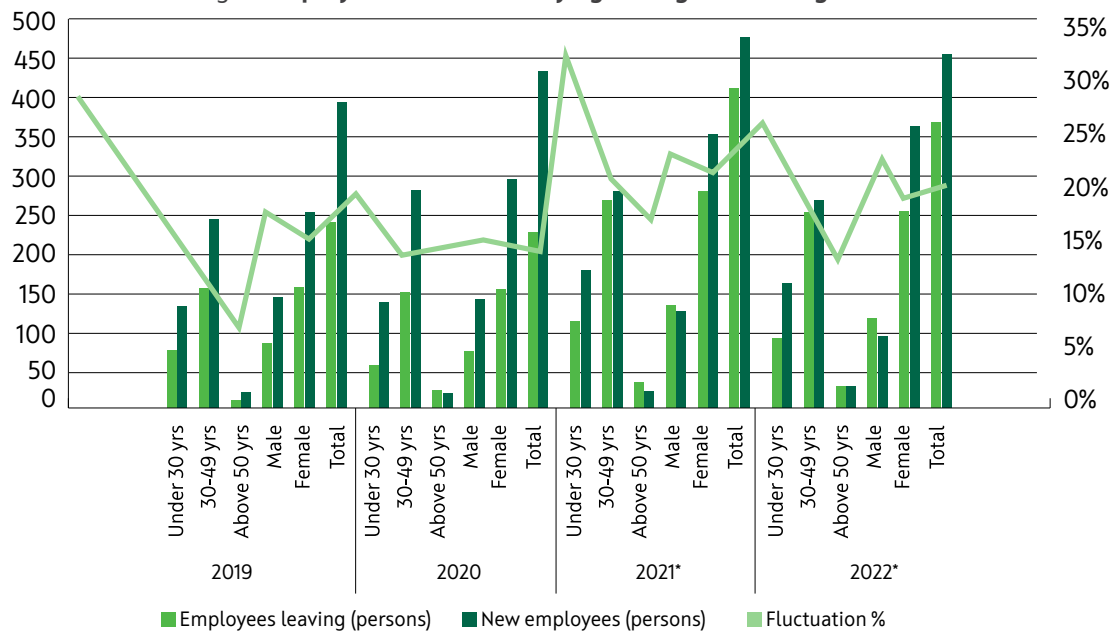




**Fig. 8 OTP Romania**  
**Percentage of new hires within specific employee groups**  
 as percentage of the closing headcount of each category, 2022



**Fig. 9 Employee Fluctuation by age and gender categories**



**Fig. 10 GRI 405: 3-3, 405-1, 205-2**

**Distribution of managerial /subordinate positions by age and gender**

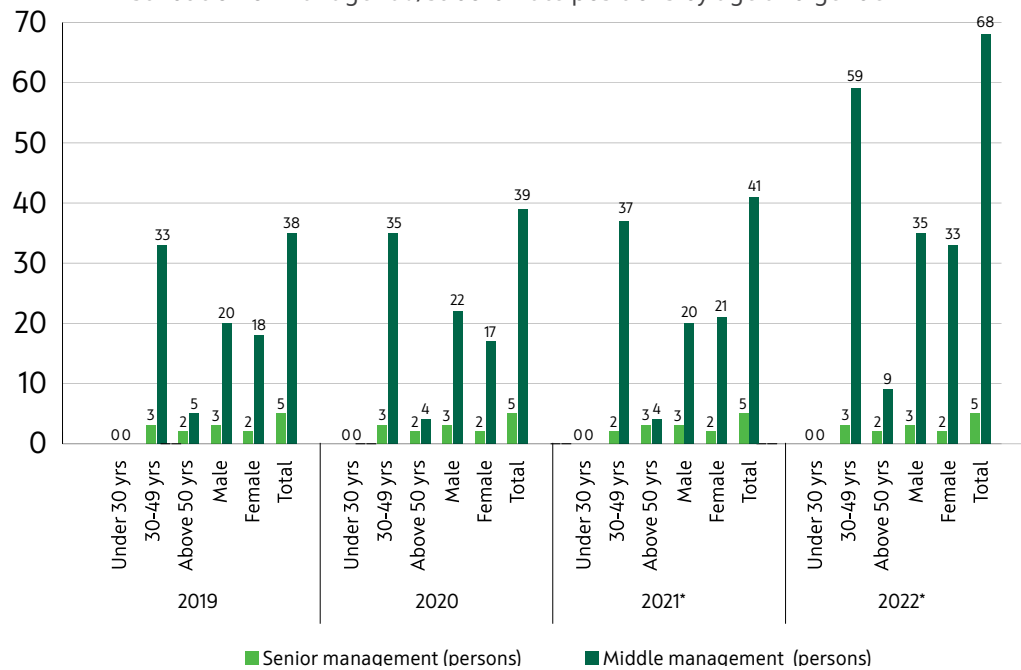


Table 20.

Categories by position	under 30 yrs	30-49 yrs	above 50 yrs	male	female	Total
Senior management (persons)	-	3	2	3	2	5
Middle management (persons)	-	35	8	22	21	43
Subordinates (persons)	330	1177	197	463	1241	1704

Fig. 11 Distribution of management body members and employees by gender per level of position, 31.12.2022, OTP Bank Romania

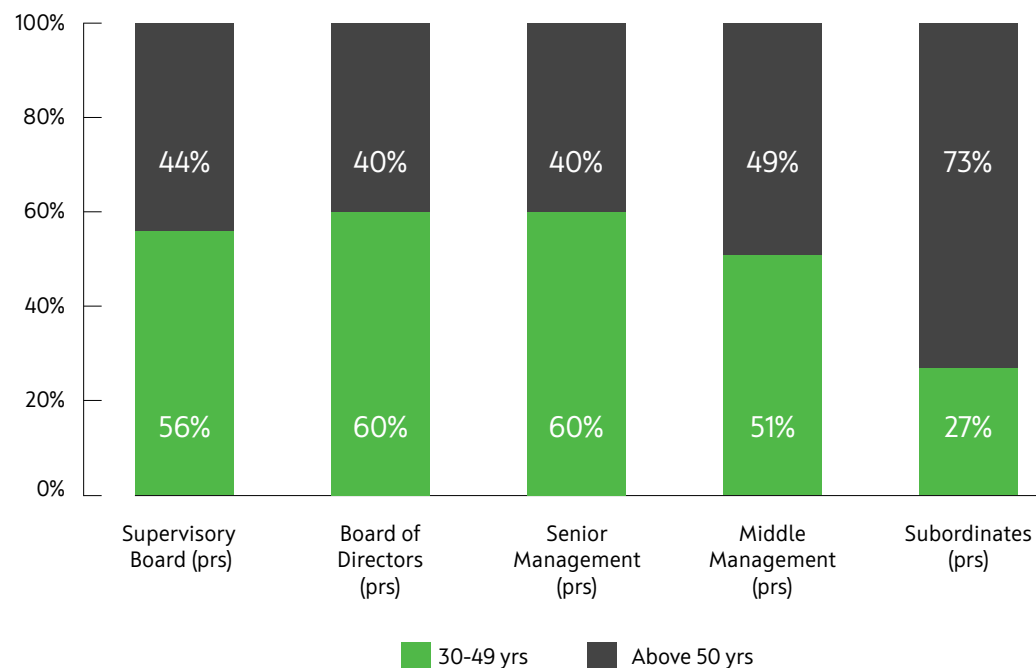
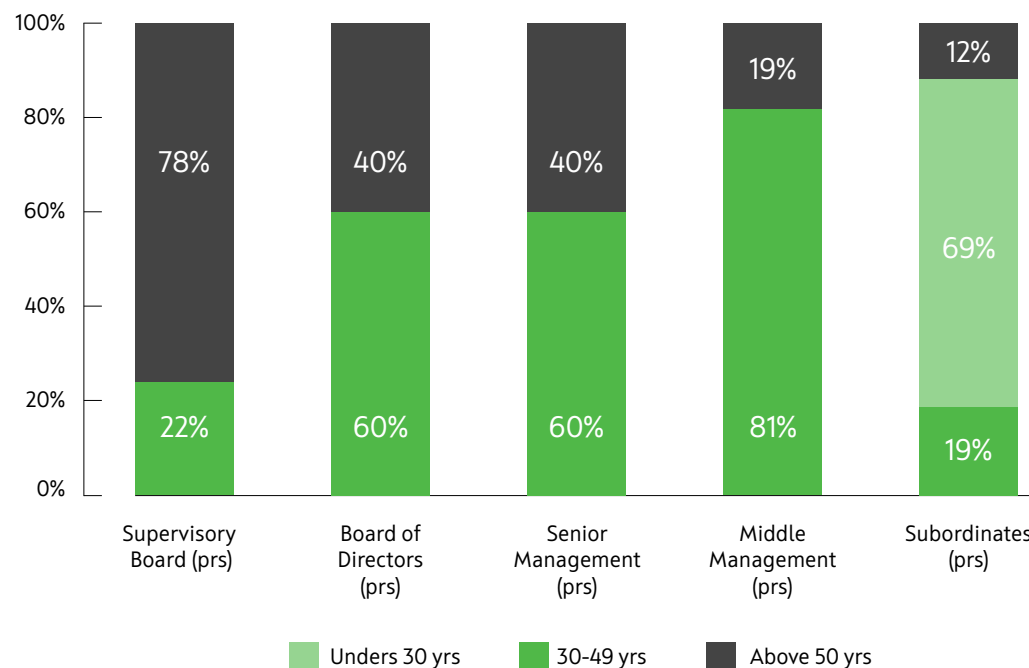


Fig. 12 Distribution of management body members and employees by age per level of position, 31.12.2022, OTP Bank Romania



## Equal opportunity and diversity at the workplace

GRI 2-10, 405: 3-3 OTP Bank's strategy for gender equality was adopted in 2021, in which the Bank established its strategic goals including ensuring equal opportunities for all employee groups, creating an open, inclusive and non-discriminatory workplace and supporting a diverse, cooperative and professionally high standard work culture. OTP Bank Romania has guidelines and policies prohibiting discrimination at the workplace and promoting equality of opportunities.

OTP Bank Romania conducted comprehensive (internal and external) surveys in 2022 with the aim of creating a strong organisational culture to attract and retain talented individuals. Nearly 11,000 persons participated in the survey, including the subsidiary bank's employees. A total of four values were identified on the basis of the results: people (OTPeople), autonomy, rapid business growth and diversity at the workplace. These fundamental cultural values are reflected by the #otpmindset concept worked out as a result of the survey – this is the complete employer brand philosophy. Intensive internal and external communication campaigns and actions were run to foster these values.

Employees are aware that OTP Bank considers them one of the key values that can bring long-term success to the organization. To support them, it is known internally that the organization is concerned to give equal career opportunities to everyone, regardless of gender age, ethnicity, disability or sexual orientation. At the end of 2022 among OTP

Bank Romania employees were 9 persons with disabilities.

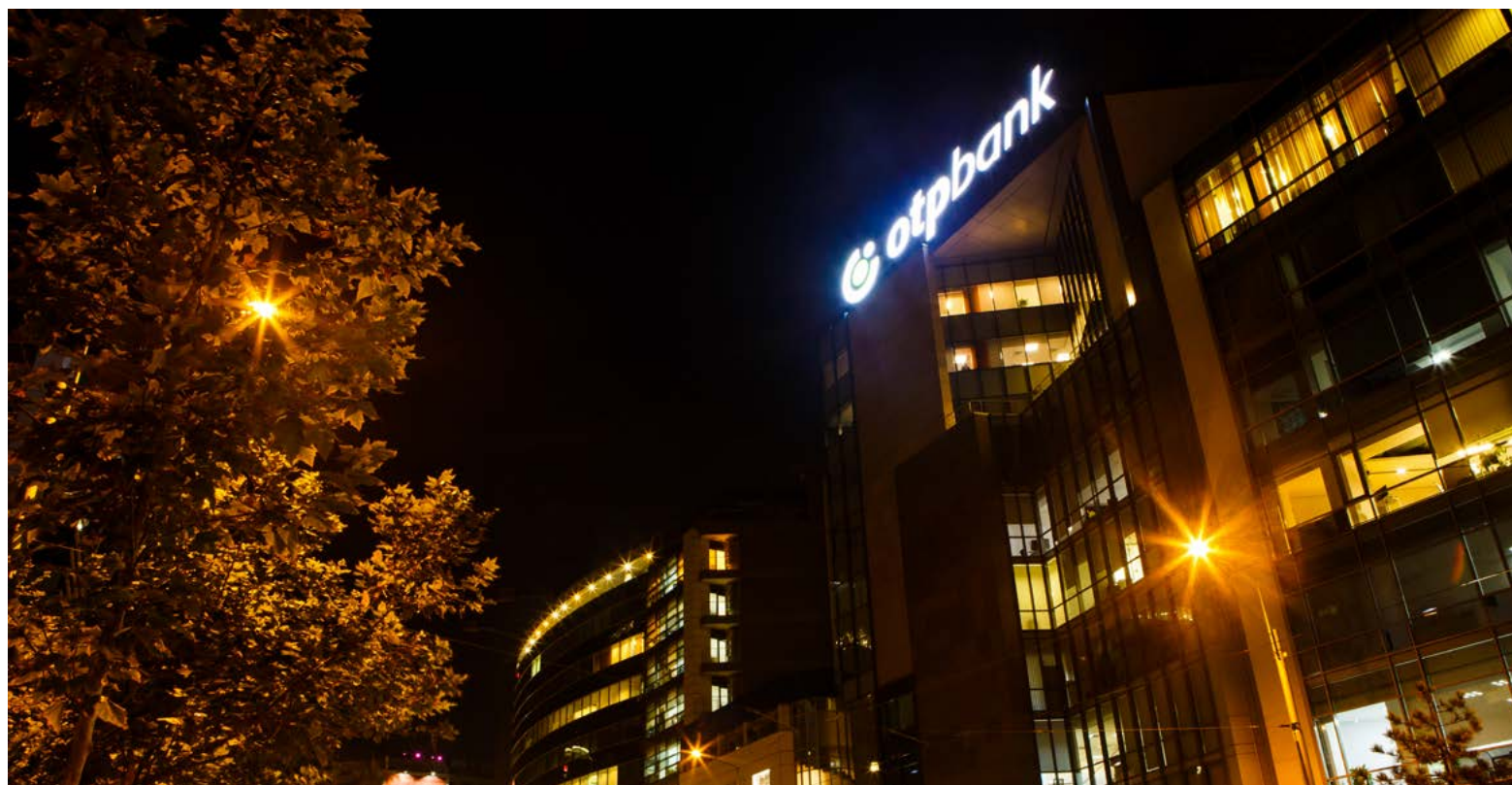
GRI 406: 3-3 OTP Bank Romania has a good, steady, representation of women in the management board and supervisory body 40% – management board, 44,4% Supervisory Body, being a good predictor regarding diversity and inclusion policies. This is the reason why

we keep our focus to maintain balance on split per role/position. The strategic objectives are accomplished through additional concrete programs such as gender-neutral remuneration policy and the strengthening of a non-discriminatory and inclusive attitude by management trainings and internal awareness raising campaigns. In 2022 the Bank coordinated such efforts at a group level.

OTP Romania has a strong representation versus EU directive regarding the quota for women on boards. The directive prescribed that women should hold at least 40 % of non-executive director positions and at least 33 % of all director positions on boards of companies.

Table 21.

GRI 202-2 Proportion of women and members from the local community in senior management, 31.12.2022				
	Board of Directors		Supervisory Board	
Company	Proportion of locals** (%)	Proportion of women (%)	Proportion of locals** (%)	Proportion of women (%)
OTP Bank Romania	80%	40%	11%	44%







The OTP Group is committed to supporting career starters and, in connection with this, to cooperation with higher education institutions and students. OTP Bank Romania has a dedicated Trainee Program under which 70 young people acquired valuable experience in 2022. The aim is to increase the proportion of newly hired career starters recruited from among such trainees. In the context of cooperation with higher education institutions the Bank has traditionally sponsored presentations, research programs and student competitions, and to facilitate long term cooperation it plans to launch a specific scholarship program.

### Advocacy

GRI 2-30, 402: 3-3, 402-1 All members of OTP Group respect the rights of freedom of association and collective bargaining. We provide advocacy opportunities by complying with the relevant local legal regulations. Employee interest advocacy is

ensured by the Works Council, with which we have a collaborative relationship. Employees covered by the collective bargaining agreement (prs) in 2022 in OTP Romania: 1873 (almost all).

The minimum notice period regarding operational changes that could substantially affect employees is 20 working days.

The employees' rights, policies and the rules and practices of employment are transparent to the employees; they are accessible through the internal communication channels and the relevant intranet pages.

### Labour complaints

GRI 401: 3-3 During 2022 a total of 8 labour procedures were commenced against OTP Bank Romania of which 7 procedures were closed by the end of the year- in all the cases the company was exonerated/case closed without sanction.

## 7.2. Employee engagement, satisfaction measurement

**GRI 2-29, 401: 3-3 Continuous dialogue with the employees is a key element of OTP Bank's human strategy – it communicates with internal stakeholders through a variety of channels and in diverse forms, to get to know their needs, requirements and opinions and receive feedback at the same time.**

OTP Group conducted an employee engagement assessment in 10 countries applying the same methodology across the group, for the second time .

OTP Bank Romania obtained a score of 79 (exceeding the target of 75) with a 100% participation rate. The outstanding result was achieved primarily as a result of effective cooperation and an intensive communication campaign.

- 7 dimensions were measured by the survey: Capability, Capacity, Culture, Engagement, Follow-up, Customer and ESG index
- 4 out of these dimensions have registered an increase vs. 2021 (Capability, Capacity, Engagement, Customer)
- 5 out of these dimensions had an above 80% positive perception (top boxes): Capability, Capacity, Culture, Customer and ESG index
- On all 7 dimensions Romania scored higher than other OTP countries (range between +6 and +12%)

In other words, almost 4 out of 5 employees are highly committed to their workplace where pride, the „it is good to belong here” and „being part of the bank's success story” feeling continued to be the dominant

values (with over 80% scores). 77 percent of the respondents think that they can make the most of their potentials and perform value creating work here. The level of engagement for OBR was above global financial sector average\*.

Based on the results of the survey OTP Group identified the international extension of the job system and the creation of transparent career paths as group level development priorities. Even greater emphasis will be laid on open communication, cooperation among different divisions and enhancement of the reward culture. Every single employee was provided with standard information on the overall result of the survey, while more detailed division and team level results were presented to and discussed with the employees by their direct superiors. Action plans were worked out on the basis of the feedback in cooperation with the teams.

OTP Bank Romania considers that, as a main strategic objective at bank level, constant improving our employee engagement score is mandatory for all the people managers in the bank with the support of Human Resources team. The bank runs yearly survey exercises, in order to better understand the level of employees satisfaction, wellbeing and mindfulness level. Further actions:

The bank encourages further interaction and collaboration via OTP Connect (internal communication platform) and develops the special awareness program Your Voice – regarding existing internal supporting

The Financials Avg benchmark contains six million responses from 116 companies of the world classified on the basis of the GICS method.

channels for feedback and developed surveys.

Regarding employee experience, the bank invests in developing a platform for collecting continuously feedbacks from the employees under (Employee Experience) EX Voice strategy – on boarding studies, life cycle surveys, ad hoc surveys required by other areas (compliance culture survey, XM Maturity Survey). Regular EX Forums will be organized where EX KPIs will be monitored and action plans will follow if required. Employer Branding is also key in this process. After a complex market research, the bank defined its Employer Branding strategy, aiming to promote #otpmindset for the next period, with impact on internal and external environment. The objective, in a 5 year timeframe, is to evolve from awareness towards consideration and desire phases.

The bank continued the series of Customer Centricity and Customer Care courses for all employees, in which they learned various techniques to better understand customer needs.

Also, a Career Path Program is in place to reduce the turnover, support career development and improve employer branding.



## 7.3. Career opportunities

**Employees are aware that OTP Bank Romania considers them one of the key values that can bring long-term success to the organization. To support them, OTP it is known internally that the organization is concerned to give equal career opportunities to everyone, regardless of gender age, ethnicity, disability or sexual orientation.**

GRI 404: 3-3, 404-3 OTP Bank provides a career path overview twice a year to all employees as part of the performance review, defining the directions for personal growth and discussing development solutions.

Career Path program offer support to the employees looking for career development. The objective is to further develop this pilot in OTP Romania and create development plans for all the roles within the banks, mentorship program as part of career management and job shadowing initiative for better understanding the needed skills for a position.

### Talent management program

We have developed a talent development framework and manager succession planning scheme based on a standardised group-wide approach. The international talent program will be introduced in 2023. As part of the program professional academies are being organised at various levels of knowledge. The Risk Academy was launched first, at managerial and subordinated employee levels.

### Performance review

GRI 404: 3-3, 404-3 Employee performance is assessed twice per year in OTP Romania. Regular feedback, linked to objectives and based on objective criteria, is fully implemented at OTP Bank Romania. Targets are set and evaluated with the help of the HR information system.

In 2022 95% of the OTP Romania employees, were provided with performance evaluations.

There are no material differences between the sexes, nor hierarchic levels.

## 7.4. Remuneration, rewarding of the employees

### Benefits

GRI 405, ST3: 3-3, 2-19, 2-20, 401-2 OTP Bank's Remuneration Policy is in line with SRD II – it covers the whole of the organisation and includes a description of the decision making process relating to determination, revision and implementation, including measures aimed at preventing or managing conflicts of interest, the role of the Remuneration Committee; managers' bonuses, the components of fixed and variable remuneration and the objectives for directors. Sustainability considerations were also taken into account in the process.

In line with legislative requirements, the OTP Group consistently employs the principle of 'equal pay for equal work', including ensuring gender equality. Our group members typically provide the

same benefits to full-time, part-time and fixed-contract employees.

Members of OTP Group Romania remunerate their employees at the rates customary in the Romanian market. Some of our employees' pay is dependent on their measurable performance. Every group member increased wages in 2022, by more than 5% in most cases. All members of the Banking Group offer

fringe benefits to their employees. OTP Bank's gender-neutral remuneration policy declares that job-specific wage brackets are aligned with the level of positions and market practices in its wage setting strategy; regular wage audits control and ensure that no significant wage differences can emerge between the genders. Consultations and coordination with the trade union also take place in relation to remunerations.

Table 22.

GRI 405-2 Ratio of the basic salary of women to men, 31.12.2022					
OTP Bank Romania	Men	Women			
		Senior managers	Middle managers	Employees	Average
	100%	94.6%	88.9%	90.3%	90.3%

### OTP Romania: Short-term employee benefits:

Short-term employee benefits include wages, salaries and social security contributions. Short-term employee benefits are recognized as expenses when the services are rendered.

### Defined contribution plans:

The Bank pays the contribution to the Romanian State funds on behalf of its employees for health care, pension and unemployment benefits. All employees of the Bank are legally obliged to be members of the Romanian State Social Security and to make defined contributions (included in the social security contributions) to the Romanian State pension plan (a State defined contribution plan). The Bank has no legal or constructive obligation to pay future benefits. Its only obligation is to pay the contributions

as they fall due. If the members of the Romanian State Social Security plan cease to be employed by the Bank or its subsidiary, there will be no obligation on the Bank to pay the benefits earned by these employees in previous years. The Bank's contributions are included in salaries and related expenses. All relevant contributions to the Romanian State pension plan are recognized as an expense in the statement of comprehensive income as incurred.

### Share-based Payment as long term incentive:

The Bank has applied the requirements of IFRS 2 Share-based Payment. The Bank issues equity-settled share-based payment to certain employees. Equity-settled sharebased payment is measured at fair value at the grant date.

[Other benefits - see Careers | OTP Bank](#)



## 7.5. Training and education

**GRI 404: 3-3, 404-2 The Banking Group laid particular emphasis on management skill development in 2022 and continued to offer its employees a wide range of training programs.**

In 2022 the **OTP Romania spent a total of 6,2 mil RON on employee training-** for 63.346 total training hours, 16% increased versus 2021. The average training time was 34 hours/employee- same for female and male employees. At OTP Bank Romania level, the average number of training hours per employee was 36.2 hours/ person. Every single employee of the OTP Group is provided with training. Most trainings were provided in 2022 to middle managers (in average 207 hour/employee) and senior managers ( 111 hours/employee)

### Leadership development

One of the most important goals of OTP Bank's HR strategy is to support and develop its managers as they play a key role in maintaining the cohesion, and ensuring the effectiveness, of the organisational units and in change management.

OTP Romania Leadership Development The Bank continued the OTP New Leaders program for new managers, aimed at developing leadership skills, aligning management practices at the organizational level and the new agile way of working, and increasing the quality of management actions. Process Communication Model program in which managers and directors

participated. Through this program, employees learned techniques for using adaptive communication skills and learned how to build strong engagement across the organization by applying effective management and increasing operational effectiveness.

In addition, members of the management board are trained annually in European and Local Regulation updates in banking industry in order to ensure that the Corporate Governance activity is managed within the most recent legal framework. Each middle manager benefited in 2022 in average of 207 training hours, each senior manager of 111 training hours in average.

### Professional training programs and competence development

Participation in the professional and other training courses necessary for work performance (e.g. ethics, compliance, security, health and safety, environmental protection) is based on annual training plans. Training plans are developed with the involvement of staff, taking into account the results of performance reviews. Development of the employees' professional expertise is one of the most important tasks at all group members. Strengthening communication skills, cooperation skills and personal productivity and supporting stress and change management, play a special role in trainings aimed at skills development.

OTP Bank Romania continued its training program in 2022 – supporting its agile organisational transformation – for the shared and support functions (including compliance, legal, financial, retail risk management). It organised a series of trainings for the business and IT divisions

regarding the new agile working methods (change management, Lean Six Sigma Yellow Belt etc.) and provided its managers with a coaching program.

Reskilling and upskilling are also top priority, as more and more processes is automated and workforce of this areas is free-up and available to take over different other jobs existing in the organization. OTP gives the chance to learn also to inexperienced people.

The new learning platform was well received by the employees, most of them are satisfied with the regular, in-depth courses: customer centricity, partial trainings on new products (they need more here), development of skills, people management or mental health. Our target is to offer access to various learning and development resources, in order to help colleagues keep up with the organization's growth plans.

Table 23.

Hours of Training OTP Bank Romania	2019	2020	2021	2022	2022*	Average hours/employee 2022*
Senior managers*	-	485	445	416	555	111
Middle managers*	-	2,881	12,942	13,340	14100	207
Subordinates*	-	46,747	29,694	47,539	48691	27
Males*	-	16,515	13,103	17,015	17983	34
Females*	-	33,598	29,978	44,281	45363	34
<b>Total</b>	<b>0</b>	<b>50,113</b>	<b>43,081</b>	<b>61,296</b>	<b>63346</b>	<b>34</b>
Training cost (thd RON)	4.865	5,574	5,395	6244		

\*OTP Group Romania

## 7.6. Safe and healthy working environment

### Work-life balance

GRI 405: 3-3 The objective of the HR strategy focusing on employee experience is to create a supportive workplace atmosphere; to this end, the OTP Group applies a number of practices making it possible for employees to achieve the best possible work-life balance.

Atypical forms of employment continued to evolve and grow at the members of the OTP Group in 2022, which also had a positive impact on employee satisfaction. The Banking Group enabled part-time employment, remote working and working from home office. Such arrangements were most typically available – like before – primarily for those working in central positions.

The ratio of work from home in 2022 accounted for an average of 30% in OTP Romania, varying by division.

### Family-friendly programs

Applicants and new hires find written information on family-friendly measures through multiple channels; they also appear in the company's internal regulations.

OTP Bank provides its employees with a wide variety of benefits and allowances (health and pension fund contributions, health insurance) as well as organisational services (product and partner discounts), some of which may even be extended to family members. It also provides an extensive range

of family support solutions (e.g. in connection with child births, burials of close relatives). Moreover, the Bank pays particular attention to its employees' physical and mental health. In 2022 OTP Bank implemented a number of new projects and actions regarding the work-

private life balance, such as the extension of the scheme of bonus vacations or the introduction of four-day long weekend vouchers.

Across the group, thousands of employees are on long term parental

leave. Parental leave is available to fathers as well, but few of them take this opportunity for the time being. GRI 401-3 Employees taking parental leave and returning to work.

Table 24.

Year	2020			2021			2022		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
Employees entitled to parental leave	-	-	-	-	-	-	61	17	<b>78</b>
Number of employees who took parental leave	53	1	54	76	2	78	61	4	<b>65</b>
No. of employees returning to work after parental leave	48	2	50	33	3	36	30	2	<b>32</b>
No. of employees not returning to the company after parental leave	7	0	7	16	0	16	9	1	<b>10</b>
Returned employees, who were still employed 12 months after their return	3	1	4	2	1	3	4	0	<b>4</b>

Parental leave is a long term leave for child care, which is, depending on local regulations, available for both women and men. We have been using the Hungarian translation of the GRI term "Parental leave" in reporting for years. The definition does not cover the short term parental leave introduced in Hungary in 2023.



### Recreation

OTP Bank Romania owns several hotel rooms, available for employees at reduced rates, or for those who have delivered outstanding performance, free of charge. 122 employees together with their families (total 359 persons) benefited from a week of free accommodation in the 7 rooms that OTP Bank Romania has in Constanta between June 6 and October 2, 2022.

### Stress management and individual support

Employees exposed to permanent stress may develop, besides mental issues, some serious physical problems as well, such as cardiovascular diseases or musculoskeletal pain. The OTP Group lays particular emphasis on preventing and eliminating the problems inherent in the nature of its operations (e.g. stress, sitting at work). To mitigate psychosocial risks most member companies offer stress management training for their employees. OTP Bank conducted numerous surveys during the year, including the mapping of the employees' mental health.

To help employees overcome mental difficulties OTP Bank provided services for individuals as well as for family members, in 2022 as well.

Overwork is one of the main sources of stress therefore the Banking Group makes efforts to reduce this. No material change took place in the amount of extraordinary work in comparison to the preceding year.

### Mental Health programs in OBR:

Workplace stress and burnout are two of the biggest mental health threats to employee engagement. To help employees cope with stress, we offer

wellness programs such as free access to psychotherapeutic services, free day as for employee birthday, dedicated trainings and workshops on topic.

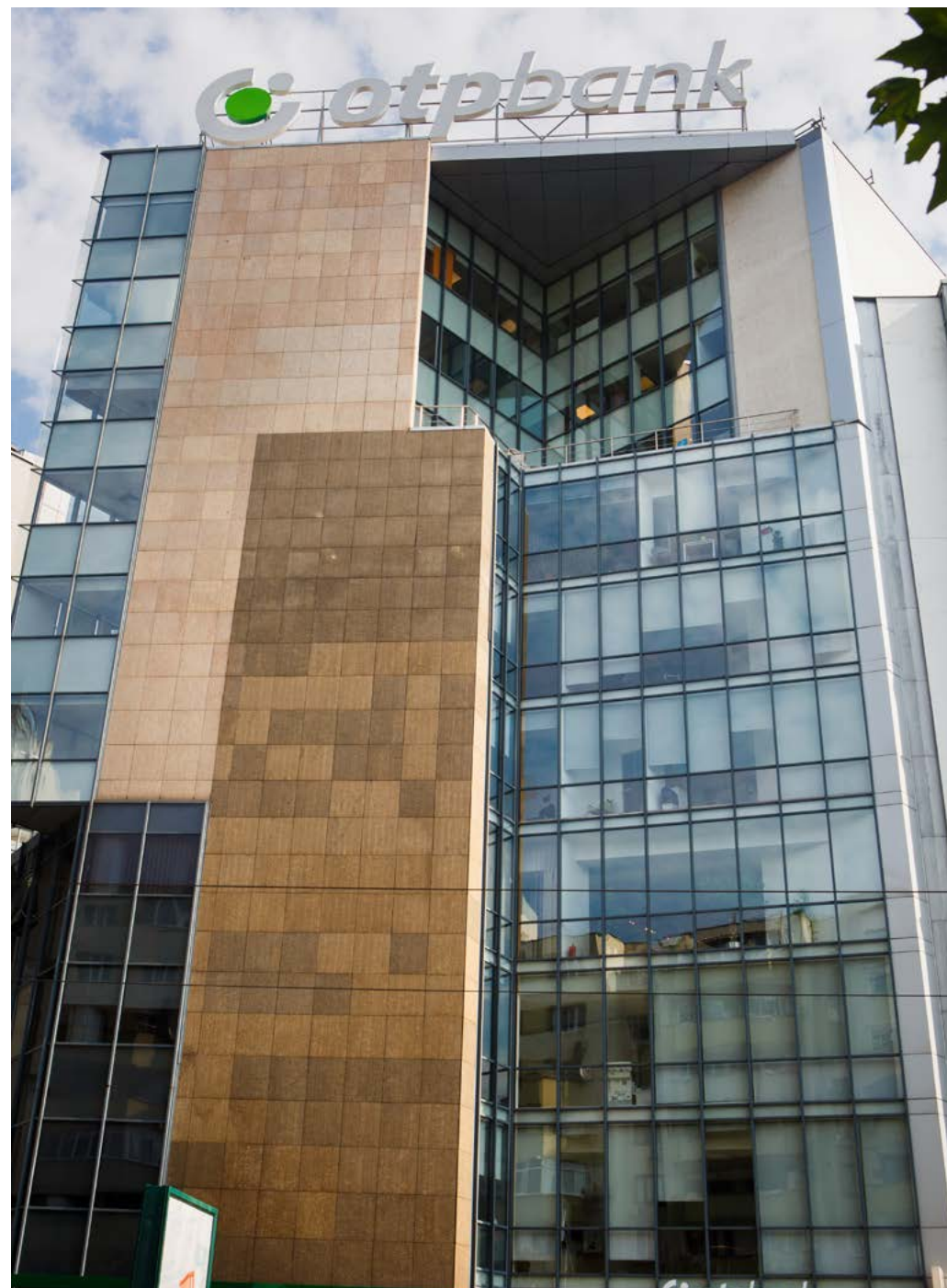
Under Let's Work Smart umbrella, the bank offers support for a balanced work-life (mainly in hybrid working context) such as: Tips on efficient work and wellbeing customs No Meetings Day (Friday) (awarded within CSR Awards 2022, anniversary edition).

### Physical activity

Welfare actions at the workplace or outside working hours also contributed considerably to stress release or reduction. The OTP Group encourage its employees to do physical exercise. The primary objective of OTP Bank's community sports application scheme is to encourage workplace communities – OTP Romania has a strong football team – to engage in joint sports activities. It also organized in 2022 OTP Charity Tour – a bicycle marathon with tens of internal volunteers cycling for a social cause.

The Body Awareness Program of OTP Bank Romania was established with a view to supporting sports, healthy eating and awareness; it contributed to the achievement of the objectives with a series of videos presenting sports exercises, mindfulness training and 3 sports camps.

A wide variety sports facilities and arrangements were available among the member companies in 2022 as well: regional and national sports days were organised within the bank and we also participated in traditional sports competitions among banks. The sports associations activated the employees and







their families, they organised in-house competitions and helped participants in their individual preparations. In order to support our employees to have healthy habits, we invest in:

- developing dedicated internal programs with focus on sport, nutrition and mindfulness learnings
- constant alignment of meal ticket value policy;
- improvement for medical insurance and flexible benefits.
- further invest in supporting our football team players and fitness community

### Healthcare services

The quality of life is heavily affected by health issues – whether of physical or mental origin – and neglecting them might lead to even more serious consequences. OTP Romania provides its employees with healthcare services over and above what is required by law, including health insurance.

GRI 2-29 OTP Bank Romania has an occupational health and safety committee, which meets quarterly and includes representatives of workers and employer representatives. In these meetings are discussed the findings from field checks

and proposals to improve the activity of health and safety at work

### Occupational health and safety

GRI 3-3 The OTP Group does its utmost to maintain a safe working environment; the low number and low severity of accidents reflect the success of its efforts. The Banking Group's employees work for the most part in low risk jobs in terms of health and safety; they are provided with training on occupational health and safety as well, in accordance with the relevant local regulations. The employees of OTP Bank participate in training every year – even beyond the requirements – which in 2022 they already completed on the basis of the renewed occupational and fire safety e-learning material.

### Accidents

GRI 403: 3-3, 403-9 At OTP Bank Romania there were no accidents in 2022. External workers working at OTP Bank's premises are provided, and familiarise themselves, with the occupational health and safety regulation upon the handover of the worksite and they are obliged to report any accident occurring at the premises.

GRI 403-9 Work related injuries in OTP Romania

Table 25.

Year	2019	2020	2021	2022
Employees	1,406	1,594	1,789	1,824
Number of accidents at work *	0	1	1	0
Number of serious work related accidents *	0	1	0	0
Number of fatal accidents at work *	0	0	0	0

# 8. Citizenship



- 1** NO POVERTY  

- 3** GOOD HEALTH AND WELL-BEING  

- 4** QUALITY EDUCATION  

- 11** SUSTAINABLE CITIES AND COMMUNITIES  

- 17** PARTNERSHIPS FOR THE GOALS  




**GRI 3-3**

**Impacts:**

**Strengthening of financial awareness in vulnerable groups:**

Sharing financial knowledge and increasing financial awareness enhances responsible decision-making, financial planning, and the comprehension of financial products among retail customers on the one hand, and reduces their exposure on the other hand. This is significant for everyone, but particularly crucial for young and disadvantaged individuals.

**Citizenship:**

The Group allocates a part of its profits to sponsor projects and civil society organisations, thus facilitating the attainment of broader social goals. Even greater impact can be achieved by expanding donation initiatives and micro-donations, as extensively as possible.

**Objectives**

- Raising awareness of the future among people
- Developing financial literacy and shaping attitudes
- Sponsoring culture and arts to create and perseve values
- Promoting the accomplishment of

- community goals and standing for values
- Strengthening community involvement through voluntary programs and community building
- Developing the culture of donation in society

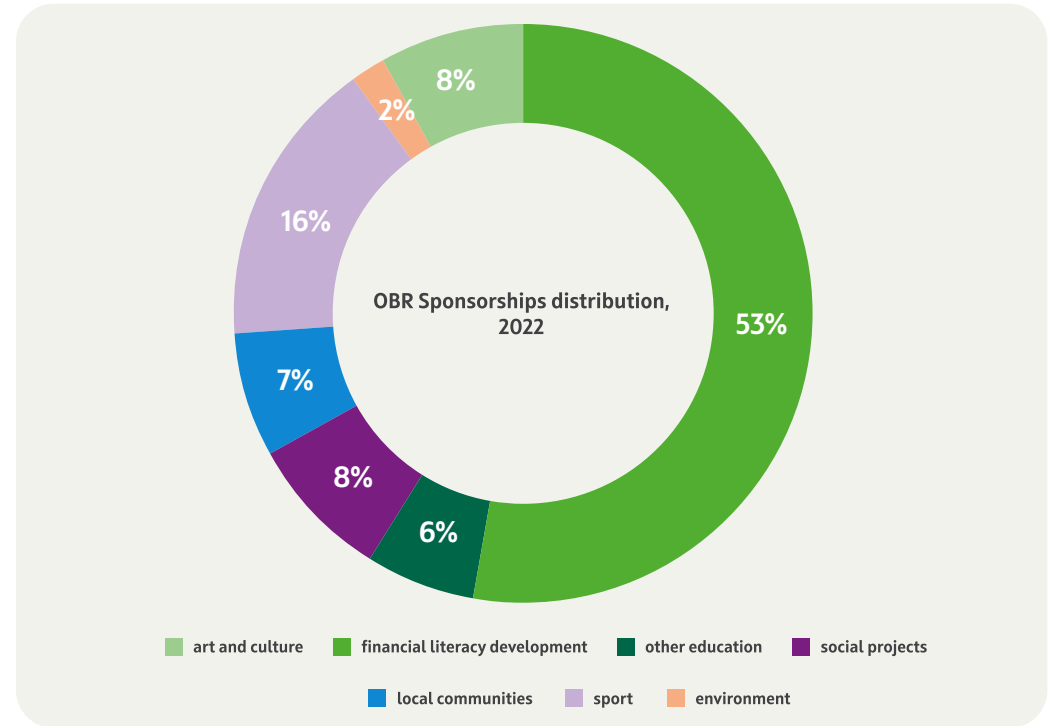
**Acts**

- Operation of excellent, widely accessible financial educational programs
- Collaboration with civil society organisations and professional organisations in important social causes
- Implementing a consistent support/ sponsorship policy with measurable results
- Encouraging micro-donation through research, product development, media presence and supplementary funding
- Empowering small communities by promoting volunteering
- Sponsoring sports as a community-building activity

**Stakeholder engagement/compliance:**

Extensive cooperation with civil society organisations, professional organisations and local communities, surveys, involvement of employees and customers, asking for feedback on results and experience, media, ESG strategic objective disclosure. For further information visit [Sustenabilitate și responsabilitate socială | OTP Bank.](#)

Fig. 13



The above chart provides a categorical breakdown of sponsorships in 2022, presented as a percentage of the total sum of 2,543,865 RON

During 2022, OTP Bank Romania supported sponsorships with value added to communities through education, donations, volunteering, keeping OTP Bank Romania Foundation - as the main CSR project of the bank.

We ensured that CSR funds were allocated to priority areas such as: education, culture, sport, and local communities.

**8.1. Activities aimed at improving financial literacy**

**ST12: 3-3 For years, the OTP Group has been a dedicated supporter of financial literacy development in the entire region. OTP Romania actively participates in this initiative through various means, esuring that today's youth can make informed financial decisions as responsible adults in the future.**

In Romania, the OTP Bank Romania Foundation is the most important pillar of social responsibility of OTP Bank, assuming the role of becoming one of the main pillars of educational



transformation in Romania. Its mission is to support lifelong learning through curriculum design and educational products tailored to the needs of each partner.

Main directions covered by the Foundation are financial education for young people and adults, both **young people** and **adults, digital education, emotional intelligence** and **vocational guidance** for the younger generation. In 2022, approximately 1,000 people benefited from the various educational programs launched by OTP Bank Romania Foundation, thus strengthening the organization's strategic orientation, and confirming its vocation as a content creator.

The Foundation continued to run the Financial Fitness financial education program, which was attended by more than 500 people from different socioprofessional backgrounds, including colleagues from the OTP Group, bank

clients, students, employees from private companies, various other organisations, and disadvantaged communities.

For the Financial Fitness program, 2022 marked a premiere in terms of promoting and popularizing the principles of healthy financial living. Thus, representatives of the Foundation participated in the production of "An Easy Financial Podcast" hosted by Itsy Bitsy FM radio station. The financial topics presented were of great interest to listeners, which led to the continuation of the program this year.

Furthermore, in the realm of financial education, with a focus on middle and high school students, 2022 marked a significant milestone. The Foundation initiated a new project in Miercurea Ciuc, in collaboration with the local City Hall. Under this initiative, students engage in financial education sessions conducted in both Romanian and Hungarian. In 2022, 180 students participated in these financial education sessions.

## 8.2. Citizenship

**The OTP Group actively engages with local communities. OTP important market presence in Romania comes with a sense of responsibility, including the task of reducing social inequalities, contributing to the creation of opportunities, and addressing current local and regional challenges.**

Over the years, OTP Bank's Romania support has consistently focused on various areas, including the development of financial literacy, assistance to disadvantaged individuals, and sponsorship of culture and the arts for the creation and preservation of value. Additionally, the bank supports sports-related activities.

**Educations programs for creating opportunities and reducing social inequalities**

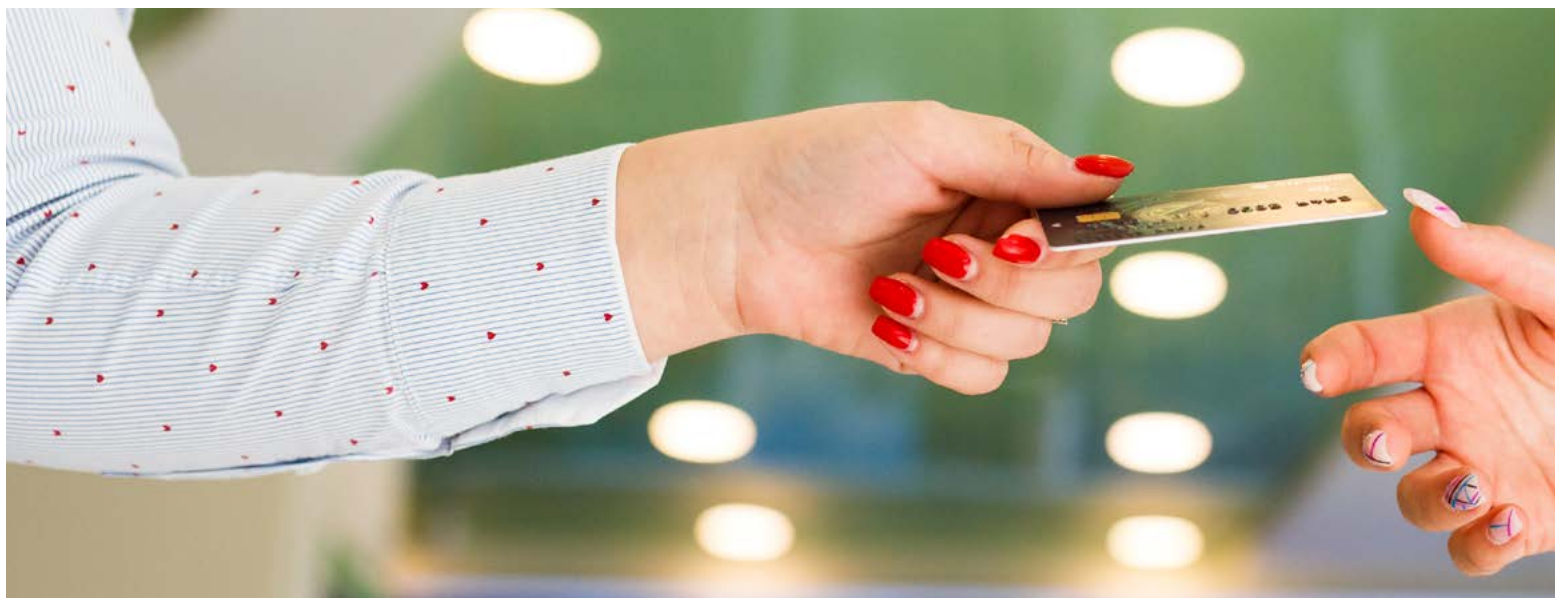
In Romania, the OTP Foundation In its 8 years of activity, the Foundation has built a rich educational patrimony based on four major areas: financial education, children's education, career guidance and strategic partnerships with local associations and NGOs.

It primarily focuses, apart from financial education programs, on other key educational areas such as digital education, emotional intelligence- targeted also to enhance the quality of the public education in Romania, and vocational guidance for the younger generation, particularly Generation Z.

In 2022, the Foundation conducted „startAware”, an educational program for highschool students, developed and delivered entirely in-house. The pilot edition of this vocational guidance program, which ran for three and a half months, was attended by 17 students eager to take part in a unique learning experience.

The national digital education program, „**Online lesson**”, conducted in collaboration with the Federation of Free Trade Unions in Education (FSLI - Federația Sindicatelor Libere din Învățământ) continued in 2022, with around **200 teachers interested in developing digital skills** attending the training sessions.

As part of the same partnership with FSLI, the Foundation has introduced, for the first time in the Romanian market, **a financial education program designed for pre-university teachers**. This program, officially approved by the Ministry of Education, provides educators with the opportunity to gain familiarity with and implement techniques, methods, and tools in the field



of financial education. The program also encompasses organizational financial management, focusing on a topic that is as current as it is underrepresented: sources of funding for various school activities and practical tools that any interested teacher can utilize. Additionally, it includes an institutional development plan, a fundamental tool with multiple functionalities for both school management and its intended beneficiaries.

As part of the European financed projects run by the Foundation, „**Manager in Action**” sessions contributing to the development of **entrepreneurial skills for more than 200 students from economics universities.**

At the end of 2022, the Foundation started „**Vision**”, an Erasmus project in partnership with an Italian organisation, which will create visual facilitation tools that will be the subject of training sessions in Romania and Italy. Teachers/ trainers from both countries participate in these sessions.

OTP Bank Romania implemented GirlPower, the mentoring program dedicated to young women at the beginning of their professional careers, and awarded the two finalists selected from 47 applicants scholarships worth a total of 6,000 euros, paid directly by the financial institution.

As part of **GirlPower**, the trainees

benefited from nine months of intensive training with OTP Bank mentors. There were more than 20 meetings focused on both the personal and professional development of the young women, in line with the program’s objectives. The scholarships were paid for the personal development program of the ReGeneration Academy, and for the Fast Track Management program, organized by the Bucharest International School of Management.

The GirlPower mentoring program is part of the bank’s strategy to promote gender equality internally and externally.



### Sponsorships and donations

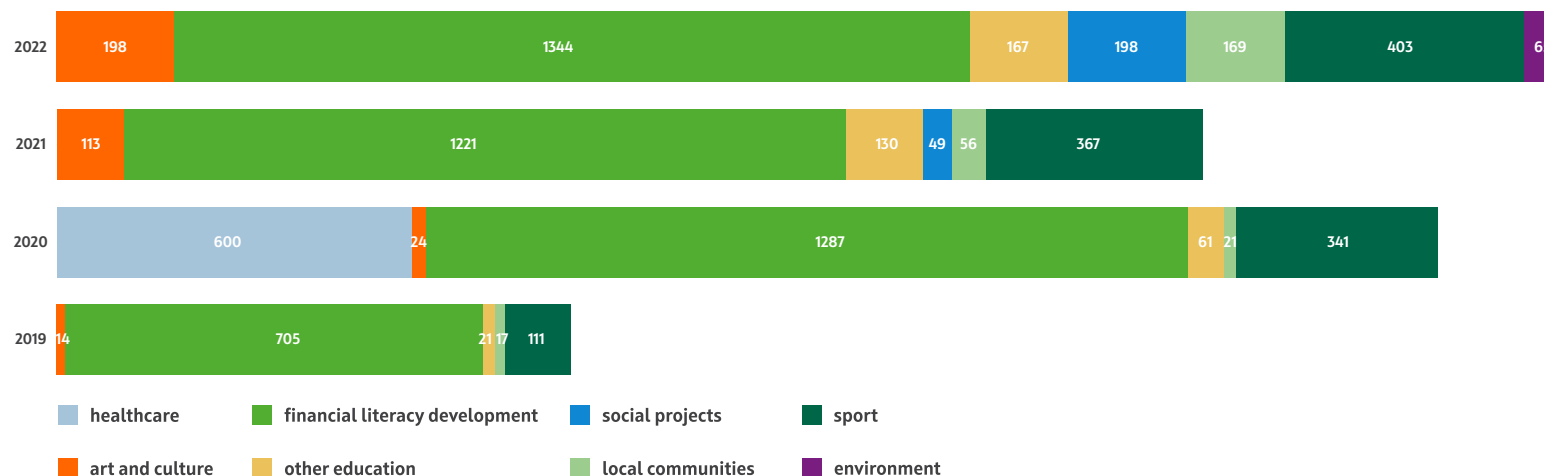
Measurability is an important principle in the case of our social projects. Another one is that the Banking Group cooperates essentially with organisations and not individuals in this way.

OTP Bank’s corporate social responsibility activities in 2022 extended to two specific fields besides activities pursued so far and which overarch country borders: enhancing the micro-donation culture and provision of humanitarian assistance necessitated by the war in Ukraine.

As depicted in the chart above, the sponsorship values for each category have shown consistent growth over the years. Notably, financial literacy development stands out with the highest value. In the year 2022, this category is epitomized by the OTP Bank Foundation, boasting a substantial budget of

1,235,125 RON, accompanied by additional sponsorships contributing 108,740 RON to the cause of financial education. Sponsorships dedicated to the realms of art and culture have witnessed a remarkable upsurge of around 75% in comparison to 2021, and contributions to local communities have flourished with a noteworthy 67% increase.

Fig. 14 Sponsorship & Donation Budget (thousands RON)



At the social level, OTP Bank Romania has sponsored various organizations that support categories of people in difficult situations such as:

- **Marginalized children:** In December 2022, OTP Bank was a partner in **Good Deeds Auction Campaign**, thus supporting the Red Cross in their project to improve the social, school and, last but not least, emotional situation of as many marginalized children and young people as possible.
- **Support children from disadvantaged areas:** Green Heart Christmas event



(13th of December 2022) - the biggest charitable event powered by OTP Bank Romania for the corporate and private banking customers. In an imposing background at the Royal Palace Bucharest, the 120 guests took part at the unique artistic experiences, enjoyed art and did good, by supporting the „Gift with a Smile” campaign, organized by the Aura Ion Association. More than 145 children from disadvantaged areas had part of a special Christmas, because the donations turned into the gifts they wanted.

As a part of sponsorship program, OTP Bank Romania is pleased to partner with a variety of sports teams, helping to bring excitement to our customers across the country.

In 2022, OTP Bank Romania created **OTP Charity Tour** event from the desire to promote the bicycle as an ecological means of transport, as well as to be actively involved in a charitable cause that can change the lives of ill children. 290 kilometres were cycled by the 40 participants during four days of the OTP Charity Tour event.

Proceeds from the cycling tour will be used to run the Yuppi experimental therapy camps, which aim to provide chronically ill children and their families with experiences to rediscover their inner strength and resources. In September 24-25, 2022, Yuppi Camp hosted 20 families from all over the country. 30 volunteers and 8 doctors were present with them.

The money raised by the cyclists, along with the proceeds from the entry fees, will provide families with children with



**cancer, diabetes, or other autoimmune diseases** the opportunity to attend Yuppi experimental therapy camps for free, where they will find a community and rediscover their strength and their interior resources.

• **Local communities & culture:** Bringing communities together, ultimately making them more cohesive and

inclusive is in line with our legacy commitments. This is the reason why we have developed partnerships with various associations and NGOs, by supporting various festivals and events, which involve, among other things the involvement of young people, linking us to our inherited commitment to inspire and improve the skills of the next generation.

#### **Assistance in relation to the war in Ukraine**

As organization, OTP Bank Romania donated 10.000 euro to Red Cross to support their humanitarian campaign. With the cooperation of Asociatia Maria Holtzhauser we collect donations with to provide basic necessities for those who arrive on the Romanian territory in an attempt to leave the areas of armed



conflict. Furthermore, we decided to provide discounts to refugees from Ukraine by using our services.

### Development of the donation culture and promotion of microdonation

OTP Bank makes efforts – through its services and electronic channels, and by involving its employees – to make donation, as an internal motive and practice, become part of everyday life.

OTP Bank Romania and the OTP Bank Romania Foundation promote charitable giving to support the most vulnerable and foster a more socially just society. Employees from OTP Bank Romania and all of its subsidiaries have participated in the following campaigns with donations:

- „Back to school” - 116 backpacks for disadvantaged children in rural areas
- „Rural library” - 300 books donated for a rural library
- „Internal volunteering campaign for the Easter Holidays” - presents for 148 children
- „Spring sweatshirt campaign” - presents

- for 153 children from disadvantaged areas
- Depreciated equipment, donated from OTP Bank: 20 complete stations (monitor, drive, mouse, cables), 8 laptops for 350 children;
- Donate clothes for children - 80 packages for children, consisting of over 500 clothes
- Christmas campaign – Santa gifts for 190 children

### Volunteering

Volunteering is a tradition for most members of the OTP Group. Group members encourage volunteer initiatives and are happy to contribute to the efforts of employees.

In 2022, OBR initiated two significant partnerships focused on environmentally impactful initiatives:

#### “Jiul fără plastic” - River Cleanup Action:

In collaboration with the „Ape fără plastic” Association, 22 OTP volunteers participated in a river cleaning operation near the Ișalnița barrage. This joint effort resulted in the recovery of 400 kilograms of plastic waste.

“Edu Plant”- This environmental event,



conducted in collaboration with the Aura Ion Association, witnessed the dedication of 30 volunteers from OTP Bank Romania and the OTP Bank Romania Foundation. Together, they transformed a school garden in Călărași County, in the countryside, into a welcoming and enjoyable space for children.

### Sponsoring of sports

OTP Bank Romania strongly believes in the power of communities and invests in their well-being through sponsorships. With any sponsorship, we aim to activate it in support of our business and brand while driving deeper engagement with the community in which we serve.

# 9. Environmental Policy And Environmental Protection Measures



## GRI 305: 3-3

### Impacts:

#### Greenhouse gas emissions of operation:

The operational functioning of the OTP Bank Romania requires the use of natural resources and energy. The resulting environmental impact is significantly smaller than the indirect impacts associated with the provision of financial services. Of the impacts of operation only the emission of greenhouse gases (GHG) is considered to be material. Emissions exacerbate climate change and damage the environment and natural assets. The extent of the negative impact depends on the level of emissions, the amount and the way energy is consumed. Reducing emissions helps to combat climate change and protect the environment. However, the practices of the Bank also have an awareness raising impact in the segment of environmental protection and the promotion of environmental awareness in its operations is a major element of the regional leading role undertaken by the Bank in relation to the green transition.

### Objectives:

- Efficient use of resources
- Carbon-neutral operation whilst observing economic efficiency considerations
- Encouraging environmentally conscious behaviour in society through our employees and customers
- Transparency regarding the environmental impacts stemming from our operation, with an emphasis energy consumption and GHG emission

### Acts:

- Reporting on the environmental impacts of the Bank's operation
- Energy-efficient projects, purchase of

green electricity; use of renewable energy sources

- Reducing paper use through digitalisation; using recycled paper
- Rationalising business travel
- Improving waste management

### Stakeholder engagement/compliance:

cooperation with service providers and civil society organisations in implementing environmentally conscious practices, awareness raising among customers and employees, ESG strategic objective on operational emissions (Scope 1-2).

For OTP Group's basic principles concerning environmental protection and the fundamentals practice, please visit our [website](#).

GRI 2-13 We prepare annual reports on the environmental impact of our operation via Sustainability Reports. To enhance knowledge relating to the performance of work in this direction, along with general knowledge, internal communication campaign was organized internally via OTP Green Dot and plan for environmental training to start in 2023. Extended management board ESG training was performed in 2022.

### Energy consumption and carbon dioxide emission

#### GRI 305: 3-3, TCFD IV.c:

The changes in energy consumption/ CO2 emissions during 2022 were massively influenced by the fact that after the lifting of the restrictions introduced in response to the Covid-19 pandemic significantly larger numbers of employees returned to work in the offices, in-person meetings, and so business trips, became more frequent again.

In 2022 OTP Romania set goals concerning environmental protection in relation to own operations under our local ESG strategy: OBR set a target of achieving carbon-neutrality in terms of Scope 1-2 emissions by 2025. As part of our environmental concerns related to climate change, we increase the efforts to enhance tracking and reduce green-house gas emissions of own operations;

The main actions for inhouse ecology are focusing primarily on energy consumption/ energy efficiency, reducing carbon dioxide emission by clean energy use and reducing paper use and waste, and, only as last resort to use carbon offsets.

On Scope 1 emissions OBR savings opportunities are limited, because efficiencies were already in focus since many years.

In 2022 we continued: modernisation of the heating systems along with premises refurbishments plan, extension of of LED lighting and the installation of additional motion sensors included. During the replacement of air conditioning units we take care to ensure that the new units are highly energy efficient and use environment-friendly coolants.

In 2022 a pilot Energy Audit was performed

Table 26.

Volume of energy consumption, OTP Bank	2021	2022
Total energy consumption (GJ)	31.970	30.193
Per capita energy consumption (GJ)	17,17	16,16

Energy consumption data are derived from readings; the measured consumption volumes are converted to energy using local average calorific values The projection of the per capita value is the average number of full-time employees (TMD).

for 2 representative locations of OTP Romania- measures were analyzed but little room identified for feasible improvements. Enhancement on energy efficiency of the buildings is done along with branch refurbishment plan since 2018 (30 branches out of 97 & HQ premises were refurbished by end of 2022).

On Scope 2 indirect emissions reductions -from electricity use, steam, district heating & cooling. In this area the main directions of our actions are consumption optimization and increasing usage of green electricity.; Electricity makes up about half of the Banking Group's total energy consumption therefore carbon dioxide emission are to be significantly reduced through the purchase of green electricity starting 2023 (negotiations started with energy suppliers in 2022). As energy saving measures, temperatures in buildings were reduced during the cold season in response to the dramatic increase in energy prices - besides environmental considerations, and strated implementation of timer switch for exterior signage 24:00- 6:00h; extended movement sensors on 24 h branch areas lighting and common spaces;

A HVAC system was installed in the central building and thermostats were installed in several places.



Due to implemented projects that improved energy efficiency in 2022, we saved a total of 1.777 GJ energy (compared to 2021).

Table 27.

GRI 305: 3-3, 302-1 Energy consumption within the organisation (GJ) – OTP Bank Romania				
	2019	2020	2021	2022
Natural gas	9.824 <sup>1</sup>	14.094 <sup>1</sup>	12.607	11.786
Other non-renewable fuel (petrol+diesel)	0,0167	0,0176	0,0201	0,022
<b>Total non-renewable fuel sources</b>	<b>9.824,42</b>	<b>14.094,02</b>	<b>12.607,22</b>	<b>11.786,42</b>
Electricity	19.980 <sup>1</sup>	16.722 <sup>1</sup>	19.116	18.176
District heating	193 <sup>1</sup>	277 <sup>1</sup>	247 <sup>1</sup>	231
<b>Total indirect energy purchased</b>	<b>20.173</b>	<b>16.999</b>	<b>19.363</b>	<b>18.407</b>
<b>Total energy consumption</b>	<b>29.997</b>	<b>31.093</b>	<b>31.970</b>	<b>30.193</b>
<b>Total energy consumption per employee</b>	<b>20,97</b>	<b>19,11</b>	<b>17,17</b>	<b>16,16</b>

<sup>1</sup>GRI 2-4 Data corrected versus previously wrong reported information



Table 28.

GRI 305: 3-3, 305-1, 305-2, TCFD IV.b OTP Group's Scope 1 and Scope 2 CO2e emission (t)										
	OTP Bank Romania and Subsidiaries					OTP Group (OTPH)				
	2018	2019	2020	2021	2022	2018	2019	2020 <sup>1</sup>	2021	2022
<b>Direct (Scope 1)</b>	<b>0</b>	<b>959</b>	<b>1,221</b>	<b>1,197</b>	<b>1,229</b>	<b>14,564</b>	<b>18,594</b>	<b>15,282</b>	<b>29,5843</b>	<b>29,6802</b>
by vehicles	-	407	429	489	568	6,938	7,204	5,738	8,253	9,752
from natural gas consumption	-	552	792	708	661	6,053	8,044	7,572	17,323	15,269
from air-conditioning equipment	-	-	-	-	-	1,536 <sup>2</sup>	3,140 <sup>2</sup>	1,892 <sup>2</sup>	1,838 <sup>2</sup>	1,7082 <sup>2</sup>
other non-renewable energy	-	-	-	-	-	0,037	0,206	0,08	2,17	2,951
<b>Indirect (Scope 2)</b>										
Indirect location based	-	<b>0</b>	<b>1,236</b>	<b>1,409</b>	<b>1,430</b>	<b>45,130</b>	<b>47,947</b>	<b>52,711</b>	<b>56,9363</b>	<b>56,035</b>
from electricity	-	-	1,223	1,398	1,420	42,082	44,012	48,807	51,778	51,601
from district heating	-	-	13.16	11.72	10.95	3,048	3,935	3,904	5,1583	4,434
Indirect market based	-	<b>1,724</b>	<b>1,244</b>	<b>1,419</b>	<b>1,432</b>	-	<b>47,334</b>	<b>53,196</b>	<b>58,5623</b>	<b>44,02</b>
from electricity	-	1,724	1,231	1,408	1,422	-	43,399	49,292	53,103	39,442
from district heating	-	-	13.16	11,72	10.95	-	3,935	3,904	5,459	4,578
Total (Scope 1 + 2) location based	-	<b>959</b>	<b>2,457</b>	<b>2,606</b>	<b>2,659</b>	<b>59,694</b>	<b>66,541</b>	<b>67,993</b>	<b>86,5206</b>	<b>85,715</b>
Total (Scope 1 + 2) market based	-	<b>2683</b>	<b>2,465</b>	<b>2,616</b>	<b>2,661</b>	<b>14,564</b>	<b>65,928</b>	<b>68,478</b>	<b>88,1466</b>	<b>73,7002</b>
Total (Scope1 + 2) with compensation (carbon-offset)	-	-	-	-	-	-	<b>65.928</b>	<b>68.478</b>	<b>87.785</b>	<b>66.701</b>
Per employee (location-based)	-	<b>0,67</b>	<b>1,51</b>	<b>1,40</b>	<b>1,42</b>	<b>1,72</b>	<b>1,82</b>	<b>1,84</b>	<b>2,19</b>	<b>2,3</b>
Per employee (market-based)	-	<b>1,87</b>	<b>1,51</b>	<b>1,40</b>	<b>1,42</b>	-	-	<b>1,85</b>	<b>2,24</b>	<b>1,97</b>
Per employee with compensation *	-	-	-	-	-	-	-	<b>1,85</b>	<b>2,24</b>	<b>1,79</b>
Emission intensity per turnover (per million HUF, market-based)	-	-	-	-	-	-	-	-	-	<b>0,044</b>

The figures shown are calculated from energy consumption, in all cases based on the applicable statutory regulations and the factors stipulated by the authorities and industry organisations. (National Inventory Report (NIR), IPCC, DEFRA, EU Regulation, AIB, and data from suppliers for electricity and district heating). For Scope 1 emissions, country-specific factors are applied from 2022 onwards, subject to availability. We calculate electricity-related emissions using country-specific factors. In the district heating heading, from 2020 we use a Hungarian factor, and in the case of the rest of the countries we uniformly use the data published by DEFRA. In previous years – in the absence of other reliable data – we used the Hungarian emission factors except for Ukraine, Russia and Serbia.

The Scope1 emissions, and in 2022 even the district heating, cover all GHG emissions. In the case of the Scope2 emissions the earlier years for district heating in Hungary and the 2019, 2020, 2021 and 2022 electricity factors cover only CO2. In the case of electricity and district heating, 2022 emission factors refer to 2021; at the time of

the preparation of this report, more up-to-date factors were not yet available. The GWP values were taken into consideration on the basis of the IPCC's 4th Assessment Report.

<sup>1</sup> OTPH information also includes the consumption of the former Monicomp and eBIZ.

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

\*OTPH Group level information: to offset its 2022 Scope 1 and Scope 2 emissions, OTP Group Bank purchased carbon credits in early 2022, thereby preventing the emission of 7,000 tonnes of carbon-dioxide. The 2022 emission values were calculated on a preliminary basis which is why there are some residual emissions. The credits purchased by the Bank were verified according to Gold Standard (VER).



From scope 3 indirect emissions in own operations area we refer to business commute, supply chain, other waste (portfolio emissions are to be treated distinctly in future reports). Our main focus in 2022 was related to: gradual reduction of GHG emissions from an increasing more-eco vehicles fleet: acquisition of cars – new or replacements to be done with hybrid & electric where possible (considering limitation on appropriate infrastructure for electric car usage on long distances);

promote eco-friendly ways of transport/ commuting to work & existing facilities for bikers; enhance selective waste collection in our premises and increase awareness on waste management topic via internal campaigns; Paper usage -continuous focus on reducing paper usage via continuous improvement of E2E processes & physical documents usage, steadily increasing digitalisation and increase usage of recycled paper;

Table 29.

TCFD IV.b OTP Group's other indirect (Scope 3) CO2e emissions (t) 2022*		
	OTP Bank Romania	OTPH Group
Business travel **	130	2,763
Paper use	102	2,874

\* Includes only emissions arising from our operations; their presentation is partial only. Our goal is to expand the scope covered continuously.

The values are calculated from factors stipulated by the authorities and industry organisations.

As for the Banking Group's Scope3 emissions the emissions linked to lending are the most significant. The calculation of further emissions under Scope3 is to be further expanded subject to resource capacities.

\*\*An average CO2 emission is calculated for all the flights, independently from the real distance, and an average CO2 emission for passenger kms is used. . Source of emission factors (paper and taxi) can be found at DEFRA excel, used for Scope 1-2 emissions partially as well. For flights some typical distances are averaged based on Lufthansa's database.

### Travel

GRI 305: 3-3 The number of business trips increased significantly due to the fact that the pandemic came to an end. Lockdowns were lifted in 2022, therefore car use across the Bank subsidiaries/ clients premises increased; however, on-line meetings continue to be a dominant element of communication. Our employees took around 638 one-way plane trips, almost doubled since last year (342).

Our Group's vehicle policy sets carbon limits; moreover, OTP Bank Romania's fleet new purchases will be done only on environmental friendly vehicles.

Since we find it important to enable employees to access the workplace by alternative transportation means, the head office building is equipped with bicycle storage.

### Paper use

We are constantly working on cutting our paper use.

### OTP Bank Romania main actions:

Continue focus to increase digitalization of services to reduce physical use of resources & GHG emissions and, on the other hand, maintain branch channel to service less digital clients, while continually leaning and optimizing the branch processes & E2E flows in order to reduce paper and energy consumption. "Serve client in the right moment with the proper service, product or communication, through the preferred channel in a sustainable manner." In 2022 SME end to end 100% online onboarding was fully launched. Also, in December 2022, OTP Bank Romania implemented the facility to make subscriptions and redemptions in Smart Bank (mobile version of OTPdirekt) for

the investors with intermediation contract already signed. This facility previously existed only in OTPdirekt Internet Banking (desktop version of OTP Direkt). This improvement has positive impact on customer's experience, creating easiness and more accessibility for investors to make transactions with their investment funds, but also reduce paper use.

OTP Leasing Romania is also geared around flows digitalisation and paperless activities, such as:

- Implemented paperless workflow for the underwriting & risk administration department
- Increased the no of digital invoices for the customers
- Added new features for the business platforms (Webleasing, e-Signature, chatbot) aiming to reduce paper consumptions and overall footprint of our activity.

The share of electronic account statements is increasing. We also encourage their use through the conditions and fees of the application. Two thirds of the retail customers and 90-95 percent of the corporate customers were issued e-statements. We plan to procure recycled paper for office use from 2023.

### Environmentally conscious use and waste management

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

We donate no longer used but still functional furniture and IT equipment (primarily computers and laptops).



The Foundation facilitates donation of hardware equipment (laptops, computers, etc) from OTP Bank and/or its subsidiaries to Associations which take care of de-favoured children's education, according to internal regulations related to assets donations. Two such initiatives already took place in 2022

with 12 laptops and 20 computers (desktops + monitors) being donated.

Reducing plastic waste is one of our objectives; in addition to our existing practices, plastic cups were started to be replaced with paper cups in 2022.

was attended by representatives of the Ministry of Education and the Environmental Ministry as well, and it is planned to be implemented every year **in the context of the school Green Weeks event**, which is part of a national strategy.

activities. The employees participated in voluntary programs, supporting, inter alia, the Plastic-free Water Association, an organisation working to prevent contamination of the river Danube through the river Jiu. The Bank's 22 employees participated in a garbage collection campaign under the cooperation.

Table 30.

OTP Bank Romania				
	2019	2020	2021	2022
Computers (number of laptops + PCs) (thousand units)	3130	3476	2835	3048
Weight of ink cartridges and toners used (kg)	3242	1874	2124	3158
Total amount of paper used * (thousand t)	88	65	86	70

\*Total amount of paper used contains office paper and paper used for sorting, packaging and indirectly used paper

Other than a few improvements, waste collection remained unchanged in most respects in 2022. We collect and treat hazardous waste and paper containing business secrets selectively, in compliance with the relevant legal requirements.

Non-confidential paper waste, plastic/PET bottles, metal packaging materials and glass are selectively collected.

The Bank's challenges are to increase accuracy on consumption measurements & GHG emission calculation by clearer procedures for consumption and Carbon Footprint calculation.

### Attitude-shaping

The Bank launch numerous programs, awareness raising campaigns and involve

employees, to promote environmental awareness and the protection of natural values.

We drew attention to the importance of environmental awareness in messages greeting customers and in its campaigns (e.g. service evaluations) - e.g, we offered packets of seeds for planting.

OTP Bank Romania supported the implementation of the **Nature Talks Association Green Week** event where more than 300 students from Bucharest participated in interactive environmental workshops. A Green Room has been created at the OTP Romania Foundation headquarters building where children were able to experience the benefits of plants and how plants can clean the air. The project's press conference

**Green Dot hashtag** summed up the OBR numerous internal communication



# 10. Anexe



# SUSTAINABILITY REPORTING ANNEX

## Employee data

GRI 2-7 Employees under permanent versus temporary contracts, 31.12.2022				
	Permanent		Temporary	
	%	persons	%	persons
OTP Romania	95.7%	1788	4.3%	80

GRI 2-7 Full and part time employees, 31.12.2022				
	Permanent		Temporary	
	%	persons	%	persons
OTP Romania	97.6%	1,824	2.4%	44

GRI 401-1 Employees left, employees hired, 2022		
	Left	New hires
OTP Bank Romania and subsidiarys	367	454
<b>By gender</b>		
Men	115	92
Women	252	362
<b>By age group</b>		
Under 30 years	89	160
Between 30–49 years	251	266
Over 50 years	27	28
<b>Total</b>	<b>367</b>	<b>454</b>

GRI 205-2 Distribution of employees by position, number of employees, 31.12.2022	OTP Bank Romania	OTPH Group
Senior manager	5	82
Middle manager	68	3,638
Employees	1795	35,055

GRI 402-1 Minimum notice periods regarding significant operational changes that could substantially affect employees	
OTP Romania	20 working days
Does the Collective Bargaining Agreement set Minimum notice out a minimum period of notice and provisions periods for consultation and negotiation?	
OTP Romania	Yes

	OTP Group
In-house training courses	Available
Support for external trainings or education programs	Available
Leave of absence for studying, with job guaranteed to be reserved	Typically available
Continued training for those who intend to keep on working after retirement	Typically not available
Severance pay	Typically available
If the organisation provides severance pay, does it take into account the employee's age	Partly yes
If the organisation provides severance pay, does it take into account the number of the employee's years of service	Yes
Jobseeker assistance for employees made redundant	Typically not available
Assistance during the transition to life without employment	Typically not available



### GRI 207-4 Country taxation

Country	Revenue from sales to third parties	Revenue from transactions within the Group and between countries	Profit before tax (+) profit (-) loss	Tangible assets and inventories	Income tax on a cash flow basis	Income tax liabilities recognised against profit after tax (IAS12) excluding deferred tax	Statutory corporate tax rate	Effective tax rate excluding deferred tax
	1	2	3	4	5	6	7	8=6/3
	HUF million %							
Romania	129.548	4.146	7.82	12.439	514	606	16.0%	7.7%

The effective tax rate is the quotient of the actual income tax expense for the current year, as recognised in the profit and loss statement as per IAS 12, and the profit before tax, including the amount of dividends received. The amount of tax liability taken into account in the calculation of the effective tax rate does not include the amount of deferred taxes. The effective tax rate in the various countries may differ from the corporate tax rate under local tax laws. The deviation can typically be traced back to the following:

- The preparation of consolidated accounts under IFRS requires some adjustments to the data of individual statements prepared in accordance with local accounting standards in order to comply with IFRS. The effective tax rate calculated using these adjusted figures may deviate from the tax rate under local tax laws.
- Revenue that does not create a tax base (e.g. dividend) or expenses that are not permanently deductible for tax purposes;
- Loss used in the tax year.

## Employee Fluctuation by age and gender categories

Employee statistics/year	By age and by gender	Employees leaving (persons)	New employees (persons)	Total Headcount	Fluctuation
2019	Under 30 yrs	74	131	270	27,4%
	30-49 yrs	154	242	1020	15,1%
	Above 50 yrs	10	20	140	7,1%
	Male	83	142	455	18,2%
	Female	155	251	975	15,9%
	<b>Total</b>	<b>238</b>	<b>393</b>	<b>1430</b>	<b>16,6%</b>
2020	Under 30 yrs	54	135	307	17,6%
	30-49 yrs	149	279	1154	12,9%
	Above 50 yrs	22	19	166	13,3%
	Male	73	140	522	14,0%
	Female	152	293	1105	13,8%
	<b>Total</b>	<b>225</b>	<b>433</b>	<b>1627</b>	<b>13,8%</b>
2021	Under 30 yrs	111	177	351	31,6%
	30-49 yrs	266	278	1318	20,2%
	Above 50 yrs	33	21	192	17,2%
	Male	132	124	582	22,7%
	Female	278	352	1279	21,7%
	<b>Total</b>	<b>410</b>	<b>476</b>	<b>1861</b>	<b>22,0%</b>
2022*	Under 30 yrs	89	160	350	25,4%
	30-49 yrs	251	266	1306	19,2%
	Above 50 yrs	27	28	212	12,7%
	Male	115	92	533	21,6%
	Female	252	362	1335	18,9%
	<b>Total</b>	<b>367</b>	<b>454</b>	<b>1868</b>	<b>19,6%</b>

Employees Structure	By age and by gender	Senior management (persons)	Middle management (persons)	Subordinates (persons)	Total Headcount
2019	Under 30 yrs	0	0	270	270
	30-49 yrs	3	33	984	1020
	Above 50 yrs	2	5	133	140
	Male	3	20	432	455
	Female	2	18	955	975
	<b>Total</b>	<b>5</b>	<b>38</b>	<b>1387</b>	<b>1430</b>
2020	Under 30 yrs	0	0	307	307
	30-49 yrs	3	35	1116	1154
	Above 50 yrs	2	4	160	166
	Male	3	22	497	522
	Female	2	17	1086	1105
	<b>Total</b>	<b>5</b>	<b>39</b>	<b>1583</b>	<b>1627</b>
2021*	Under 30 yrs	0	0	351	351
	30-49 yrs	2	37	1279	1318
	Above 50 yrs	3	4	185	192
	Male	3	20	559	582
	Female	2	21	1256	1279
	<b>Total</b>	<b>5</b>	<b>41</b>	<b>1815</b>	<b>1861</b>
2022*	Under 30 yrs	0	0	350	350
	30-49 yrs	3	59	1244	1306
	Above 50 yrs	2	9	201	212
	Male	3	35	495	533
	Female	2	33	1300	1335
	<b>Total</b>	<b>5</b>	<b>68</b>	<b>1795</b>	<b>1868</b>



## GRI CONTENT INDEX

The GRI content index contains technical information on sustainability reporting and the use of the GRI Standards, and shows the disclosures/indicators on which, and where, the OTP Group reports.

GRI 2-2, 2-3 Characteristics of the Sustainability Reporting	
Declaration on use	OTP Bank reported on the period between 01.01.2022 and 31.12.2022 in accordance with the GRI Standards.
GRI 1 used	GRI 1: Basic 2021
Applicable GRI Sector Standard(s)	-
Entities covered	OTP Bank Romania and subsidiaries: OTP Consulting, OTP Leasing IFN, OTP Advisors, OTP Factoring, OTP Asset Management, OTP Bank Romania Foundation
Date of publication	December 2023
Reporting cycle	annual
Contact info:	<a href="mailto:comunicare@otpbank.ro">comunicare@otpbank.ro</a>
External assurance	Not specific for Romania but indirectly reporting & data collection principles reviewed by independent (third party) assurance on OTPH sustainability disclosures (assurance provider: Ernst&Young Ltd).
Presentation of data – breakdown	<ul style="list-style-type: none"> <li>• essentially OTP Bank and OTP Group Romania;</li> <li>• details on subsidiaries where relevant</li> </ul>
Presentation of data – time horizon	preferably 4 years in retrospect

Indicator number	Indicator description	Where to find it	Note / Reasons for omission
<b>GRI 2: General disclosures 2021</b>			
The organisation and its reporting practices			
2-2	Entities included in the organisation's sustainability reporting	p. 4	We report for OTP Bank at its subsidiaries, but not all material topics and indicators are relevant to all companies. Consolidation approach applied for the topic of GHG emissions.
2-3	Reporting period, frequency and contact point	p. 4	
Activities and employees			
2-6	Activities, value chain and other business relationships	p. 56	No material change occurred in the operation, value chain or relevant business relationships of the Group relative to 2021.
2-7	Employees	p. 67, p. 92	
2-8	Workers who are not employees	p. 68	Data disclosed for the first time.
Management			
2-9	Governance structure and composition	p. 20, p. 21	OTP Bank Romania Annual Reptot 2022- Corporate Governance Chapter;

Indicator number	Indicator description	Where to find it	Note / Reasons for omission
2-10	Nomination and selection of the highest governance body	p. 71	The procedure of the nomination of the members of the Board of Directors and the Supervisory Board is disclosed by the Company in its Responsible Corporate Governance Report.
2-12	Role of the highest governance body in overseeing the management of impacts	p. 20, p. 21	
2-13	Delegation of responsibility for managing impacts	p. 20, p. 22, p. 51, p. 58, p. 60, p. 64, p. 86	Information may be republished due to changes in data collection methodology or if corrections are needed for previously disclosed erroneous information; this is noted at the relevant place within the text, showing the effects of re-publishing.
2-14	Role of the highest governance body in sustainability reporting	p. 14	



Indicator number	Indicator description	Where to find it	Note / Reasons for omission
2-15	Conflicts of interest	p. 52. p. 55	OTP Group Policies apply fully to OTP Bank Romania and its subsidiaries also: Code of Ethics: 3.3; Compliance policy abstract III.1.2 All employees must be familiar with the Conflict of Interest Policy. The Conflict of Interest Policy includes the conflict of interest rules on executive officers as well, providing inter alia that the members of the Board of Directors and the Supervisory Board must abstain from voting on any subject in relation to which they do or may have a conflict of interest or in the case of which their objectivity or their capability of adequately fulfilling their obligations towards the Bank may be compromised. The members of the boards regularly submit declarations regarding their interests in related parties, along with declarations on conflicts of interests. Records are kept of their interests as required by law to avoid conflicts of interests.
2-16	Communication of critical concerns	p. 21	
2-17	Collective knowledge of the highest governance body	p. 20	The governing bodies are informed about the implementation of the ESG strategy. In 2022 the ESG training material of the governing body was prepared; comprehensive training will take place in 2023.
2-19	Remuneration policies	p. 21, p. 74	As per OTP Group Policies
2-20	Process to determine remuneration	p. 74	
Strategies, guidelines, practices			
2-22	Statement on sustainable development strategy	p. 6	

Indicator number	Indicator description	Where to find it	Note / Reasons for omission
2-23	Policy commitments	p. 54	<a href="#">Code of Ethics</a> - aligned with OTP Group principles and NBR recommendations . The Code is available on the websites of OTP Bank Romania the subsidiaries. The Code recognises and respects international human rights.
2-24	Embedding policy commitments	p. 54	
2-25	Processes to remediate negative impacts	p. 57	
2-26	Mechanisms for seeking advice and raising concerns	p. 54	Complaints Guide
2-27	Compliance with laws and regulations	p. 57	
Involvement of stakeholders			
2-29	Approach to stakeholder engagement	p. 47, p. 72, p. 78	OTP group level: <a href="#">Stakeholder relations</a>
2-30	Collective bargaining agreements	p. 72	
GRI 3: Material topics 2021			
3-1	Process to determine material topics	p. 13	<a href="#">Group level Annual Report</a>
3-2	List of material topics	p. 14	OTP Group level
3-3	Management of material topics	p. 42	OTP Group Level: The descriptions of the material topics are shown in italics in the introduction of chapter 2-7. If the description of any subparagraph is missing in relation to the given topic, it means that the Banking Group has no relevant practice. Our general principle is that we (also) use the topic specific indicators of the given topic as a method of evaluation of the efficiency of the actions taken; we use the indicator's expected data as the result. With other assessment methods, the presentation of the results always includes a clear reference to the method applied.

Indicator number	Indicator description	Where to find it	Note / Reasons for omission
<b>List of material topics</b>			
Social impacts and indirect economic impacts of lending (ST1)			
3-3	Management of material topics	p. 22, p. 25, p. 35, p. 36, p. 42, p. 47, p. 51,	OTP Group level
203-2	Significant indirect economic impacts	p. 25, p. 36, p. 37, p. 39,	OTP Group does not employ a generic approach or objectives regarding indirect economic impacts of lending but treats individual impacts on the basis of a strategic approach. In relation to indirect economic impacts as well, we always act in accordance with the principle of ethical business behaviour.
Indirect economic impacts of investments (ST2)			
3-3	Management of material topics	p. 31, p. 42	OTP Group level
203-2	Significant indirect economic impacts	p. 25	OTP Group does not employ a generic approach or objectives regarding indirect economic impacts of investments but treats individual impacts on the basis of a strategic approach. In relation to indirect economic impacts as well, we always act in accordance with the principle of ethical business behaviour.
Impact on livelihoods and income levels (ST3)			
3-3	Management of material topics	p. 12, p. 42	OTP Group level
Tax payment (GRI 207 2019)			
3-3	Management of material topics	p. 42, p. 64	OTP Group level
207-1	Approach to tax	p. 11, p. 64	In accordance with the principle of equal tax treatment, OTP Group spares no effort to ensure maximum compliance with all relevant statutory regulations on tax liabilities, in view of the purposes of taxes and contributions.



Indicator number	Indicator description	Where to find it	Note / Reasons for omission
207-2	Tax governance, control, and risk management	p. 64	The information on the disclosed taxes as part of the consolidated financial statements was audited.
207-3	Stakeholder engagement and management of concerns related to tax	p. 64	
207-4	Country-by-country reporting	p. 93	OTP Group level
<b>Contribution to economic stability (ST4)</b>			
3-3	Management of material topics	p. 11, p. 42	OTP Group level
201-4	Financial assistance received from government	p. 59	
<b>Environmental impact and GHG emission of lending (ST5)</b>			
3-3	Management of material topics	p. 11, p. 12, p. 42	OTP Group Level
305-3	Other indirect (Scope 3) GHG emissions	p. 33, p. 89	The indicator is applied only to the Scope 3 emissions of lending. Not reported for the time being; it will be disclosed first in 2024 after improvement of calculation accuracy. Improvement in calculation accuracy will be enabled by an increase in the range of publicly reported data and an improvement in their quality.
305-5	Reduction of GHG emissions	p. 33	The indicator is applied only to the Scope 3 emissions of lending. Not reported for Scope 3 for the time being, reporting is expected to be started in 2026 in accordance with the decarbonisation strategy.
201-2	Financial implications and other risks and opportunities due to climate change	p. 25-34	

Indicator number	Indicator description	Where to find it	Note / Reasons for omission
Green loan products (ST6)			
3-3	Management of material topics	p. 11, p. 12, p. 27, p. 31, p. 42	
own indicator	Disclosure according to the Taxonomy Regulation	pp. 28-29	
Environmental impact and GHG emission of investment products (ST7)			
3-3	Management of material topics	p. 12, p. 42	
FN-IB-410a.3.	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment banking and brokerage activities	p. 31	Partially reported. Implementation and disclosure are determined by statutory requirements, because they also require the introduction of a number of new practices. The practices relating to the criteria (items 2-7) required by the indicator are improving continuously but they have not been fully developed, therefore their presentation is expected to start in a few years.
Green investment products (ST8)			
3-3	Management of material topics	p. 12, p. 31, p. 42	
own indicator	Proportion of products according to Articles 8 and 9 of the SFDR	pp. 31-32	
GHG emissions of operation (GRI 305 2016)			
3-3	Management of material topics	p. 12, p. 42, p. 86, p. 88, p. 89	
302-1	Energy consumption within the organisation	p. 87	
305-1	Direct (Scope 1) GHG emissions	p. 5, p. 88	We do not apply a base year.
305-2	Energy indirect (Scope 2) GHG emissions	p. 5, p. 88	We do not apply a base year.

Indicator number	Indicator description	Where to find it	Note / Reasons for omission
Equal opportunity in accessing financial services (ST9)			
3-3	Management of material topics	p. 12, p. 13, p. 42, p. 48, p. 49	
FS13	Access points in low populated or economically disadvantaged areas by type	p. 48	
Financial welfare (ST10)			
3-3	Management of material topics	p. 11, p. 12, p. 42, p. 47	
Prevention of money laundering (ST11)			
3-3	Management of material topics	p. 42, p. 63	
Responsible employment (GRI 401 2016, 404 2016)			
3-3	Management of material topics	p. 42, p. 68, p. 72, p. 74	
401-1	New employee hires and employee turnover	p. 68, p. 92	
401-3	Parental leave	p. 76	Reporting on the number of persons entitled to parental leave can be started from 2024 due to the harmonisation of definitions and the implementation of data collection. In relation to correct retention rate the data supply is not sufficiently correct, therefore this is not stated here, we are working on its development.
402-1	Minimum notice periods regarding operational changes	p. 72, p. 92	
404-2	Programs for upgrading employee skills and transition assistance programs	p. 75	



Indicator number	Indicator description	Where to find it	Note / Reasons for omission
404-3	Percentage of employees receiving regular performance and career development reviews	p. 74	
403-9	Work-related injuries	p. 78	Our legally compliant occupational health and safety risk assessment did not identify threats that may pose a risk of serious accidents.
Equality of opportunities for employees (GRI 405 2016)			
3-3	Management of material topics	p. 42, p. 69, p. 71, p. 74, p. 76	OTP Group has no comprehensive policy for giving preference to local residents in respect of employees and senior management.
202-2	Proportion of senior management hired from the local community	p. 71	Significant locations of operations: OTP Bank and foreign subsidiaries.
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	p. 74	
405-1	Diversity of governance bodies and employees	p. 69	Data on ethnic background is not listed owing to statutory regulations.
405-2	Ratio of basic salary and remuneration of women to men	p. 74	The disclosure of data on total remuneration can be implemented at Group level from 2025, because there is no single registry system for this at present
Strengthening of financial awareness in vulnerable groups (ST12)			
3-3	Management of material topics	p.12, p. 42, p. 80	

Indicator number	Indicator description	Where to find it	Note / Reasons for omission
Customer data and information security (GRI 418 2016)			
3-3	Management of material topics	p. 42, p. 61	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	p. 61	
Anti-corruption activities (GRI 205 2016)			
3-3	Management of material topics	p. 42, p. 55	OTP Group is committed to reporting on political contributions.
205-1	Operations assessed for risk related to corruption	p. 55	
205-2	Communication and training about anticorruption policies and procedures	p. 54, p. 55, p. 56, p. 68, p. 69, p. 92,	The Anti-Corruption Policy is available on the websites of member companies. Each year the members of the governing bodies sign off on the Code of Ethics, i.e. they were fully – 100% – informed. They do not receive training. All employees receive annual training and information as a part of compliance training. We consider commissioned agents and suppliers as our business partners; all partners currently contracted to us were informed about the Code of Ethics at the time of contracting.
205-3	Confirmed incidents of corruption and actions taken	p. 55	
Compliance awareness (ST13)			
3-3	Management of material topics	p. 42, p. 52	
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	p. 57	
2-27	Compliance with laws and regulations	p. 57	

Indicator number	Indicator description	Where to find it	Note / Reasons for omission
Financing of high social risk sectors (ST14)			
3-3	Management of material topics	p. 33, p. 42	
Non-discrimination (GRI 406 2016)			
3-3	Management of material topics	p. 42, p. 54, p. 71	
406-1	Incidents of discrimination and corrective actions taken	p. 55	
410-1	Security personnel trained in human rights policies or procedures	p. 55	

TCFD indicators		
Indicator description	Chapters*	Comment
I. Management	Confirmed incidents of corruption and actions taken	p. 55
a, The governing body's oversight in relation to climate-related risks and opportunities	3	chapter 3
b, Management's role in assessing and managing climate related risks and opportunities.	3	pp. 20-21
II. Strategy The actual and potential impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material		
a, The climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	3, 4.1, 4.2, 4.3, 4.4	Utilisation of the opportunities relating to climate is targeted by green financing, which is a dominant element of the ESG strategy.
b, The impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	4.1, 4.2, 4.3, 4.4	In the course of the risk assessment activities presented here we also take account of transition (actual and expected, regulatory, technological, market and reputation) risks and the (acute and chronic) physical risks alike.
c, The resilience of the organisation's strategy, taking into consideration different climate related scenarios, including a 2°C or lower scenario.	4.4	
III. Risk Management		
a, The organisation's processes for identifying and assessing climate related risks.	4.3, 4.4	
b, The organisation's processes for managing climate related risks.	4.3, 4.4	
c, How processes for identifying, assessing, and managing climate related risks are integrated into the organisation's overall risk management.	4.4.	
IV. Metrics and objectives: The metrics and objectives used in the assessment and management of the relevant climate risks where such details are relevant.		
a, The metrics used by the organisation to assess climate related risks and opportunities in line with its strategy and risk management process.	4.1,4.2, 4.3,.4.4	The metrics and objectives are enhanced and they grow more and more accurate continuously.
b, Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	9, 4.4	chapter 9 and 4 pp 33-34
c, The targets used by the organisation to manage climate related risks and opportunities and performance against targets	2	

\*The chapters are the chapters of this document.