



ENVIRONMENTAL AND SOCIAL RESPONSIBILITY REPORT 2022

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INTRODUCTION



Striving to keep transparent and comprehensible communication with our interested stakeholders, we prepared this report for the second year in row in addition to the statutory required Non-financial statement to share our Environmental, Social and Governance (ESG) achievements and commitments made to promote the green transition of the economy and to continuously reduce our -unfavourable environmental impact resulting from our activities, products and services. We also use the opportunity to communicate our progress on ESG matters achieved meanwhile, at the time of drawing up the Report.

DSK Bank continues to maintain its trusted leader position among the bank users and financial services in Bulgaria. The Bank strives to establish and maintain high client service

standards, advanced and suitable products and services, best corporate and ethical practices in its relations with all interested parties following the relevant legislation. One of the Bank's key objectives is to become a market leader in all banking segments, and at the same time to emphasize on a number of initiatives in the field of sustainable development that reflect our responsiveness to environmental changes and the needs of society.

In fulfilling one of the main objectives of ECO project, established in 2021 to set the fundamentals of a systemic management of climate and environmental risks within DSK Bank's Group, in July 2022 DSK Bank's ESG Strategy was adopted by the Management Board and approved by the Supervisory Board of the Bank. The Strategy was developed to enhance



the efforts and actions we take to become a leader in sustainable financing. Given the urgency of climate and environmental issues, the main emphasis in this first edition is put on the “E” part of ESG, covering two main topics – sustainable financing/business opportunities and own carbon footprint. The key strategic ESG targets set are supported by a dashboard of quantitative and qualitative KPIs and KRIs to ensure proper follow-up on the progress achieved and to facilitate the Management Board in overseeing the climate-related and environmental risks.

DSK’s ESG Strategy is aligned with OTP ambition to be the regional leader in financing a fair and gradual transition to a low-carbon economy and building a sustainable future through responsible solutions. It became part of OTP

Group ESG Strategy and outlines the three main pillars of OTP Group:

- Responsible Provider
- Responsible Employer
- Responsible Social Actor

The presentation of information in the current report is organized around these three pillars.

ESG Strategy of DSK Bank supports the UN Sustainable Development Goals adopted by all UN member states. Our strategic plans are aligned with those which we believe we can contribute the most to:





LETTER FROM THE CEO

When it comes to matters of climate change (the E in ESG), the strategic problem is not that the planet is warming up, but why the world is yet to take more decisive action to address it. My answer to this conundrum: we, who are simultaneously consumers and voters, do not feel the urgency to act. As such, we do not demand action from our politicians, rendering government regulation ineffective and slow.

We at DSK Bank continuously ask ourselves; what can I do to change this situation? And we must ask it on three levels: as a citizen, as a business leader, and as a banker.

Our guiding policy, and the leverage that we as business leaders have, is to encourage (inspire) and enlighten (inform) the millions of individuals who use our products and services. Unfortunately, however, our E(SG) strategies are lacking breakthrough solutions on this front. I would like to argue that we should measure our efforts against a single criteria: are we encouraging and enlightening our consumers?

Is there something else we, as banking executives, can do that will differentiate us from other business leaders?

The short answer is yes. Finance, along with technology and international cooperation, are critical enablers for accelerated climate action.

Climate resilient development requires tremendous investment. If climate goals are to be achieved, both adaptation and mitigation financing needs to increase manifold. Our role is to smooth the flow of capital towards climate action.

This leads us back to our duties as citizens. The award-winning climate reporter Akshat Rathi has answered this question succinctly for us: #4 - eat less meat, #3 - fly less, #2 - vote for the right politician, and #1 - talk about climate change.

Tamas Hak-Kovacs

CEO and Chairman of the Management Board of DSK Bank

ESG



ESG ACCENTS

ENVIRONMENTAL

Establishment of climate and environmental targets

- DSK's ESG Strategy sets clear and ambitious targets on green financing and own carbon footprint as well as KRIs to limit the climate transition and physical risks

Business opportunities

- 130 project financing, mid- and large corporate projects for renewable energy production financed by DSK Bank in 2022; 4 local projects for culture and urban development co-financed by the Bank and its subsidiary Regional Fund for Urban Development

Environmental initiatives

- Our participation in the Mastercard Wildlife Impact Card program allows debit card holders to become involved in the conservation of critically endangered species. DSK Bank also supports the Sofia Zoo's conservation program to protect endangered wildlife species

SOCIAL

Health and employee well-being

- We consider our employees as a key to success. Therefore, we are committed to strengthening our activity in employee well-being and personal development

Employee engagement and inclusion

- Personal development ensured through various specialized and advanced training programs - Digital Academy, OTP Risk Academy (incl. ESG module), Leadership Academy

Responsiveness to societal needs

- Numerous socially responsible initiatives established/ supported by the Bank - "City as its people" project for improving the urban environment, donation campaigns to help

refugees from Ukraine, the affected people from the flooded villages in Karlovo Region, SOS Children's Villages Bulgaria

GOVERNANCE

Sustainability governance in DSK

- Establishment of DSK ESG Strategy – the first of its kind document that outlines our ambitions and commitments in the field

- Social responsibility is one of the six objectives set in the Group's Risk Strategy for 2023-2025, and ESG factors in risk management are part of the strategic focus programs for the next three-year period

- Gradual integration of ESG factors in the policies, processes, and systems to assess and manage the relevant risks

- An organizational structure was established, including the newly founded Sustainability Development Section, that ensures strong governance, regular monitoring, and reporting to the MB for overseeing the ESG Strategy implementation

METRICS OF OUR MAIN ESG ACHIEVEMENTS IN 2022

	2020		2021
Electricity consumption (GJ), DSK Group	83092	-5,6%	78402
Total energy consumption per capita, GJ	21,38	-6,5%	19,98
Usage of paper, ink and toner cartridge, t	9260	-18,9%	7514
Share of financed low- or -zero-carbon assets in Leasing	1,55%	+276%	5,84%
Volume of investment projects in RES powerplants financed (tsd EUR)	96 082	+157%	247494

Employees	Headquarter	Branch network	Subsidiaries
	1978	2700	877

Access points	Branches	ATMs
	294	998

Total clients	
	2 658 100
Retail	2 569 000
Micro enterprise	80 000
Corporate	9 100



RESPONSIBLE PROVIDER

Our ambition is to transform the Bank in a way to successfully meet challenges of the environment we face with, while continuously improving financial results. To achieve that, we built our Business Strategy on four main pillars for future development: **Protect, Grow, Digitalize, Comply**, and the ESG topic was put (into the fourth pillar) as a strategic objective of utmost importance.

The purpose of our existence is the Client. In 2022, we continued to intensify our activities in improving the client services and to effectively solve the various clients' financial needs. The **New service model** implemented in a hole branch network ensures better customer experience and management of customer flow in the branches. Those who visited the office only for a payment transaction can rely on faster service with significant decrease of waiting time. On the other hand, the customers



who are interested in a banking product/service can rely on professional consultancy and individual approach by a financial specialist. To measure the customer experience, the Bank uses an innovative metric, which allows the customer to rate the service immediately after a service has been provided or a visit to a branch. This approach guarantees transparency and provides an opportunity to take immediate action to improve the customer experience when using the Bank's products and services. The Bank uses Transactional NPS (**Net Promoter Score**) – a leading global indicator for measuring customer experience. In 2022, transactional NPS increased compared to 2021, thus marking the second year in a row with a higher level of service quality at the Bank's branches. This result confirms the high level of service quality and positive experience that our customers receive.

As an acknowledged leader on the market of innovative products and digital services in the banking field, the Bank develops and improves the functionality of its **remote banking**

platforms – DSK Direct and DSK Smart, to make them as much as comfortable and easier for use by the clients. Our customers can apply, receive and use their consumer loan completely online without visiting bank offices, they can receive a loan contract through the Evrotrust application on their mobile phone, read and sign it, and then return it to the Bank. Option for documents signing using the QES is also provided for the Premium clients, as thus they save time, perform their operations faster and more efficiently, and have 100% security of their personal data. By using Evrotrust and the Call Center, our clients who are temporary out of the country can perform remote electronic operations, requiring signing, such as access to electronic and mobile banking, application for signing method, registration of mobile phone number for 3D password required for online shopping, opening a bank account, issuing of debit cards for individuals, etc.

In 2022, a **strategic program for digitalization** has turned out to be a highly impactful endeavor and undoubtedly has achieved its ambitious



purpose to even further improve DSK Bank services and operations. As an acknowledged leader on the market of innovative products and digital services in the banking field, DSK Bank Group develops various projects with the approach of complete online servicing. To improve the clients' experience, and to provide easy and fast access to our financial products and services, DSK Bank Group constantly upgrades the functionality of its remote banking platforms. As a result of the difficult situation in the country and the increased use of electronic banking channels – DSK Direct and DSK Smart, the team of the financial institution continues to work on their improvement so to make them as far as possible more comfortable and easier for use by the clients.

Sustainable financing

We understand our role in supporting the clients on the way to low-carbon economy. In this respect we set clear targets into specific business activities to provide financing that **supports the transition:**

In October 2022, a group project for extension of the group's Green Loan Framework was launched, aiming to include the subsidiary

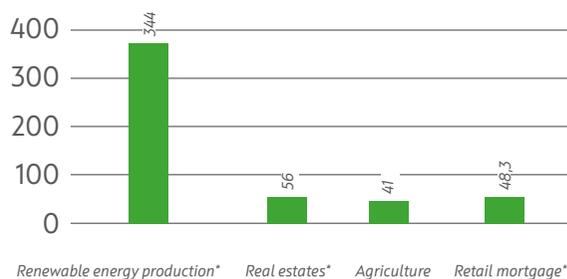
banks in the GLF, and more importantly – to implement the requirements of EU Taxonomy and CBI taxonomy. Finishing the project will give the instruments for assessing transactions in terms of eligibility to the taxonomies. Once assessed, the exposure could be distributed by the group as part of the Sustainable portfolio and linked to Green or Sustainable Bonds.

In 2022, following the EU Net-zero targets, and on the other hand – increasing of electricity price – the demand for renewable energy production powerplants increased. We continue to provide financing for clients, developing projects either for trading or for own consumption.

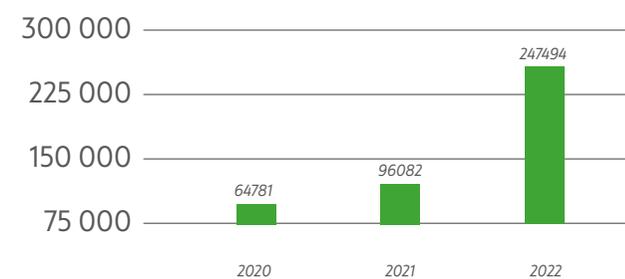
Leasing portfolio also shifts to low-carbon emission vehicle financing. While in 2021 the share of electric + hybrid vehicles in total portfolio was 1,55%, in 2022 the share increased to 5,84%. The target for the leasing entity set into ESG Strategy is by the end of 2025 35% of financed vehicles to be pure electric, and the share of pure EV to be at least 6% of total portfolio.

In November 2022, we launched a trading initiative regarding the housing loans by providing discount of application fee if a client wants to purchase residential asset with energy efficiency class "B" or higher. We consider this incentive as a step ahead into changing the mindset of clients, pointing out the importance of impact of energy efficiency on the environment.

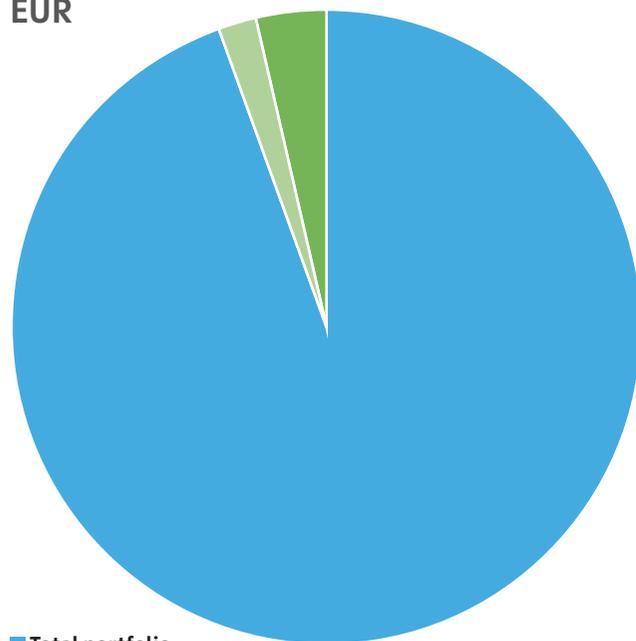
DSK Bank's targets by 2025, million EUR



Financed renewables volume, thousand EUR



OTP Leasing: share of financed low- or zero- carbon emission assets, thousand EUR



- Total portfolio
- Electric assets
- Hybrid vehicles



Sustainable cities

In 2022, DSK Bank continued to contribute to the development of local **projects for culture and urban development**. Together with the Regional Fund for Urban Development, DSK Bank co-financed three sites from the cultural infrastructure of Razgrad municipality - the regional library "Prof. Boyan Penev", the Ethnographic Museum and the "Ilia Burnev" School of Music at the community centre "Development 1869". The goal of the venture is to transform them into modern and attractive cultural and educational centres.

Another co-financed project is construction and installation activities for the renovation of the "Katya Popova" concert hall in the city of Pleven. The project will ensure the introduction of energy efficiency measures, repair of the roof and existing sanitary facilities, replacement of electrical installations, linings, flooring, and seats in the concert hall. New sound equipment and stage control equipment are to be installed.

ESG Risks management

The integration of ESG risks in the risk management processes of the Bank continued in 2022.

Regarding **credit risk management**, based on the established in 2021 internal ESG Risk Management Framework in Loan Origination and Monitoring of DSK Bank Group, we introduced monthly monitoring of evolution of our business loans portfolio by ESG categories. The reported results as of end of 2022 show that while on a client level the share of High ESG risk transactions is still high, on a transaction level it is only 9% of the portfolio. The client level risk assessment is based on the NACE code of the sector only, while the risk on a transaction level is determined by considering the maturity and purpose of the project as well as the positive outcome of the due diligence performed (possibility currently applied for a limited number of deals - the riskiest sectors from ESG perspective where a pre-defined exposure threshold is exceeded).



The key supporting element is a risk indicator that was introduced into ESG Strategy and later on implemented into Risk Appetite Framework (RAF), affecting the corporate clients – the share of newly contracted High ESG transactions to not exceed 10% of total newly contracted transactions. This way, the value and evolution of this RAF indicator is monitored monthly, in addition to the Exclusion list (also included in the RAF). Considering the requirement, both business and risk underwriting units maintain proper structuring of the deals.

Regarding physical risk that affects collaterals, steps were taken in the collateral assessment by engaging the valuers to include climate-related and environmental risks into the collateral evaluations. Landslide, groundwater, dust and noise pollution are presented, and taken into account in the assessment.

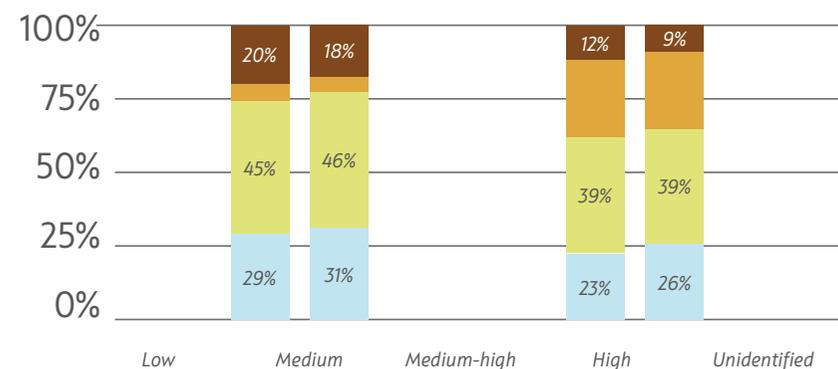
In 2022, OTP Group did its first climate change stress testing based on the developed own framework, as part of the internal capital adequacy assessment process. Calculations were made under the stress testing methodology to measure the impact of climate risk on the corporate portfolio of individual banks within the Group of OTP Bank, incl. DSK Bank. The result of the analysis shows that annual losses under the worst climate scenario (so-called “Hot house”) would increase by up to 16 basis points compared to the scenario of planned transition to a climate neutral economy by 2050.

Materiality assessment performed by the Bank for a second

year in a row shows that, apart from the credit risk, other traditional risks could also be impacted by climate and environmental changes. In the **operational risk management** area, we strengthened the assessment of ESG risks in the scenario analyses by analyzing a separate scenario related to climate change, and we also started to indicate the risks affected by ESG in both the risk control self-assessment and the loss collection in order to accumulate the necessary data. In 2022, one more KRI was established for monitoring the number of incidents caused by damages to physical assets as result of natural disasters.

We will continue to gradually embed the climate risk related considerations in managing other types of banking risks that could be impacted tangibly according to the materiality assessment.

Business portfolio distribution by ESG category



RESPONSIBLE EMPLOYER

Strategic vision

Personal and leadership qualities are very important for the Group to move forward. And so is the diversity of professionals working in the Bank. Thus, the focus set by DSK Bank in 2022 was to further establish the Bank as a top employer with a clearly defined **Employee Value Proposition (EVP)** and a communication campaign that follows **“Everyone is looking for employees, we are looking for people”**. A special focus was placed on the Bank offering multiple career paths and opportunities, transforming itself into collaborative mixed teams that work flexibly towards a common goal. The strategic vision of the campaign includes overall initiatives and visualizations of Bank employees.

“DSK New beginning” program was active in 2022 and focused on the most common Bank position – clients relationship expert, providing mobility and structured training program for new colleagues, the internship program and our overall campaign aimed at IT and digital

The staff as of the end of 2022

2022, distribution by age

AGE	Senior Management	Middle level	Subordinates	Total
<30			789	789
30-50	4	138	3007	3149
> 50	3	40	1208	1251
Total	7	178	5004	5189

2022, distribution by gender

Gender	Senior Management	Middle level	Subordinates	Total
Women	2	73	3965	4040
Men	5	105	1039	1149
Total	7	178	5004	5189

2022, distribution by gender

Data	Total	Men	Women
Distribution by gender	100%	22,14%	77,86%
Turnover rate	16,46%	3,74%	12,72%
o.w. voluntary	12,14%	2,83%	9,3%

New employees in 2022

Gender/ Age	<30	30-50	>50	Total
Women	263	221	27	511
Men	86	89	12	187
Total		310	39	698

In 2022, the main goal of DSK Bank was digitization. In this regard, the focus of the presentation of the Bank as an employer was on its positioning in front of IT specialists. The company invested resources in developing a corporate profile on the DEV.BG platform, which focuses on finding IT talents.

DSK Bank is also a regular participant in various career forums, which are another connection of the institution with young talents and established professionals. Such an opportunity is also the Bank's internship program.

Employee data

Employees under permanent vs. temporary contracts: 94,87%/ 5,13% Full vs. part-time employees: 96,3%/ 3,7%

Occupational health and employee well-being

We consider our employees as a key to success. Therefore, we are committed in strengthening our activities in employee well-being and individual development.

Contract with the Occupational Health Service is in place which provides full support of the needed activities, and assessment of the microclimate conditions in the workspace. Periodic instruction on occupational health and safety is performed on all employees on an annual basis and is compulsory for newly hired employees.

Prophylactic examinations are conducted annually for all staff.

Two days of additional paid leave is granted to all employees who have used all their accrued paid leave for the current and previous years.

In 2022, we launched a pilot project for refurbishment of one of the HQ buildings in order to provide a new look for the office space

and to increase the employees' comfort during working hours.

The recently introduced initiative Balance Your Life, part of our Wellbeing Program, ensures:

- Individual sharing space with internal psychologists
- Various well-being awareness-raising initiatives like wellness academy, guest speakers, and webinars on wellbeing topics
- Social fund to support our employees in need.

Employee engagement

The bank is strongly focused on engaging employees and regularly follows the engagement level with an annual OTP engagement survey. The results are widely spread and based on them a bank-level action plan and an individual one are created and followed so that we can increase the engagement level of our staff.

In the field of developing skills and competencies, the focus was put on digital training for new and current employees. We have developed the Digital Academy, which

is open for application to all employees and offers professional training at a high level of IT and Data knowledge. The Academy has 3 Paths – Reskill, DevOps, Ignite, and an additional Data path (in which all employees working with data in the whole bank are included).

Successful completion of the Academy gives the participants further job perspectives and opportunities within the Bank, including promotion in position and salary.

Another important initiative of DSK Bank is the Leadership Academy. In 2022 over 150 employees were trained in it including B-1, B-2, B-3 managerial levels, and informal leaders. Each Leadership Academy is 4 months long and all graduates are certified by a professional external trainer.

Finally, in 2022, the focus was developing our E-learning programs for all bank employees. All employees were trained in various topics like GDPR, Operational Risk, AML, Bank and information security, Ransomware, and social engineering. E-learning courses were made interactive, more interesting, and useful in terms of content and practical knowledge.



RESPONSIBLE SOCIAL ACTOR

Own consumption and GHG emissions

In our activity, we aim to create shared value that is measurable and makes a recognizable contribution to society and SDGs.

One of the directions we follow lies in the carbon footprint of the Bank. In our ESG Strategy, we set ambitious goals in terms of its own operations, including the reduction of our own emissions:

Targets of DSK Bank group by the end of 2025

Achieve net carbon neutrality (Scope 1 and Scope 2)



Achieve reduction of GHG emissions (Scope 1 and Scope 2) by 15%, compared to reported emissions for 2021

In 2022, we managed to significantly reduce the total energy consumption (roughly by 9% compared to 2021) and to achieve improvement in performance across all its elements. Reduction in car fuel consumption (by nearly 4%) reflects our efforts made to improve the ratio between diesel and petrol cars in the car fleet, as well as the investment in purchasing 13 new hybrid cars in 2022. The replacement of gas boilers with air-conditioning installations in some buildings led to a reduction of natural gas consumption by nearly 30%. In terms of electricity consumption, the decrease is almost 6% which became possible thanks to the implemented Heating, Ventilation and Air-conditioning systems (HVAC) and Building Management Systems in some of our main HQ buildings, as well as to various internal initiatives with a focus on the topic, e.g.,

conducting campaigns among employees and organizing a competition between the branches and HQ units dedicated to the responsible consumption of electricity. The district heating reduction (by nearly 34%) is related to one of the largest HQ buildings in Sofia and comes from cutting out two floors (approx. 2 000 m²) out of district heating supply (replaced by air-conditioning system) as well as reducing the heating units while much of the staff in the building was working 50 % at home office in the beginning of 2022.

A slight increase (below 1%) is reported in the total Scope 1 and Scope 2 carbon emissions which, in the direct emissions, is due to the equipment of air conditioning installations (freon), and, in the indirect emissions – to the use of updated (higher) emission factors upon calculating CO₂e emissions from purchased electricity.

Targets of DSK Bank group by the end of 2025	Achieve net carbon neutrality (Scope 1 and Scope 2)
	Achieve reduction of GHG emissions (Scope 1 and Scope 2) by 15%, compared to reported emissions for 2021

Energy consumption within the organisation (GJ)

	DSK Bank standalone, without Expressbank	DSK Bank standalone, with Expressbank	DSK Bank Group	DSK Bank Group
	2019	2020	2021**	2022
Natural gas	0	3890	5441	3815
Car fuel mineral	5579,17	4861,87	19508,78	18789,42
Total non-renewable fuel sources	5579,17	8751,87	24949,78	22604,42
Car fuel biogen *	0	0	1158,41	1137,10
Total renewable fuel sources	0	0	1158,41	1137,10
Electricity	62870,40	88480,80	83091,60	78402,60
District heating	3342	6830	10062	6665
Total indirect energy purchased	66212,40	95310,80	93153,60	85067,60
Total energy consumption	71791,57	104062,67	119261,80	108809,12
Total energy consumption per capita	18,59	23,19	21,38	19,98

* Car fuel biogen consumption collected separately since 2021

The energy consumption and own emissions data are regularly monitored by the responsible units within the Bank Group and are considered in the investment planning.

Pursuing the targets, we are working on energy efficiency program in several directions:

- Energy efficiency audit of own real estate stock started with assessment of three buildings and continues with another 9.
- Installation of roof photovoltaic systems is in final stage and beginning from Q1.2023 they will start to generate electricity

for partial satisfaction of respective buildings' consumption.

Environmental care

We continue to collect **separate waste** in two of our main locations. In 2022 53 t. paper and 30 kg. PET bottles were collected and sent for

Scope 1 and Scope 2 CO₂e emissions (t)

	DSK Bank standalone, without Expressbank	DSK Bank standalone, with Expressbank	DSK Bank Group	DSK Bank Group
	2019	2020	2021**	2022
Direct (Scope 1)	748,05	985,02	2091,38	2108,06
from motor vehicles mineral	415,84	360,83	1459,60	1399,10
from the use of natural gas	0	218,62	305,78	211,96
from air conditioning	332,21	405,57	326	497
Indirect (Scope 2)				
Indirect location-based	7766,88	9455,47	9052,06	9117,25
from electricity	7631,59	9130,97	8574,82	8801,13
from district heating	135,28	324,49	477,24	316,12
Indirect market-based	7773,51	9470,46	9066,14	9117,25
from electricity	7638,23	9145,97	8588,90	8801,13
from district heating	135,28	324,49	477,24	316,12
Total (Scope 1 + 2) location-based	8514,93	10440,48	11143,45	11225,31
Total (Scope 1 + 2) market-based	8521,57	10455,48	11157,52	11225,31
Biogenic CO ₂ e emissions	0	0	83	81
Per-capita location-based	2,21	2,33	2,00	2,06
Per capita market-based	2,21	2,33	2,00	2,06

**Some figures for 2021 have been recast as a consequence of restatement, the main one - district heating consumption and related GHG emissions. For historical data published in the past, please refer to the 2021 Non-financial Declaration.

recycling. In 2022 over 600 kg of pet bottles were donated to the initiative Kapachki za budeshite. The aim of the campaign is to collect caps, recycle them, and with the collected funds to purchase incubators and ambulances for hospitals in Bulgaria.

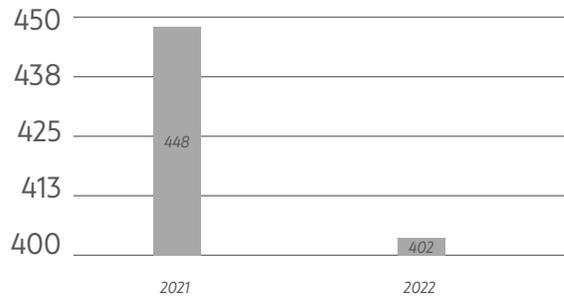
At the end of 2021, DSK Bank joined the **global**

Mastercard Wildlife Impact Card program for the protection of the planet's biodiversity. The cards are produced by 85,5% recycled and recyclable material. For each Mastercard Wildlife Impact card issued, DSK Bank and Mastercard donate \$ 1 to the international organization Conservation International to help conserve and restore wildlife habitats. By 2030,

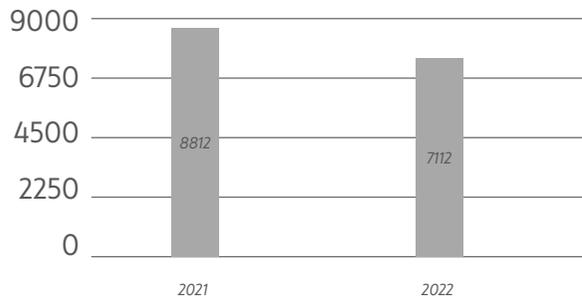
this project will cover priority areas equal to 40 million hectares of land and 4.5 million square kilometers of water areas worldwide.

The result by the end of 2022 is 100,000 issued bank cards. In addition, for greater engagement of current and future users, DSK Bank and Mastercard are adding a local cause

Used paper, t



Used ink and toner cartridge, kg



in partnership with the Sofia Zoo. The two organizations support the Zoo's conservation program to protect endangered wildlife species.

Social projects

In 2022, DSK Bank continued its own socially responsible project for the improvement of the urban environment "City as its people". The initiative once again aimed to make the capital a better place to live, as well as draw attention

to the problem of active lifestyles in the city. The second edition of the campaign transformed a municipal basketball court in Sofia. Once again, we worked with an established Bulgarian graffiti artist to transform the playground into a work of street art. The site was chosen because the financial institution wanted to draw attention to the topic of abandoned sites and active lifestyles in an urban environment.

DSK Bank continues its partnership with the **BCause Foundation**, and the foundation's activities are aimed at developing the donation culture, policies in the field of donations and social investments, etc. In 2022, the Bank implemented a campaign together with BCause to help refugees from Ukraine, as a result of the war that broke out. Funds collected were distributed by the foundation's team to the most pressing needs in locations across the country. DSK Bank also organizes an internal donation campaign among employees to help colleagues from OTP Ukraine.

In September 2022, again together with BCause, the Bank's employees made a donation to provide timely support to the affected people from the flooded villages in Karlovo Region. In addition, the Bank's regional team, in partnership with the Ministry of Interior and the

Municipality of Karlovo, is assisting customers from the region who have lost their identity documents or debit cards during the disaster.

During the year DSK Bank continued its successful partnership with SOS Children's Villages Bulgaria – a social development organization, that aims to guarantee that every child has a family and lives in an environment of love, respect, and security. The partnership dates back to 2011 when the Bank committed to take care of two SOS families.

In 2022, we continued to share our time and knowledge with the kids from SOS Children's Villages. For Easter, we held a workshop with the children and employees of the Bank in one of the organization's centres in the village of Dren. Towards the end of the summer, we organized a photo contest for the children to challenge their creativity and show us through their eyes the beauty of this season.

In 2022, over BGN 675 thousand in the form of donations were accumulated through the different banking channels.

DSK Bank was for another year recognized the largest corporate donor and partner of the association.



Financial education and innovations

In 2022, DSK Bank continued its educational initiative **"Calm on the Internet"** with a new campaign **"We know, that you know, but..."** dedicated to raising consumer awareness of safe banking and safe use of the Internet. The campaign again was aimed not only at the Bank's customers but also at all those who use online financial and other services. The purpose of the initiative is to present in a simple and understandable way the main highlights of safe online banking and Internet browsing.

Within the campaign, a special page was used <https://dskbank.bg/препоръки-за-сигурност> – together with social media activations in different bank channels in combination with paid digital ads in order to reach greater audiences.



Ethics Code and Anti-Corruption Policy

DSK Bank as part of OTP Group is committed to the fight against corruption and states zero tolerance to any kind of bribery. The Bank has adopted a **Policy for corruption prevention**, where the principles of anti-corruption activity are defined, as well as the main fields with risk of corruption. In the course of and in connection with the Bank's activities, all staff members and any other contractual partners of the Bank are strictly prohibited from performing any act of corruption and from participating or being involved in corruption. The Bank consistently and resolutely stands up against corruption. In case of a violation of the Policy by any person, the Bank shall take all steps necessary to avert potential negative consequences and to avoid similar events in the future. The Bank ensures the full enforcement of all Bulgarian, European

Union, and international anti-corruption regulations, and requires all of its staff members and contractual partners to comply with such regulations.

In addition, the **Ethics Code** of the institution defines clear principles and requirements for the employees and the partners of the Bank, as well as its affiliated companies, in relation to the adherence to ethical norms at work. The main emphasis of the Ethics Code includes – the right of employees to participate in political or public life, ensuring a safe and healthy occupational environment, promotion of mutual respect, prohibition for discrimination and abuse, integrity in business relations, zero tolerance to corruption and attempts for influence, limitations for offering and accepting gifts above the specified value. In case of doubt



or possible violations of the norms of the Ethics Code and the Policy, the employees are offered an option to report it, including anonymously, to the Regulatory Compliance Department, which will undertake the measures necessary as per the internal rules.

The Ethics Code of DSK Bank and the Policy for Corruption Prevention are publicly accessible on the Bank's official website.

AML

DSK Bank is committed to combating financial crime and ensuring that accounts held at the Bank are not misused for the purpose of money laundering or terrorism financing. As an obliged entity under the Measures Against Money Laundering Act, the Bank has AML policies, procedures, and rules that comply with applicable laws in Bulgaria and European regulations. The established practice of the Bank includes customer due diligence, enhanced due diligence automated suspicious and prohibited transaction monitoring and behavior and reporting policies as well as surveillance systems for monitoring such activity.

Customer Protection

The satisfaction and confidence of customers have always been DSK Bank's special priority and accordingly, continuous compliance with consumer protection principles has been integrated into the Bank's day-to-day operation. DSK Bank has established a compliance culture enabling the Bank to efficiently offer a broad spectrum of products and services and satisfy the financial needs of its clients. The Bank has declared its commitment to ensure enforcement of consumers' interests in its Compliance Policy. In all areas of its activities, it applies consumer protection principles that are consistent in its approach and take into account changes in consumer habits and interests. In respect of its products and services, the Bank specifically strives to provide all necessary information to its customers in order to enable them to take recourse to the service that is most suitable for them.

The purpose of the **Consumer Protection Compliance Program** is to facilitate the performance of the Bank's obligations – as set out in local and EU legislation relevant to

consumer protection, and internal regulations – to define the procedural framework and to provide professional assistance to the relevant organizational units of the Bank. The Compliance Program is also intended to enable all employees and managers of the Bank to understand the essence of consumer protection principles, the objectives related to ensuring compliance, and their importance, and to make them aware of the risks and potential consequences of non-compliance. Actions carried out under the Compliance Program include the continuous monitoring for compliance of Internal rules with consumer protection legislation; preliminary control to facilitate compliance, submission of proposals for correction, and as necessary, the provision of information required for managerial decision-making. When introducing new products and technologies, their modification and updates, the Bank pays special attention to regulatory compliance in accordance with the Compliance Program.



AWARDS

Last year DSK Bank has won several awards.

At the beginning of 2022, the CEO of DSK Bank, Tamas Hak-Kovac, was awarded by the Employer Branding Awards in category "Team Lead of the year" award.

Shortly afterwards, the head of the Human Resources team, Radoslava Krosneva, was awarded the "HR Manager of the Year" award.

In February, DSK Bank was awarded by "24 Chasa" with the Business Honoris Causa award for its long-term support to SOS Children's Villages.

In April, the corporate social responsibility campaign "City as its people" was awarded in the PR Digital category at the IAB Mixx Awards.

May brought us a Green Oscar for the Mastercard Wildlife Impact Debit Card.

Again in May, the "City as its People" project won another award in the "Digital Communications" category, this time from the Bulgarian PR Association - PR Prize competition.

Our subsidiary DSK-Rodina won the prize for the most dynamically developing pension insurance company.

In June, for the sixth time, we were awarded the "Most Generous and Significant Corporate Partner" award by SOS Children's Villages Bulgaria.

2022 brought many international honors to DSK Bank. The British magazine "Euromoney" recognized the bank as the "Best Bank in Bulgaria" for 2022, and also in the categories "Market Leader - Digital Solutions", "Market Leader in Corporate Social Responsibility" and "Market Leader in Corporate banking".

Another prestigious international edition - Global Finance also recognized the bank as the best service provider related to foreign exchange operations in Bulgaria.

To close the awarding season for 2022 DSK Bank, along with its advertising agency Noble Graphics, won a bronze Effie from Effie Bulgaria for positive change. It was for the campaign "You get everywhere with a bank card" that aims to inform Sofia's citizens and visitors that they can pay with a card for travelling in the public transport.