

2019



Corporate Social Responsibility Report

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On the relevant chapter pages and in the table of contents, the following icons mark the subjects that may be of particular interest to certain stakeholder groups:



Investors



Retail































Employees



Customers

HIGHLIGHTED NUMBERS

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WELCOME



Dear reader,

When talking about Corporate Social Responsibility we are discussing the practices that a responsible company initiates for the well-being of the community. The impact of CSR can be seen in three areas:

- **social responsibility;**
- **environmental responsibility;**
- **and economic sustainability.**

Consistent with our values and the business strategy that we apply, we seldom include such activities in our daily routine.

I am pleased to present you our 11th Sustainability Report in the 2019 context, when OTP Bank Romania has consolidated its systemic position and remained in the top 10 banks in Romania, ranking 9th on assets.

In 2019, the bank continued the actions initiated during previous years, the digitalisation and modernization of the bank's business platforms and at the same time initiated new major projects designed to support the bank's activity and contribute to developing and improving the bank's customer relationship. We launched the organic growth program "Apollo", the most revolutionary transformation within OTP Bank Romania. Through this program, we aim to transform the way the company works by promoting employee performance and digitizing specific business processes. Another aim of this program is to become a reliable partner for customers, through personalized services for each of them, offering easy, fast and direct access to the needed and desired information.

In 2020, we aim to implement an ambitious plan for operational efficiency through digitization programs and improving the customer experience, with several distinct projects and responsible services.

We will continue to focus on the impact we have on the social and environmental segments, because we know that we are an important part of the community thus we are responsible of its developments. We believe in a healthy society so we are actively involved, investing in the community's life through sponsorships and relevant projects.

OTP Bank Romania aims to advocate the need of financial education, with the support of civil organizations, employees, and responsible local representatives on the long term.

I hope you will enjoy going through the Sustainability Report and you will find useful information.

Gyula Fatér
CEO, Chairman of the Management Board

HIGHLIGHTED NUMBERS

340	thousand clients
95	branches
140	ATMs with cash pay in option
298	financial training sessions at national level
4,071	youngsters received financial trainings
902	persons attended The Financial Fitness sessions
1130	events with more than 24700 participants were hosted at OK Center
315	participants on the OTP Community volunteering activities
14.88%	reduction of total energy consumption

This report has been prepared in accordance with the GRI Standards: Core option. Please find the GRI content index on page 54.



About this report

Material topics for OTP Bank Romania (OBR) have been determined through a dedicated survey by involving our main stakeholder groups in 2019. Besides our managers, the sustainability topics have been rated taking into account the impacts of the bank. We consider the results of these evaluations still valid. Minor changes in the topic list are due to the shift from GRI G4 Guidelines to GRI Standards. Several topics and their content are changed as indicated in the footnotes.

OTP Bank Romania considers the following sustainability topics material – in the order of their importance:

- **Marketing and Labelling¹;**
- **Anti-corruption;**
- **Training and Education;**
- **Customer Privacy (indicator covered from 2019 on);**
- **Diversity and Equal Opportunity;**
- **Non-discrimination;**
- **Employee and Management Relations;**
- **Socioeconomic Compliance;**
- **Occupational Health and Safety;**
- **Local Communities (indicator covered from 2019 on);**
- **Human Rights Assessment² (indicator covered from 2019 on);**
- **Security Practices;**
- **Freedom of Association and Collective Bargaining;**
- **Employment;**
- **Product Portfolio – sector specific;**
- **Anti-competitive Behaviour;**
- **Economic Performance;**
- **Market Presence;**
- **Environmental Compliance;**
- **Energy.**

Both managers and external stakeholders have expressed that product responsibility and compliance are the most important sustainability fields for OBR, and that labour issues also have to play a key role. For external stakeholders human right issues proved to be very important and more significant than for managers. Managers evaluated economic topics higher than external stakeholders, for whom this is the least important from a sustainability point of view. Environmental topics do not really influence sustainability performance either for managers or for external stakeholders. Economic and environmental topics would be below the threshold of materiality, but we have decided to cover 2-2 topics from both categories.

The list of topics reinforces our strongest commitment towards responsibility within the core business and regarding our colleagues.



The report covers all material topics, but in case of some topics we need more time to gather adequate information on the indicator required by the GRI. We will provide further information regarding these topics in our next Sustainability report. The boundary is OTP Bank Romania for all topics. Besides achievements and results, we present challenges faced and the directions of potential development in order to give a balanced view on our performance. In the content of the report, the sustainability performance in relation to our core business is of priority. Information is to be presented in a clear and easily understandable way.

The reliability of data is ensured by the methodology of reporting and the SAP-based CSR database, which is used within the entire OTP Group. We provide data for 2014, 2015, 2016, 2018 and 2019 to enable information comparison and trend visibility whenever possible.

The chapters of the report follow our main stakeholders: clients, employees, communities and environment. We highlight our efforts in order to enhance the financial awareness of the youth. We encourage you to use our homepage (www.otpbank.ro) and our previous reports for a deeper insight.

We hope to provide a comprehensive picture of our CSR and sustainability activities and performance, and as we intend to improve further, we ask you to take the time to share your thoughts with us and send us feedback to marketing@otpbank.ro.

¹ two topics have been merged: Product and Service Labeling and Marketing Communication

² includes Investment topic

1. OTP Bank Romania and Corporate Social Responsibility



CSR

1.1. Who we are

OTP Bank Romania is a medium-sized universal bank; a subsidiary of OTP Bank, the largest independent banking group in Central and Eastern Europe. We offer a wide range of high quality financial products and complete banking services to all types of clients from individuals to large companies.

MARKET SHARE The market share of loans to legal entities climbed from 3.35% (31 December 2018) to 3.71%, while the market share of deposits and current accounts from legal entities went up from 2.53% (31 December 2018) to 3.02% (31 December 2019);

- The bank has been an active player on the market for mortgage loans, which remained the most dynamic segment within the retail portfolio, growing its market share from 2.95% (31 December 2018) to 3.67% (31 December 2019), while the monthly market share of new loans overpassed, at times, the 6% mark.

OTP GROUP besides OBR's banking services, we provide special financial services in Romania through our subsidiaries. The products of our group are available with a one-stop approach.

- *OTP Consulting Romania* provides services to support foreign investments in Romania, and offers project-focused consultancy services to local authorities and SMEs, primarily concerning EU Funds and their implementation.
- *OTP Leasing Romania* offers car, commercial vehicle, and equipment leasing products.
- *OTP Asset Management* is an investment management company, offering innovative investment services.
- *OTP Factoring* supports clients in solving their financial problems represented by receivables portfolio management purchased from various banking and financial institutions and nonbank financial institutions.
- *OTP Advisors* provides direct, fast and tailor-made sales services for OTP Bank Romania's loan products.

The subsidiaries are not covered by this report, though we give a short overview of the activities of OTP Consulting Romania considering its significant impact on sustainability.

OTP Bank Romania has a stable background as a

member of OTP Group. OTP Group provides universal services in Hungary, Romania, Montenegro, Croatia, Bulgaria, Russia, Ukraine, Slovakia and Serbia. OTP Group serves 13 million clients through a territorial network of 1300 units, the ATM network and electronic channels. The objective of the group is to achieve outstanding performance in accordance with the European standards.



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 employees.

VISION OTP Bank Romania's vision is to be acknowledged as a strong, stable and lucrative partner providing medium-sized universal financial services, a partner that delivers efficient management, dynamic growth and strong social responsibility commitment.

VALUES Our employees make the difference and make a key contribution to the success of the company, and we are jointly responsible for the achievement of our mission. We recognise quality, drive and performance as key factors in achieving success.

Our values are:

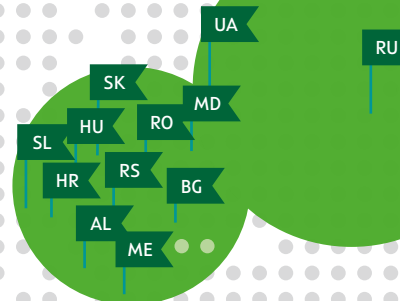
Trust
Dynamic
Innovative
Stable
Client centered
Flexible
Professionalism - we take responsibility for the quality of our work
Transparent
Integrity

Our mission and values are available on our homepage as well @ <https://www.otpbank.ro/en/about-otp-bank/about-us/vision-mision-values>

OTP Group		OTP Bank Romania 2019	
Number of branches	1,773	Branches	95
Number of employees (all employees)	40,140	Employees*	1430
Total capitalization	65.3 billion RON	Number of clients (including Iskola)	339,632
Total assets	291.3 billion RON	Total assets	13.2 billion RON
Total amount of tax paid	2.6 billion RON	Market share	3.6%
Total cost of employee training	29 m RON	Total cost of employee training	4865 k RON
Total amount of donation	60 m RON	Total amount of sponsorship	1 m RON
Proportion of branches made accessible	78%	Proportion of branches made accessible	100%
Energy consumption per capita	20,37 GJ	Energy consumption per capita	12.34 GJ
Total paper used	3,009 t	Total paper used	70 t

IFRS data as of December 31, 2019

*Total number of employees



Governance and organizational structure of OTP Bank Romania

GOVERNANCE AND COMMITTEES.

OTP Bank Romania has a two tier corporate model. Besides the Supervisory Board and the Management Board, the Permanent Committees are the decision-preparing, decision-making, and advisory organizations of the bank. The Committees are established by the Supervisory Board and by the Management Board.

The main responsibilities of the Committees established under the Supervisory Board are the following:

- **Audit Committee:** operates independently from the Bank's management, directly subordinated to the Supervisory Board and having an advisory function. The Risk Management Committee assists the Supervisory Board to carry out its responsibilities; It also supervises the functioning of internal control and audit activities. It monitors the bank's compliance with the applicable legal provisions, the Constitutive Deed, internal regulations and policies approved by the Managing Bodies.
- **Risks Management Committee:** operates independently from the Bank's management, directly subordinated to the Supervisory Board and having an advisory function. The Risk Management Committee assists the Supervisory Board to carry out its responsibilities and monitors the significant evolutions that might influence the bank's risk profile, develops risk management policies according to the law and to our internal regulations.
- **Remuneration Committee:** operates independently from the Bank's management, directly subordinated to the Supervisory Board and having an advisory function. The Remuneration Committee assists the Supervisory Board to carry out its responsibilities and supports and advises the Supervisory Board on the design of the Bank's remuneration policy, including the principles (policy) related to the identification of staff members pertaining to the Identified Staff category.
- **Nomination Committee:** operates independently from the Bank's management, directly subordinated to the Supervisory Board and having an advisory function. The

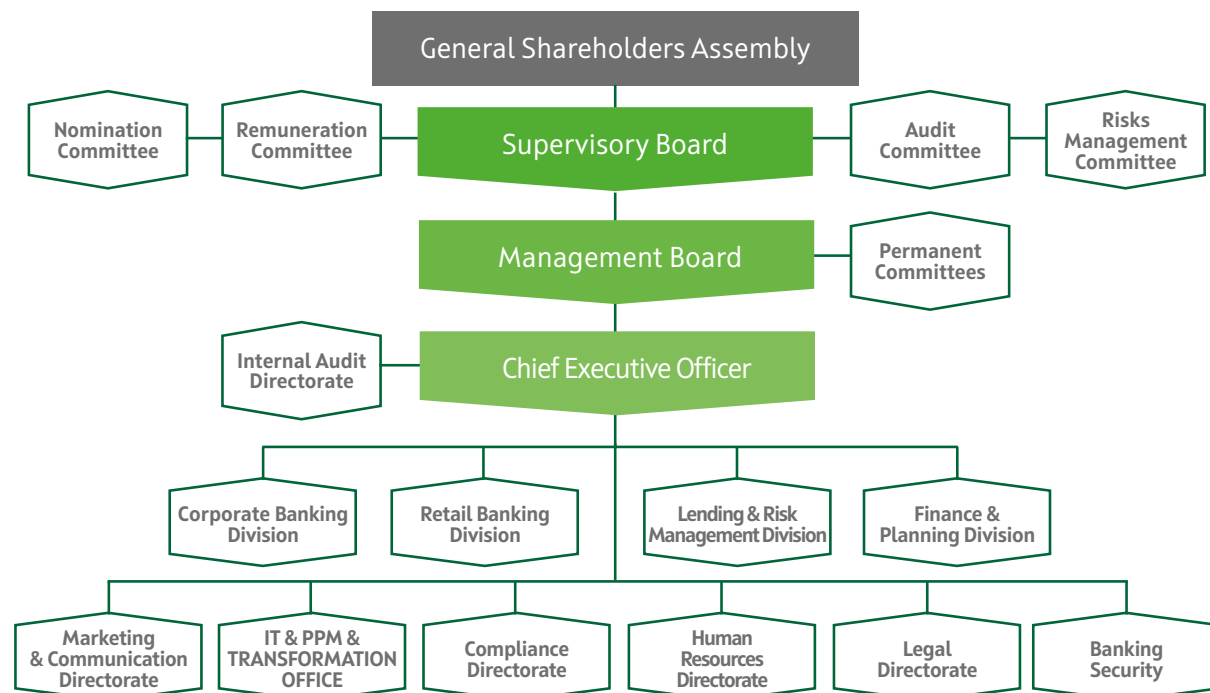
Nomination Committee assists the Supervisory Board to carry out its responsibilities and supports and advises the Supervisory Board on the design of the Bank's selection, suitability assessment and succession policy for management body members (Supervisory Board and Management Board) and Key function holders.

The main responsibilities of the Committees established under the Management Board are the following:

- **Operative Risk Committee:** is subordinated to the Bank's Management Board, authorised to take decisions in matters that are within its competence and also to submit proposals to the Bank's Management Board regarding the development of adequate policies and procedures for the identification, assessment, monitoring and control of significant risks, according to the legislation in force and the internal regulations regarding risk management. The Operative Risk Committee monitors on a permanent basis the significant evolutions that might influence the Bank's risk profile.
- **Asset-Liability Committee:** is subordinated to the Bank's Management Board, which has the authority to take decisions on matters within its competence, as well as to submit proposals to the Bank's Management Board on investments and the management of risks related to assets and liabilities structure of the Bank, according to the provisions of the legislation in force and the incidental internal regulations and optimizes the financing structure (liquidity, interest rate risk management, capital maintenance etc.) of the bank.
- **Product Development, Sales and Pricing Committee:** is subordinated to the Bank's Management Board, which has the authority to take decisions on matters within its competence, as well as to submit proposals to the Bank's Management Board on financial services and products offered to the Bank's clients, if necessary, according to the provisions of the legislation in force and the incidental internal regulations.
- **Credits Committee:** is subordinate to the Bank's Board of Directors, which has the authority to take decisions on matters within its competence, as well as to submit proposals to the Bank's Board of Directors, regarding the approval of loans and requests for changes in credit conditions, according to the provisions of the legislation

- in force and the incidental internal regulations.
- **Loans Monitoring Committee:** is subordinated to the Bank's Management Board, which has the authority to take decisions on matters within its competence, as well as to submit proposals to the Bank's Management Board, which emerges from its role of monitoring the credit portfolio and taking the necessary measures in order to ensure its quality, according to the provisions of the legislation in force and the incidental internal regulations.
 - **Work-out Committee:** is subordinated to the Bank's Management Board, which has the authority to take decisions on matters within its competence, as well as to submit proposals to the Bank's Management Board on taking the necessary debt recovery measures, according to the provisions of the legislation in force and the incidental internal regulations and also approves the proposals regarding the start of recovery procedures for the clients, according to the competence limits established by the Internal Organizational Rules with the observance of related legislation in force.
 - **Business & IT Development Committee:** is subordinated to the Bank's Management Board, which has the authority to take decisions on matters within its competence, as well as to submit proposals to the Bank's Management, on initiating and carrying out internal projects that support the Bank's development in accordance with its business strategy, according to the provisions of the legislation in

- force and the incidental internal regulations prepares and assumes the business annual strategy; also prior approves according to the Project Management Procedure of the Strategic actions and projects, as well as to the afferent budget based on which the priorities for projects and any other further developments. The approval will be granted based on a Feasibility Study for strategic actions and projects applicable according to the existing procedure, prior to Management Board's approval.
- **Ethical Committee:** is a special permanent committee set up by the Management Board, being subordinated to it. It is the task of the Committee to set up firm guidelines for demonstrating ethical behaviour by presenting positions in general and special cases and decisions against of non-observance of the Code of Ethics and also gives opinions and recommendations in general and special cases relating to the application of the Code of Ethics; makes recommendations on the basis of its practice for the development of the Code of Ethics; takes decisions against of non-observance of the Code of Ethics.
 - **Organizational Structure:** As of 31 December 2018, the Bank operates through its 95 territorial units (including 62 branches and 33 agencies), distributed in all counties of Romania as well as the Bucharest headquarter.



1.2. CSR at OTP Bank Romania

Corporate Social Responsibility is a business philosophy within OTP Bank as it influences the decisions we make in many aspects of our company's life. We always keep in mind the social and environmental impact when it comes to our business operations and the interactions with our stakeholders.

Sustainable development meets the present needs without compromising the ability of future generations to satisfy their own needs. Sustainable development implies economic growth, together with the protection of society and of environmental quality. The most efficient method of development is investing in education, which is already proven in many nations. Nowadays, we are all aware that lifelong learning is not just a saying, but it has become a daily necessity. Without consistent education, neither the survival of business nor its development can be guaranteed.

HIGHLIGHTS FROM OUR 2019 ACTIVITY



Right to Education Foundation

OTP Bank Romania aims to contribute to the development of responsible and healthy financial behavior among the young generation, the Right to Education Foundation being the institution that coordinates and implements the financial education activities of the Bank.

The Foundation's mission is to train, free of charge, as many pupils as possible, with the target group consisting of pupils from all over the country aged 10 to 19 years. In 2019, the Foundation has continued this mission, our trainers reaching 36 localities in the country to deliver financial education courses for youngsters.

In 2019, the Foundation has signed partnerships with 89 public and private schools and NGOs at national level.

As for the Foundation's activities as OTP Bank Romania's main CSR project respectively, of the target of reaching a total of 2,500 youngsters trained nationwide, we mention:

In 2019, the Foundation's trainers have implemented 298 training sessions at national level (147 training sessions in Bucharest and 151 training sessions outside Bucharest, namely in: Alexandria, Bacău, Bascov, Brănești, Brașov, Buftea, Buzău, Cernavodă, Chirnoși, Ernei, Filipeștii de Pădure, Focșani, Gălăești, Gostinari, Lița, Lugoj, Măgurele, Municipiul București, Năvodari, Odorheiu Secuiesc, Oradea, Parincea, Ploiești, Popești-Leordeni, Potlogi, Râmnicu Sărat, Sadova, Sălsig, Săscut, Sfântu Gheorghe, Slănic, Suceava, Târgu Mureș, Târgu Ocna, Tărtășești, Vasilați).

Thus, the trainers have implemented educational programs for youngsters living in 20 counties across the country. At the end of 2019, a total of 4,071 youngsters took part in these training sessions, namely: 3,626 pupils took part in our financial education programs, while 445 pupils took part in our career orientation training programs.

In March 2019, the Foundation became involved, for the second consecutive year, in the global event called Global Money Week, organizing and implementing financial education courses at OK Center for 299 students from Ilfov and Bucharest. In September and October 2019, as a result of a collaboration with some partner associations (ADER, Better Youth, Candy Taxi), the Foundation implemented courses at schools whose students have disadvantaged backgrounds. Also, within these partnerships, the students of the Special School for the Hearing Impaired "Sfânta Maria" benefited from the courses of the Foundation, as well as the students of the Special School No. 3 in Bucharest.

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OTP Financial Fitness – Financial education starts with us

The Financial Fitness sessions were attended by 902 persons, 205 one of them being our colleagues from OTP Group. As compared to the previous year, there was a significant growth of the number of external participants, which proves an increasing interest for financial education.

The Financial Fitness trainers travelled to 25 cities from 11 counties and hosted a number of 85 training sessions.

One of the strategic directions of our program was the "Cities" project, Financial Fitness sessions being an important component of a marketing initiative with the goal to increase the awareness of the retail network branches within their local communities. With the support of the branch managers from 11 cities (Pitești, Giurgiu, Ploiești, Buzău, Miercurea Ciuc, Sfântu Gheorghe, Vaslui, Galați, Brăila, Oradea and Arad), the sessions were attended by 121 participants.

"Vara Urbană" Project – 2019 edition

"Vara Urbană" is a program initiated by OTP Bank Romania with the support of the Right to Education Foundation, held at the OK Center in July - August. The program's goal is to give the company's employees the opportunity to enroll their children in a free educational and interactive program during the summer holidays during the parents' working program.

Thus, the parents knew that the little ones were in a safe place, with an environment according to their age, 192 OTP Bank Romania Annual Report 2019



Corporate Social Responsibility 193 during the period which they were at the office.

The first edition of this program was held in 2018 and was rewarded with the 2nd prize in the category "Best employee support program" within the Romanian CSR Awards 2019.

In 2019, the second edition of this program was organized.

Children aged 6 to 14 years could be enrolled in the program.

Thus, from July to August, all parents in the Bucharest branches of OTP Bank Romania had the opportunity to leave their children at the OK Center from Monday to Friday (excluding public holidays), between 8:00 and 18:00, to take part in activities under the "Vara Urbană" program. Participation in the program was free of charge, based on enrollment, and parents had the choice if they wanted to sign up for a few days, weeks, a whole month or for both months of the program.

During the 9 weeks of the program, 905 children were hosted, of which 71 were single children. A total of 57 parents were the beneficiaries of this program in the OK Center. The average participation rate was 21 children / day, while the average age of the children was 8.5 years.



OK Center

The objective of the OK Center is to encourage the organic development of the urban society in Bucharest and not only through a learning approach from the individual to the community, with a focus on financial management. Also, through this project, OTP Bank Romania aims to encourage a financially responsible attitude among young people in Romania.

Thus, in 2019, the OK Center hosted a total of 1130 events, out of which 42% were events dedicated to education, with 10,321 participants. A total of aprox. 25,000 people, representatives of the non-governmental sector and entrepreneurs, benefited from the OK Center space to organize their work meetings, projects, events, trainings or conferences. Of those 25,000 people, 1,637 participants took part in the financial education courses.

In 2020, we have set the following objectives:

- Reaching a number of 2,835 trainees to take part in our financial education training program and career orientation training program offered by Right to Education Foundation;
- Development of a financial education module that includes programming activities with robots for children under the age of 11;

- Organizing another edition of the Global Money Week event in OK Center in partnership with 5 educational institutions;
- Taking part in outdoor events and summer camps during the summer;
- Organizing events promoting the Right to Education Foundation through internal and external communication channels;
- Including as many categories of individuals as possible in the Financial Fitness training program: OTP Bank Romania employees and subsidiaries, external clients which will take part in this program (employee benefit);
- Diversifying the content by developing new online learning modules which come as a completion to our current educational offer and also, which will offer all those interested the possibility of accessing this program from right in front of their computers, smartphones or tablets;
- Developing of financial education programs dedicated to certain types of socio-professional categories (sportsmen, artists, retirees etc.) so that each of these categories should find information of personal interest in the field of personal finance according to their priorities specific to their age and field of activity;
- Partnerships with libraries, universities and senior clubs;
- Exploring of new partnership opportunities with other NGOs and/or Universities.

Sponsorship activity

As a responsible and active institutional citizen, we invest in communities' wellbeing through sponsorships. When choosing the events and initiatives we support, we take into consideration their consistency not only with our business interests, but also with our values. This type of involvement helps us promote OTP Bank Romania by increasing awareness and building reputation. We contribute in money (directly to the beneficiaries) or in kindness (through the Right to Education Foundation) in return for a public acknowledgement of the support.

- **OTP Equal Opportunity Program:** we support disadvantaged groups who need to overcome a drawback – mental or physical handicap, lacking resources to obtain a proper education and also children and youth organizations. We aim to help these groups by improving their life quality and by integrating them in society;
- **OTP Community:** we support events, programs that strengthen communities and contribute to the preservation of cultural heritage and further cultural development;
- **OTP Sports Program:** we promote sports organizations, competitions and leisure activities that require physical and mental stamina, concentration, tactical skills, and finely tuned teamwork.

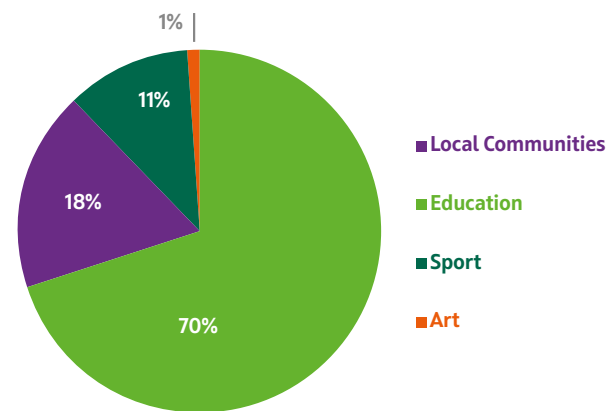
In 2019, OTP Bank Romania sponsored the activities of 21 associations in various fields: education (70%), local community development (18.1%), sport (10.6%), and art (1.3%).

The three most important fields of sponsorship were education, local community development and sports, where we strengthen our longterm relationships.

The main organizations and projects supported in 2019 were:

- **Right to Education Foundation:** support for the maintenance of the daily activity of the foundation and the OK Center space;
- **Oricum Association - ShortsUP Marele Picnic:** OTP Bank Romania had a communitylevel visibility of over 12000 participants at the event, and was present with an OK Center dedicated space;
- **Sport Club Miercurea Ciuc Association:** OTP supporting in 2019 - 2020 the hockey team from Miercurea Ciuc, one the top-level teams that play in the Romanian Hockey League and participate in the international competition Erste Liga.

Sponsorship budget distribution by sponsorship type:



1.3. OTP Bank Romania's financial performance in 2019

MACROECONOMIC FACTORS

Despite a weakening external environment, GDP growth slowed only moderately compared to 2018, as the fiscal stimulus turned out to be stronger than initially foreseen and monetary policy remained accommodative. However, the 4.5% budget deficit expected for 2019 turned out to be the major fragility factor behind the Romanian growth model, contributing to increasing bond yields and a moderate weakening of the currency. The dichotomy of the growth model remained similar to the previous year, to the extent that domestic demand was the key driver of growth, while net export contributed still significantly negatively. One important change was that household consumption expenditure slowed despite persistent double-digit wage growth, while gross fixed capital formation has picked up mostly on account of higher absorption of EU funds.

After two 25 bps interest rate hikes in late 2017 and early 2018, the National Bank of Romania (NBR) has kept the policy rate at 2.5% since April 2018. Nonetheless CPI has stayed above the target band of the NBR most of the time throughout 2019. Average consumer price inflation in 2019 was 3.8% (in contrast with the target band of 2.5%+/-1 ppts.), however constant tax inflation stood at 3.5%, at the upper edge of the central bank band. The NBR justified its relaxed stance on monetary policy

with the assumption that large foreign central banks will maintain loose policy stance and the fact that inflation will revert to around 3% by 2020. In addition to indirect tax hikes, inflation last year was fuelled by a large spike in meat prices due to the swine fever as well as higher vegetable prices.

Fiscal policy has become a major risk factor the extent that domestic demand was the key driver of growth, while net export contributed still significantly negatively. One important change was that household consumption expenditure slowed despite persistent double-digit wage growth, while gross fixed capital formation has picked up mostly on account of higher absorption of EU funds.

ECONOMIC PERFORMANCE AND IMPACT

Using the funds of our depositors, our lending activity can drive purchases, consumption and investments, thus we take part in retaining and improving the standards of living. Besides, we have an impact not only on our customers but on our employees, and, indirectly, on economic growth, indirect employment and on the usage of natural resources. The following chart shows our economic performance through the payments towards different stakeholders.



Generated and distributed direct economic value of OTP Bank Romania (based on the consolidated, audited, IFRS profit and loss statement, thousand RON)			2019
I.	Generated direct economic value	= 1	546,500
1.	Net income from sales	Interest income + non-interest income (incl. net fees) (adjusted)	546,500
II.	Distributed economic value	= 2+3+4+5	1,313,872
2.	Operating costs	Operating costs	127,300
3.	Employee wages and benefits	Personnel expenses – employer's contributions on wages	186.572
4.	Payments to equity investors	Divident	0
5.	Community investments	Donation and sponsorship	1,000,000

Please find a more detailed description of our financial performance in our 2019 Annual Report @ <https://www.otpbank.ro/sites/default/files/assets/documents/WEB-Raport-Financiar-Anual-EN-small.pdf>

We believe in financial mentoring and we are convinced that financial education is one of the best investments for the future. We endow the youth with long lasting skills and knowledge essential for a responsible conduct of life. We have continued our pioneering financial education program through OK Center and have provided our financial and career trainings for over 12.600 people in 5 years.

2019 We did

We celebrated 2 years of OK Center
912 persons attended the Financial Fitness sessions
205 OTP Group employees attended the Financial Fitness sessions
25 cities from 11 counties have been visited by the Financial Trainers
85 financial education sessions have been organized



2. Financial Literacy

RIGHT TO EDUCATION AND OK CENTER

Corporate Social Responsibility is a business philosophy within OTP Bank Romania, as it influences the decisions we make in many aspects of our company's life. We always keep in mind the social and environmental impact when it comes to our business operations and the interactions with our stakeholders.

Sustainable development meets the present needs, without compromising the ability of future generations to satisfy their own needs. Sustainable development implies economic growth, together with the protection of the society and of the environmental quality.

The most efficient method of development is investing in education, which is already proven in many nations. Nowadays, we are all aware that lifelong learning is not just a saying, but it has become a daily necessity. Without consistent education, neither the survival of a business nor its development can be guaranteed.

Right to Education Foundation

OTP Bank Romania aims to contribute to the development of responsible and healthy financial behaviour among the young generation, the Right to Education Foundation being the institution that coordinates and implements the financial education activities of the Bank.

Financial education for students

The Foundation's mission is to train as many students as possible, free of charge. The target group of the financial education program for students consists of youngsters across the country, aged between 10 and 19 years. In addition to the financial education courses, our curriculum includes the career orientation courses, which are intended for students aged between 13 and 19 years.

In 2019, the Foundation has continued this mission, our trainers reaching 36 localities in the country to deliver financial education courses for youngsters.

In 2019, the Foundation has signed partnerships with 89 public and private schools and NGOs at national level.

As for the Foundation's activities as OTP Bank Romania's main CSR project respectively, of the target of reaching a total of 2,500 youngsters trained nationwide, we mention:

In 2019, the Foundation's trainers have implemented 298 training sessions at national level (147 training sessions in Bucharest and 151 training sessions outside Bucharest, namely in: Alexandria, Bacău, Bascov, Brănești, Brașov, Buftea, Buzău, Cernavodă, Chirnoji, Ernei, Filipeștii de Pădure, Focșani, Gălăești, Gostinari, Lița, Lugoj, Măgurele, Municipiul București, Năvodari, Odorheiu Secuiesc, Oradea, Parincea, Ploiești, Popești-Leordeni, Potlogi, Râmnicu Sărat, Sadova, Sălsig, Săscut, Sfântu Gheorghe, Slănic, Suceava, Târgu Mureș, Târgu Ocna, Tărtășești, Vasilați).

Thus, the trainers have implemented educational programs for youngsters living in 20 counties across the country. At the end of 2019, a total of 4,071 youngsters took part in these training sessions, namely: 3,626 pupils took part in our financial education programs, while 445 pupils took part in our career orientation training programs.



In March 2019, the Foundation became involved, for the second consecutive year, in the global event called Global Money Week, organizing and implementing financial education courses at OK Center for 299 students from Ilfov and Bucharest.

In September and October 2019, as a result of a collaboration with some partner associations (ADER, Better Youth, Candy Taxi), the Foundation implemented courses at schools whose students have disadvantaged backgrounds. Also, within these partnerships, the students of the Special School for the Hearing Impaired "Sfânta Maria" benefited from the courses of the Foundation, as well as the students of the Special School No. 3 in Bucharest.

OTP Financial Fitness – Financial education starts with us

Financial Fitness, the financial education program, strengthened its important position within the curricula of Right to Education Foundation, not only because its target consists of the adult people, but especially due to its role to make an outstanding contribution towards a responsible financial attitude.

The Financial Fitness sessions were attended by 902 persons, 205 one of them being our colleagues from OTP Group. As compared to the previous year, there was a significant growth of the number of external participants, which proves an increasing interest for financial education.

The Financial Fitness trainers travelled to 25 cities from 11 counties and hosted a number of 85 training sessions.

One of the strategic directions of our program was the "Cities" project, Financial Fitness sessions being an important component of a marketing initiative with the goal to increase the awareness of the retail network branches within their local communities. With the support of the branch managers from 11 cities (Pitești, Giurgiu, Ploiești, Buzău, Miercurea Ciuc, Sfântu Gheorghe, Vaslui, Galați, Brăila, Oradea and Arad), the sessions were attended by 121 participants.

"Vara Urbană" Project – 2019 edition

"Vara Urbană" is a program initiated by OTP Bank Romania with the support of the Right to Education Foundation, held at the OK Center in July - August. The program's goal is to give the company's employees the opportunity to enroll their children in a free educational and interactive program during the summer holidays during the parents' working program. Thus, the parents knew that the little ones were in a safe place, with an environment according to their age, during the period which they were at the office.

The first edition of this program was held in 2018 and was rewarded with the 2nd prize in the category "Best employee support program" within the Romanian CSR Awards 2019.

In 2019, the second edition of this program was organized.

Children aged 6 to 14 years could be enrolled in the program.

Thus, from July to August, all parents in the Bucharest branches of OTP Bank Romania had the opportunity to leave their children at the OK Center from Monday to Friday (excluding public holidays), between 8:00 and 18:00, to take part in activities under the "Vara Urbană" program. Participation in the program was free of charge, based on enrollment, and parents had the choice if they wanted to sign up for a few days, weeks, a whole month or for both months of the program. During the 9 weeks of the program, 905 children were hosted, of which 71 were single children. A total of 57 parents were the beneficiaries of this program in the OK Center. The average participation rate was 21 children / day, while the average age of the children was 8.5 years.

OK Center

The objective of the OK Center is to encourage the organic development of the urban society in Bucharest and not only, through a learning approach from the individual to the community, with focus on financial management.

Also, through this project, OTP Bank Romania aims to encourage a financially responsible attitude among young people in Romania. The Right to Education trainers, through courses held at OK Center or in schools, help create an interactive learning environment that allows learners to immediately apply practical concepts such as planning, risk, strategic thinking, and more. Also, the OK Center space is offered free of charge for other non-profit organizations, particularly for those which are active in the field of education, as well for youth / student organizations, but also for start-ups, artists and freelancers, to hold their events here.

Thus, in 2019, the OK Center hosted a total of 1130 events, out of which 42% were events dedicated to education, with 10,321 participants.

A total of approx. 25,000 people, representatives of the non-governmental sector and entrepreneurs, benefited from the OK Center space to organise their work meetings, projects, events, trainings or conferences. Of those 25,000 people, 1,637 participants took part in the financial education courses.



Updating our values meant the reinforcement of our customer orientation. We believe in customer centricity: identifying value creation is a key success factor, going hand in hand with providing the highest quality services in an ethical way.

We strive to support businesses to thrive, economies to prosper and people to achieve their ambitions.



3. Clients and Core Business³

OTP BANK ROMANIA STRATEGIC PROJECTS

In 2019, the Bank continued the actions started in the previous year in order to digitize and modernize the bank's business platforms and at the same time initiated new major projects designed to support the bank's activity and contribute to developing and improving the bank's customer relationship.

At the same time, the bank has continued the implementation of the portfolio projects aiming at addressing business development and process optimization and compliance of the activity and services with the legislation in force.

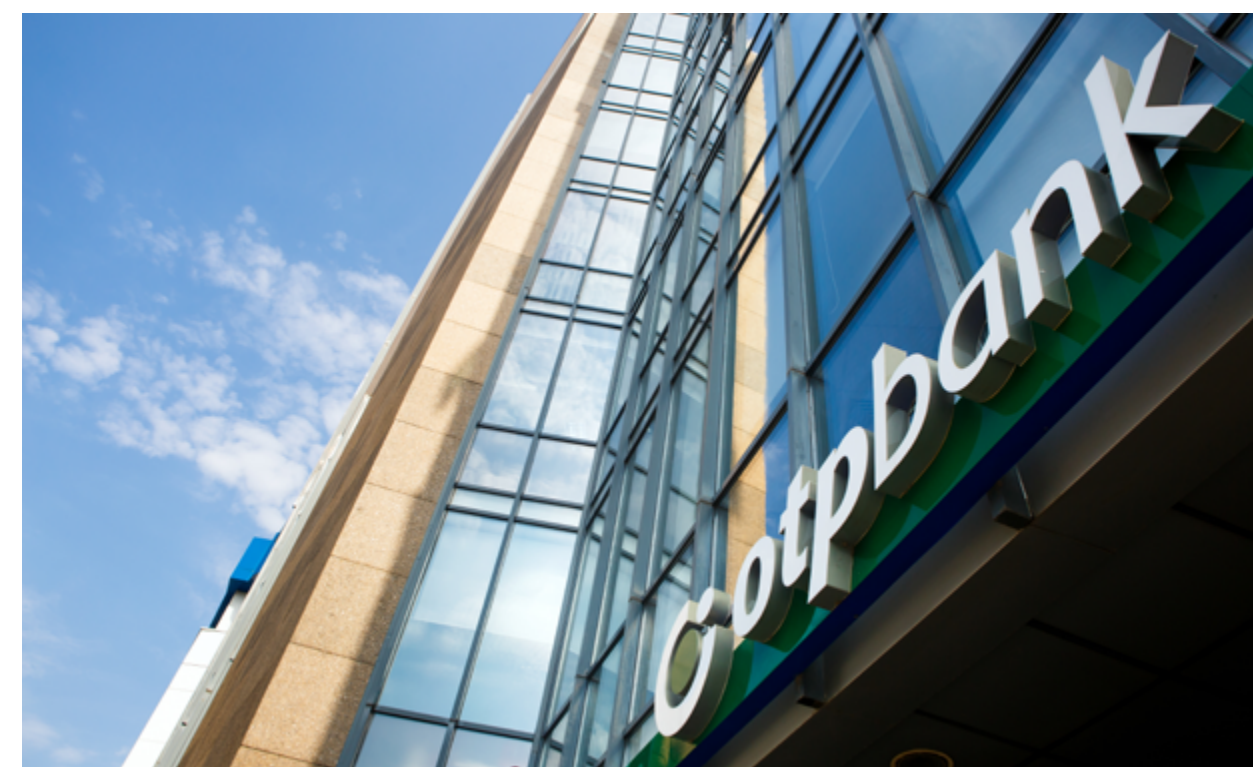
In this sense, the projects carried out in 2019 covered most of the business and operational areas of the bank, being aligned with the bank's strategy.

The main projects for business development and optimization of processes carried out during 2019 were:

- Digitization program with the following projects:
 - Implementation of a Business Process Management (BPM) platform having as main objective the fluidization of business processes;
 - Implementing for several business processes the Digital Archive Management (ECM) solution, a solution that works with other applications to support the digitization of processes in the organization.
 - The implementation project of the Data Warehouse in order to ensure the data and information requirements necessary to carry out the daily operational activity and to facilitate the business decision making.

Among the most important projects ensuring compliance with the regulatory requirements we mention:

- The PSD2 project, with the purpose of implementing the European Directive 2015/2366, also called the Payment Services Directive 2 (PSD2);
- OTP Factoring Integration Project, in order to integrate OTP Factoring Romania into the OBR Group following the acquisition of the shares of OTP Factoring Hungary by OTP Factoring Romania.



³ In this chapter we focus on new activities and products with a social or environmental aspect. For more details on other products please, see the Annual report and our website.

3.1. Serving Our Clients

During 2019, OTP Bank Romania consolidated its systemic position and remained in the top 10 banks on the local market, ranking 9th on assets.

Among the major changes in 2019 are the cards digitization, replacing traditional payments with plastic cards, in a more environmentally responsible way. We launched this product in November, being one of the first banks in the country that adopted the **Apple Pay** services.

Only one month after, we launched our own phone pay app – **OTPay** – for Android users.

During 2019, OTP Bank Romania continued to offer SME customers a wide range of products and launched for the first time in the Romanian market the "Rocket Credit" project, the first platform dedicated to SMEs that allows entrepreneurs to apply 100% online for loans.

Supporting the development of the **agribusiness** segment continued to take a strategic position in the OTP Bank Romania portfolio, especially through the Credit for double pre-financing of special subsidies, still a unique product on the Romanian banking market. The Bank was also involved in projects such as the Rural Development Plan, EAFRD and has actively participated in various agro-trade events, conferences and forums throughout 2019.

For individuals, we continued to focus on personal loans, mortgage loans and cards, and among the most important

achievements is the launch of "**LeZero Package**", that brings together several products and services - current accounts, debit card and OTPdirekt, including SMS Alerts - for whose usage are offered a number of benefits.

In 2019, the organic growth program "**Apollo**" was launched, the most revolutionary transformation within OTP Bank Romania. The ambitions of the program are: doubling the bank's market share and consolidating its position within five years, transforming the way it works by promoting employee performance and digitizing specific business processes.

We are following the digitalization trends and aim to ensure that our actions reduce the impact on the environment. We base our success on customer trust, built by understanding local and regional needs, but also on the professionalism of our employees, who's development we constantly support.

CARDS

Introducing Mobile Payments services consisting of ApplePay and OTPay services.

Apple Pay service implementation for all Mastercard cardholders offers the possibility to pay with the iOS mobile devices. Implementation date – November 2019.

OTPay service implementation for all Mastercard cardholders offers the possibility to pay with the Android mobile devices. Implementation date – December 2019.

The mobile payments services contribute to the overall improved customer experience due to faster and more secure payments through the mobile devices, replacing traditional plastic card payments in a more convenient way.

INDIVIDUALS

The main features of loan products development in 2019 consist in:

In 2019 the main focus continued to be set on cash loan and mortgage loan, and OBR was still targeting the higher segments of clientele with both of its loan products.

OBR continued the sales on the Cash loan with Payment Protection Insurance (PPI). PPI is sold optional to the clients who are requesting personal loan and is covering the following risks: death by accident and disease, total permanent disability by accident and disease (grade I or II

disability), involuntary unemployment for 6 months.

In September 2019, OBR launched a new offer for mortgage loan, namely mortgage loan with fixed interest rate in the first 5 years and then variable, diversifying its products range from which the clients can chose the product that best suits them.

OBR strategy of enhancing the mortgage lending market presence was carefully executed, the sales being constantly increased for the ML in RON with smart pricing scheme having different discounts, better pricing conditions being applicable based on clients willingness to fulfil certain criteria.

In case of "Prima Casa" state subsidized mortgage loans, OBR used its initially allocated ceiling and got supplemented one to be used, but its weight in the total new ML sales is not predominant like in the previous years.

During 2019, OTP Bank focus continuously on reducing the TTY for Cash and Mortgage loans, improving the customer experience and reducing the answer time to clients for loan requests.

The main features of liabilities products development in 2019 are mentioned below:

- In order to be in line with the trend of the Romanian savings market, OTP Bank has periodically updated the pricing conditions for the liabilities products. In Autumn, OTP Bank launched a term deposits campaign with the occasion of the anniversary of 15 years of OTP Bank presence on the Romanian market, promoting a 15M term deposits offer;
- During 2019, OBR continued to implement the project for data actualisation of customers, in order to improve the quality of stored data and comply with the legal requirements;
- Starting May 2019, a new flow and software were implemented for individual clients on-boarding, opening of current accounts and data actualisation;
- Starting November 2019 a new package of products and services was launched for Individuals customers, the LeZero package, with transparent and simplified pricing conditions.

SME

In order to be aligned with the requirements generated by the digitalization trends, supported also by the organic growth strategy of OTP Bank, starting with 23rd of October

2019, we launched, in premiere, on the Romanian banking market, Rocket Loan - the first platform dedicated to Small and Medium Enterprises (SME) clients, with turnover of up to 5 million euros.

This was the main project aimed at improving the customer service quality with a direct impact in reducing the TTY and the TTC.

Therefore, entrepreneurs can apply 100% online on the new platform to obtain a financing product from a diverse range of lending products.

The unique characteristics of this platform consists of: applying ONLINE, directly on "<https://www.otpdirekt.ro/credit-racheta>" for an guaranteed or unguaranteed credit; the possibility of applying for a standard or semi-standard credit product, from the bank's existing offer, for both existing and new customers; streamlined, fast flow, by completing a minimum set of information; the score is calculated automatically, the client has to upload only the last annual balance sheet in PDF format with XML attached (similar to the existing stream - E-loan); CRC / BC agreement is generated / uploaded from / into the dedicated platform, by properly uploading the signed agreements (similar to the existing stream - E-loan); the client can select the unit in which he / she wants to present for signing the contractual documentation, after the final analysis of the bank and the financing approval; when the client presses the "Calculează" button, in just a few seconds, the preliminary result is calculated, and the clients receive an answer if they are fit or not for the requested amount, and based on the completed information and the sent documents, the financing approval will be made within 24 hours.

This platform is unique on the Romanian banking market and was developed to support the SME segment growth strategy within OTP Bank, with focus on attracting new customers and increasing the loan portfolio granted, but also for retaining existing customers that are not included within the existing flow of E-loan IB.

CORPORATE

- Considering the importance of the syndicated loans for OTP Bank Romania SA, we developed and we provided



to involved areas, a dedicated Procedure under Apollo Program. This procedure help the involved areas to have a promptly and professional reaction to the requests of client/ banks from syndicate;

- Important project developed and implement in 2019 was the centralization at the HQ level of the process for the opening and maintenance of the current accounts for legal entities and automatized in a dedicated flow-based platform;
- Direct involvement within agribusiness projects: Rural Development Plan, EAFRD (European Agricultural Fund for Rural Development);
- Actively participant to various agribusiness events (Indagra, RALF), conferences and forums (Hungarian-Romanian Business Forum, Agri processors Forum, European Funds Forum etc;
- Participation in the implementation at bank level of the following projects and mandatory regulations:
 - CRM - Improved customer experience;
 - Launched live 360 customer view & opportunity;
 - ECM - electronic archive application for centralized storage and digital retrieval of client related documents. Application for legal entities launched live for usage of branches and Corporate Officers;
 - PSD 2 - comply with the obligations enforced by the PSD II European Directive;
 - EU REG 518 to amend the EU REG 924 / 2009 - lays down rules on cross-border payments and on transparency of currency conversion charges within the Union, imposing:
 - Alignment of charges for the cross - border transactions to the level of national payments of the same value in the national currency, Applicable: 15th December 2019;
 - Transparency of charges of currency conversion related to card-based transactions and credit transfer transactions that involve a currency conversion (no matter if it is a national or cross-border transaction), Applicable: 19th of April 2020 / 2021.

- Increasing the quality and fasten the services addressed to corporate clients by continuing developing at the network level the Corporate Officers concept, a dedicated corporate clients operational desk located in the branches network (Bucharest and countryside).

NETWORK

2019 was the year in which OTP Bank Romania achieved an important goal, becoming the largest integrated and self-financed provider of financial services and a major player in the Central and Eastern European region. OTP Group celebrated 70 years of activity in 2019, with a community of 36,000 employees, serving over 18.5 million customers in 12 countries. In this context, the operations in Romania are significant, the local branch has a consolidated position and a good growth prospect.

At the local level, OTP Bank Romania introduced in 2019 the mobile payments services ApplePay and OTPay, services that contribute to the improvement of the general experience of customers through faster and more secure payments, using mobile devices.

Also for following the requirements generated by the digitalization trends, supported by the organic growth strategy of OTP Bank Romania, starting with October 23, we launched, for the first time on the Romanian banking market, the Racket Credit - the first platform dedicated to SMEs, with 100% online credit services.

OTP Bank Romania launched in 2019 an organic growth program - Apollo, the most revolutionary change made within OTP Bank Romania. The aims of the program are to double the market share and consolidate the market position within 5 years, and change the way the Bank interacts with customers, through a customer-focused perspective.



1,261 chats per month



140 ATMs with cash pay-in option



3.2. Responsible product portfolio

We believe in an integrated system based on three pillars:

- while providing high quality products that support our clients to achieve their financial goals,
- we place emphasis on increasing financial knowledge and awareness
- we comply with the requirements of ethical business conduct to the maximum level.

We have several products with special environmental or social advantages (e.g. satisfying essential needs with preferential conditions). In this chapter we highlight these products and we provide an overview of our corporate product portfolio.

3.2.1. Products and services for individual clients

In 2019, the main activities were associated with increasing the portfolio of clients and the number of products owned, both for liabilities and lending side. In the same time, it was essential to maintain the quality of the existing portfolio of loans, while increasing the portfolio of new consumer and mortgage loans of the bank.

LOANS

During 2019, OTP Bank Romania continuously offered lending solutions through dedicated campaigns or by adjusting the existing products to the market practice and to the clients need and also through periodically updates of the pricing conditions for its lending offer for the customers.

On the lending segment, according to the bank's strategy, OTP Bank Romania focused on increasing the number and volume of credits to customers with good payment behaviour as well as maintaining a good quality of the actual portfolio, and also improving Time to Yes indicator.

Though the 2019 legislative year had a powerful influence on the individuals lending conditions, by limiting the maximum indebtedness to a maximum of 40% for facilities in RON, with some exceptions, according to NBR Regulation 6/2018 published on 31 October 2018, with starting date from 1st of January 2019, OTP Bank Romania continued its business plans to achieve better economic results. Another impactful modification was the implementation of the new Reference index for loans disbursed in RON with variable interest that replaced ROBOR index as per OUG 19/2019 provisions that entered into force on 2nd of May 2019.

Depending on the loan purpose and the specific collateral required, individuals lending products of OTP Bank Romania are divided in two main categories:

- loans for real estate investments, including First Home;
- consumer loans.

1. Loans for real estate investments

Mortgage loan for acquisition (ML). The purpose of this loan is the full or partial acquisition of houses or flats and also refinancing mortgage loans previously contracted from other banks. In 2019, the lending activity was carried exclusively in RON, in line with market development which practically moved decisively to LCY lending and also considering the legal provisions. The minimum loan amount is EUR 1,000 (RON equivalent) and the maximum is EUR 200,000 (RON equivalent). The minimum ranting period is of 6 months and the maximum 360 months. The collateral accepted is 1st rank mortgage on the purchased property and property insurance assigned in favour of OTP Bank Romania.

In order to expand the credit portfolio and provide to its customers lending products that suit best their needs, in September 2019 OTP Bank Romania launched the mortgage loan with fixed interest rate in the first 5 years, then variable. The introduction of the new lending product started from the necessity to offer to its customers products with a simplified and easy-to-access price mechanism, as part of the company's organic growth project. With a diversified offer for the Mortgage loan in RON and a periodic adjustment of the price conditions, tightly correlated to direct competitors movements, the new sales of mortgage loans offered by OTP Bank Romania considerably exceeded the number and volumes of "First home" facilities. This trend was also similar in the market, the big banks promoting extremely competitive prices for mortgage loans in RON, which inevitably diminished the consumption preferences for "First home" loan.

In this respect, OTP Bank Romania continued to promote the Mortgage loan in RON with variable interest rate launched in Q4 2014 having competitive features and smart pricing scheme, the best price being accessible only with full cross-sell, OTP Bank Romania's strategic objective being to maintain the competitiveness on the ML market.

2. Consumer loans

Personal loan without Mortgage (PL). This product is addressed to individual clients, Romanians or foreign citizens with Romanian residence and the purpose of this loan without collateral is to cover the general customers' needs. OTP Bank Romania accepts a wide variety of eligible incomes and it offers the loan only in RON. The offer of personal loan includes different subtype of products (special pricing for personal loans for refinancing, personal loan with income transfer, etc.), with different pricing scheme in order to be in line with the market and to better cover the clients' needs. The maximum loan amount is:

- RON 44,000 or
- RON 66,000 / RON 100,000 for the applications that meet some predefined conditions.

OTP Bank Romania's strategic objective remained to attract higher quality clientele, with income transfer, increased cross-sell potential and low-risk profile. Also, considering the clients' expectations and the general

orientation of the market toward digitalization OTP Bank Romania continued to offer in 2019 also a product with online pre-approval for individuals, suitable for the online channel that supports immediate reply from the bank for the clients applying for a loan.

During 2019, OTP Bank Romania efforts regarding the Personal loan without Mortgage concentrated on loans with fixed interest rate, considering the competitive price mechanism based on customer profile and a constant promotion through mass-communication channels.

OTP Bank Romania offers for consumer loans having competitive features and favourable price conditions was promoted through campaigns launched in the spring (04.02.2019 – 17.03.2019) and autumn of 2019 (11.11.2019 – 08.12.2019, respectively 30-31st of December 2019).

Personal Loan with Mortgage

This product is addressed to individual persons, Romanians or foreign citizens with Romanian residence, with the purpose to cover the general needs of the clients. The product is also available for refinancing any type of loans previously granted by other banks or by OTP Bank Romania.



The personal loan with a mortgage can be granted in RON, with a minimum loan amount of EUR 1,000 (RON equivalent) and a maximum of EUR 200,000 (RON equivalent).

The accepted collaterals are 1st rank mortgage on a property, an inferior mortgage rank is acceptable only if the superior ranks are in favour of OTP Bank Romania.

Overdraft

This product meets the universal expenses on short term – the clients benefit of all the advantages of a consumer loan into a revolving credit line with maximum flexibility. Clients must monthly reimburse only the calculated interest of the used funds. The maximum limit for the overdraft facility is RON 20,000 and this product is addressed mainly to customers receiving their monthly salary in accounts opened at OTP Bank Romania.

3.2.2. Products and services for small and medium enterprises

The SME business line maintained the segmentation approach of the clients consolidated in the previous years, by targeting and managing mainly legal entities clients with an annual business turnover of maximum 5

million EUR, including assimilated categories and private entrepreneurs.

In order to support this clients' segment, we continued to align the products and services of OTP Bank Romania dedicated to SME clients and private entrepreneurs 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, built on a high level of professionalism, trust and respect.

In 2019, the SME business line recorded an increase of 26% in volumes of new loans sold, maintaining at the same time the complex approach of the cross-sell/ up-sell methods. 40% out of the total revenues generated by the transactional activity of the Bank's clients, was generated by the SMEs, confirming the strategic importance of this segment.

Our continuous efforts throughout 2019 were aimed at implementing effective solutions in order to ensure our clients have a positive experience, from onboarding to accessing our financial solutions dedicated to the SMEs and private entrepreneurs. We focused on the standardization and digitalization of the enrollment process for legal entities and assimilated categories, as well as on providing online solutions for simple and fast online credit applications, by developing a unique platform on the Romanian market



"The Rocket Loan" ("Creditul Racheta"), therefore:

- In March 2019, we have taken an important step in our strategic approach to digitalization and improving the legal entities customers' experience by launching a new platform (BPM online) comprising two modules: 360 view module and Opportunity Management;
- Starting with 1st of August 2019, we have taken another important step: implementing two new processes for SME clients and assimilated categories:
 - **The onboarding process for legal entities and assimilated categories** and implicitly opening current accounts and associated products (a package of banking products and services, debit card, internet banking etc.). These processes have an integrated archiving application that allows loading clients' documents, storing them in a standardized and unified structure and easy access to all stored documents by all parties involved in the banking process;
 - **The process of updating data clients of legal entities and assimilated categories** and implicitly the implementation of the risk grade approval process/ flow – the electronic archive solution is integrated in this process, as well.

The other benefits of the two processes implemented in 2019 are:

- Improving and standardizing the customer experience, with impact in the cross-sell and loyalty rates;
- Simplification of the back-office activities performed by the territorial units and Regional Centers: the current account opening process and the data actualization process for legal entities and assimilated categories are 90% managed by the colleagues within the Legal Entities Current Account Administration Department;
- Rapidity in selling and accessing products and services dedicated to legal entities clients: generating the contracts for current accounts, packages, Internet Banking are done automatically; the application offers also a method for calculating the service, with a brief description of each product;
- **Easy access to all clients' data and reducing the time for accessing and viewing documents:** the documents are uploaded in this application and automatically transmitted in the archiving application of the Bank and are accessible at any given time;

- **Prompt information regarding the necessity of client data actualization** by push notifications within the application;
- **Fast, efficient, and integrated communication** within the platform, between the departments and units involved in the process. Also, the status of the application can be checked at any given time.
- **Easy and quick access to information and surfing through various processes through tabs, menus, and intuitive buttons.**

Starting October 23rd 2019, the dedicated platform for SMEs was launched – CREDITUL RACHETA ("Rocket loan") available at <https://www.otpdirekt.ro/credit-racheta>. The platform ensures 100% on-line application for unsecured or secured loans, for both existing customers as well as non-clients, by uploading a minimum set of required documents and filling in few short and concise information in a simplified, user – friendly manner.

The preliminary scoring and estimate eligible loan amount is calculated within a few seconds, therefore we are providing clients with a quick response, the final answer being subsequently transmitted to the client after finalizing the internal analysis; the client signs the contractual documents in the territorial unit selected during the flow. For non-customers of OTP Bank Romania, the possibility to start the onboarding process for opening a current account and a package of banking products and services is also available. The entire lending flow is based on a quick, efficient approach, ensuring a reduced time-to-yes within 24 hours and therefore representing the strong foundation to the development of a business partnership with the SME customers.

Furthermore, also in 2019, OTP Bank Romania has started an innovative project, for implementing the provisions of the collaboration protocol concluded between ANAF and the banks members of the Romanian Banks Association, in respect of importing the financial statements of the legal entities clients from ANAF and mapping them into the internal processes, leading to the quick rating calculation and determining the client eligibility, with significant impact in a reduced time-to-yes for SMEs.

Therefore, based on a signed agreement by the representatives of the legal entities clients, we are

obtaining the data afferent to the last concluded financial exercise from ANAF, we are mapping that data into the process and calculate the clients eligibility, without having the client to present financial statements. Therefore, all the clients requesting one of the 11 lending products, secured or unsecured, for which standard flows are implemented, will benefit from a fast response to their requests, based on signing a Data processing agreement and providing qualitative information, necessary for determining the eligibility.

Considering the simplified and standardized flow, the response time has significantly decreased, without bureaucracy and with a positive impact in the client - bank partnership.

Also, in order to comply with provisions of the EU Regulation no. 518/2019 for the modification of Regulation no. 924/2009 regarding the certain commissions for cross-border payments within the EU and the monetary conversion fees, we have updated the packages dedicated to SMEs and private entrepreneurs (Smart Business package with additional options, POS package, Practic and Dinamic packages for private entrepreneurs, the Start-up Hero package and the packages for housing associations and religious entities).

To maintain the attractiveness of the packages, we have included extended benefits in the packages by eliminating the REGIS/Sent fees for all free of charge transactions included in the packages and granted unlimited free of charge payments in EUR within the Economic European Space for the clients with Smart Business packages with Complete/Exclusive additional options.

At the same time, in 2019, besides the specific projects of the SME client category, **the agriculture sector continued to hold a strategic position in the OTP Bank Romania portfolio. In this respect we recalibrated the Loan for double pre-financing of the APIA SAPS subsidies and the Loan for pre-financing the APIA subsidies**, in order to accommodate the latest legal and conventional provisions. **The loan for double pre-financing of the APIA SAPS subsidies** is still unique on the banking market and very attractive for the target customer segment, an important feature for supporting the development strategy of the agribusiness segment within OTP Bank Romania.

By continuing to offer a complete range of solution through simple and efficient financing products, as well as by specialty consultancy, OTP Bank Romania registered an increase with **16% of the volume of Agri new loans**, granted in 2019 compared to the previous year.

3.2.3. Main achievements in Corporate business:

Corporate Banking is an important contributor to the bank's performance, by providing the upper mid and large corporate customers with transactional and cross-selling potential, also offering a wide-range of financial services and tailor made solutions, through the expertise and support of different departments, all with the specific aim to increase product usage.

2019 helped us reach new heights. Although we faced several challenges, we overcame them with both keen determination and a strong sense of purpose that define us.

The outcome clearly shows that we managed to achieve our goals:

- Starting a new project that improves the way we do things: Apollo Growth Program aiming to focus on multiple subjects: putting our customers in the center of everything we do, exploring new business opportunities, being all about the people we dedicate our work to, learning to become agile, while questioning the way we do things and how we can become better.

Within the Apollo program, Corporate Stream key initiatives are:

- Optimize End-to-End Lending Flow
- Improve Relationship Managers productivity by:
 - implementing dedicated activity management support through BMP & CRM (opportunity, lead and campaign management flows);
 - redesigning the industry's segmentation;
 - implementing qualitative measures like specialized training, incentive and performance management, Corporate career center;
 - increasing FTE capacity through network development.

- Improve Corporate products offering by introducing new products in line with the industry's specific needs and improve our current product offer.
- Digitalization of the customers workflow, by implementing new technologies:
 - CRM / OTPlus, Improved customer experience;
 - Integration of all new current accounts openings;
 - 360 customer view and opportunity;
- **MoRe**, electronic archive application for centralized storage and digital retrieval of client related documents:
- Implementation of other **legal requirements**:
 - PSD 2 - comply with the obligations enforced by the PSD II European Directive;
 - GDPR;
 - EU REG 518 to amend the EU REG 924 / 2009, that lays down rules on cross-border payments and on transparency of currency conversion charges within the Union.

- **Sales excellence for our corporate sales staff** by public recognition and rewards for the Top Performers Program.
- Direct involvement within **agribusiness** projects.
- Increasing the quality and fasten the services addressed to the corporate clients by continuing to develop **the Corporate Officers concept**, a client's dedicated operational desk found in the branches network.
- **Redesigning the website**. The main characteristics of the products are now presented in a more friendly manner, supporting the client to choose the proper product in order to cover specific needs.
- Direct involvement in the Branch Sponsorship Concept with the aim of:
 - Offer visibility for outstanding initiatives;
 - Identify issues and propose effective solutions;
 - Assuring improved collaboration between employees;
 - Promote excellence in their activities;
 - Optimise the communication in all professional areas.
- **Corporate Insider Newsletter** was launched for keeping all bank team members connected, even for them to share online those ideas, projects or colleagues, that have a potential to influence the offline.

- **The factoring business activity** continued to grow, registering a very good performance, with overachievement on all related financial indicators.
- **Lending**: the transformation of our strategy in order to become one of the 3 top banks for target prospects.
- **Cash management**:
 - Focus on local mid-companies with transactional and cross-selling potential;
 - Aim to increase the number of transactions by attracting more customers and increase the number of cash management products;
 - Optimization of cash activities in branches.

We can conclude that 2019 proved us again the need of maintaining a client-centred orientation and creating business relationships based on trust, as the core of our partnership.



OTP CONSULTING ROMANIA

OTP Consulting Romania SRL was established in 2007 by OTP Bank Romania and the Hungarian consultancy company OTP Hungaro Project. Since then, the company went through an important and continuous development and due to its flexible approach and extensive set of skills it provides clients with the high-quality business value they need.

The wide range of services provided by the company cover financial advisory services, local development consultancy and business and treasury consulting, offering complex development solutions for companies and local authorities, including trainings and technical assistance, support in identifying new projects and financing sources for these, consultancy services in drawing up different projects, as well as project management services.

In collaboration with local authorities, OTP Consulting Romania implemented more than 20 projects with the theme of environmental protection, especially in the area of water and wastewater and other wastes.

The quality of its consultants is the cornerstone of the company's ability to serve its clients, leading the company also in 2019 to a large number of successful projects.

Also, in partnership with NGOs (LAM Foundation and AGROSIC) OTP Consulting Romania developed a truly innovative concept for small manufacturers in order to develop their food industry marketing, brand share, to sell products online and through a special weekly market.

In addition, the small manufacturers receive consulting services and training to acquire the necessary knowledge to hit the market.

OTP Consulting Romania is a partner of EBRD through BAS Business Advisory Service program.

The Project, prepared by OTP Consulting Romania for an agriculture company, was promoted as BEST PRACTICE by EBRD.

In present, OTP Consulting is involved in 3 projects with European funding in a partnership with the Chamber of Commerce of Romania, with a total value over EUR 10 million:

- "FIA" Project "Become Entrepreneur at Home! Invest in your future!" - In partnership with the Chamber of Commerce of Romania and the League of Romanian Students Abroad (LSRS), with a total budget of EUR 1.7 million, aims to: inform more than 10,000 Romanians in the Diaspora about opportunities in the field of entrepreneurship, to develop an entrepreneurial training program for at least 220 Romanian trainees in the diaspora; to select for funding of max. EUR 40,000 and monitor a number of 22 best business plans. The aim of the project is to facilitate/support the return of Romanian people from the diaspora at home.
- The Sustainable Entrepreneurship Project in the Center Region, launched in partnership with the Chamber of Commerce of Romania, aims to support entrepreneurial initiatives to develop the economic environment and increase employment in the Center region of Romania. The project is aimed at Romanian citizens aged over 18, who live in rural or urban areas in Harghita, Mures, Covasna, Brasov, Sibiu and Alba, who want to set up a non-agricultural business in the urban area.

With a total budget of EUR 5 million, the 36 months project is divided as follows: entrepreneurial training programs for 740 young people (12 months) that will conclude with the selection of 89 business plans. In the second stage (18 months), the 89 entrepreneurs will receive business development support and grants of up to EUR 34,200 for each new business.

Realized objectives: 879 people were registered, they all received entrepreneurial training concluded with 91 business plans selected for funding.

- SMART START UP project. Innovative and Sustainable Entrepreneurship in the South Muntenia Region is launched in partnership with the Chamber of Commerce of Romania, aims to support entrepreneurial initiatives to develop the economic environment and increase employment in the South Muntenia region. The project is dedicated to young people aged over 18 from Arges, Dâmbovița, Prahova, Teleorman, Călărași, Ialomița and Giurgiu who want to set up a non-agricultural business in the urban area.

The main objective: 590 people formed - ANC accredited entrepreneurship training; selecting, funding and monitoring a number of 72 businesses.

With a total budget of EUR 4 million, the 36 months' project

is divided as follows: entrepreneurial training programs for 570 young people (12 months) that will conclude with the selection of 72 business plans. In the second stage (18 months), the 72 entrepreneurs will receive advice and support for business development and grants of up to EUR 34,000 for each new business.


During 2019, the project attained accomplished all proposed objectives regarding the registration and trainee of 590 people. 72 business plans were selected for funding.

OTP Consulting is the Lead Partner in the "FIA" Project "Become Entrepreneur at Home! Invest in your future!" and it is involved with its partners at all stages of the project implementation.


In 2019 the company signed new consulting contracts for project elaboration and management under various financing programs:

- Investments in agricultural holdings
- Agriculture and rural development
- Investments related to cultural heritage protection
- Urban development
- Development strategies and economic analysis


For us it is very important to support innovative start-up and entrepreneurship.



"FIA" Project „Become Entrepreneur at Home! Invest in your future!"



The Sustainable Entrepreneurship Project in the Center Region, launched in partnership with the Chamber



SMART START UP project

3.3. Ethical Conduct of Business and Risk Management

3.3.1. Transparency and communication

OUR PRINCIPLES

OTP Bank Romania is committed to transparency and to efficient communication. Detailed information about our financial results is available on our website, including quarterly stock exchange reports, quarterly disclosure reports, annual reports and CSR/Sustainability reports.

We constantly communicate relevant data related to our bank's activity, regarding products and services, improvements for our clients.

We consider and treat the media as partners who have an important role in informing the citizens about economic reality and changes. Our doors are always open if it is either an off-record conversation that we do regularly or a press conference.

MEMBERSHIP

In 2019, OTP Bank Romania was an active member of the Romanian Association of Banks (ARB), Factors Chain International (FCI), Hungarian Business Association in Romania, Foreign Investors Council, Romanian Banking Institute, Alternative Banking Dispute Resolution Centre. Consequently, we regularly give feedback on and contribute to public policy changes.



PROVIDING INFORMATION AND PRICING

We want to make sure that both our employees and clients are aware of the risks, the proper use and benefits of products, and make decisions based on all necessary information. Our efforts to enhance financial literacy support clients in the long term. At the same time, we are straightforward with our clients and regularly organize specialized trainings and assess the knowledge of our front-office colleagues. Our sales colleagues are expected to complete electronic tests on a daily basis. The use of these tests improved the general awareness of priorities and enables us to address key concepts towards our colleagues.

We ensure our clients a transparent pricing policy. This means that interest rates are upfront and include all costs without any hidden commissions. Detailed information regarding the functionalities and costs is part of the contractual documents. OBR credit clients are informed according to the national and European legislation regarding the risks of the loan through the dedicated form, that is, mandatory to be issued: "Standard information at European level for the loans granted to consumers". Credit contracts are explained, negotiated and personalized for corporate clients. Key aspects and potential deal-breakers are clarified in a transparent way and pre-agreed with the clients before getting internal approval for completing the final form of any transaction. During the process, our employees act as financial and business consultants.

3.3.2. Business Ethics and Compliance

We are convinced that ethical business conduct supports our competitiveness. To ensure the protection of customers' interests and of fair, ethical and transparent operations, we place emphasis on compliance with legal provisions and even beyond, with the requirements of business ethics.

CODE OF ETHICS

We renewed our Code of Ethics in 2019, which is available on our website <https://www.otpbank.ro/en/about-otp-bank/code-of-ethics>. The Code was approved by the Supervisory Board and it came into force at October 29, 2019.

Among others, The Code of Ethics of OTP Bank Romania S.A. contains provisions related to the fight against corruption and the practice of bribery.

The Bank management have adopted the principle of zero tolerance towards corruption and bribery, taking a definite stance against all forms of corruption and giving full support to the fight against corruption.

All the bank's employees and Board Members signed a statement on the Code of Ethics acceptance whenever a new version of the Code of Ethics enters into force, containing changes to the principles underpinning the Code.

The Bank ensures that all its agents acknowledge the stipulations of its Code of Ethics and undertake them in writing. In this respect the drafts of the contracts the Bank signs with its agents include dedicated provisions regarding the acceptance of the Code of Ethics.

All the Bank's customers are informed about the Bank's values and principles included within the Code of Ethics by publishing it on the Bank's website.

We constantly monitor existing relationships between our employees and our corporate clients.

The main changes of the Code of Ethics, during 2019, compared to the previous versions, are: supplement and clarify the information on protection of the Bank's image and reputation, respectively the social media information provided by the OTP Romania Group employees. As well, the Annex 1 - Employees and management body members' statement on the acceptance of the Code of Ethics has been updated and the provisions regarding the processing of personal data were amended and supplemented.

The Compliance Directorate prepared training materials containing the requirements to comply with the Code of Ethics provisions (including those on anti-corruption topic) and performed specific on-site and e-learning training sessions, dedicated to all the Bank's existing and new employees.

COMPLAINTS

The complaint procedure and complaints policy was changed in 2019 based on legislative changes and internal compliance department recommendations regarding personal data

processed during complaints handling process.

Complaints policy defines the general complaint management framework within OTP Bank Romania SA for a quick and efficient resolution of complaints, in compliance with the statutory response deadlines.

In 2019 were registered 1503 complaints, out of which 546 justified complaints.

One of the main topics was Credit Bureau reporting for debts. More the 350 complaints were registered. All the banks in Romania are facing this situation. Until 2016, the law regarding data protection was misinterpreted, the bank informed the client one time about the reporting at Credit Bureau. In June 2016 the National Authority for Data Protection have submitted the correct interpretation of the law, so for every report at Credit Bureau the bank has to notify the client with 15 days ahead.

The number of complaints related to Credit Bureau reporting was lower in H2. 127 in H2 compared with 239 in H1.

In 2019 were registered 173 complaints regarding personal loans with mortgage, interest rate, fees, reimbursement, clauses; 33 of them justified.

3.3.3. Risk management

OTP Bank Romania reinforced its position as a solid and stable bank in 2019 as well.

We are convinced that our strict and conservative lending policy plays a major role in the stability of the bank.

Our priority is to continue a balanced risk appetite. We continuously develop our risk management system and regularly review our processes. As a result of continuously monitoring the quality and evolution of the loan portfolio, we provide monthly and quarterly presentations for the Operative Risk Committee, Risk Management Committee and to the Bank's Directorate. In 2019 the major project linked to risk management was the implementation of the IFRS 9 requirements related to loans provisioning within the bank practices. As other risk assessment framework areas are concerned, only fine tunings were initiated to align with the group-level and local best practices.

ENVIRONMENTAL AND SOCIAL RISK

We have used "the Working procedure regarding environmental and social risk in the lending activity of OTP Romania" since 2009. The procedure is applicable for legal entity clients having an exposure over EUR 1 million with our bank. OBR's approach is to comply with the legal regulations, which also entails requiring proof concerning environmental and social issues. Non-compliance triggers penalties or blocking of the facility, depending on the relevant structure in place.

OPERATIONAL RISK

The Bank has a governance framework for operational risk which includes policies and processes for identification, evaluation, analysis, monitoring, and control/decreasing operational risk. Policies and procedures are based on the size, nature, and complexity.

In 2019, the most frequently emerging operational risks were loan contract-related risks, similarly to the previous years. The number of fraud events and ATM attacks did not change significantly.

Compliance Function

The compliance function is one of the three independent control functions within OTP Bank Romania and, during 2019, it was ensured by the Compliance Directorate.

The Compliance Directorate is subordinated to OTP Bank Romania Chief Executive Officer and its independence is ensured by direct reporting to OTP Bank Romania Management Board and Supervisory Board. Also, Compliance Directorate regularly reports to the Audit Committee and the Risk Management Committee on the activity and associated risks identified.

The reorganization from 2019 main purpose was to better address the Bank's compliance needs by clearer definition and appropriate segregation of specific compliance activities in general compliance areas (including investment services and data protection) respectively area of knowing the customer in order to prevent money laundering and combat terrorist financing (KYC/AML/CFT).

Data Protection Department is coordinated by the Data

Protection Officer (DPO) - Department Manager, subordinated to the Executive Director of Compliance Directorate, directly reporting to the Bank's Management Board and Supervisory Board.

The compliance function main attributions within the Bank are:

- Manages compliance risk for maintaining an acceptable level, according to Bank's Risk Strategy;
- Reports to OTP Bank Romania S.A. Management and to OTP Bank Nyrt., information on compliance risk determined on specific assessments basis, as per related methodologies in force;
- Provides consultancy to Bank's Management regarding provisions of legal and regulatory framework applicable to Bank activity and the ethical standards the Bank must apply and comply with;
- Reports to OTP Bank Nyrt. and Bank's Management, as per Group standards and internal regulations;
- Verifies, through monitoring and control, ensuring permanent compliance of Bank activity with the legal and regulatory framework applicable on compliance issues, making recommendations (applicable punctually and/or throughout the Bank) to ensure this objective is achieved and to manage compliance risk;
- Verifies Bank products/services/regulations compliance with the regulatory framework in force, including agreements, recommended practices, ethical standards related to the banking activity;
- Ensures the measures within the Action Plans issued on compliance issues, following the controls of Supervisory Authorities (National Bank of Romania, National Authority for the Supervision of Personal Data Processing), are fully implemented and within the established deadlines;
- Elaborates, provides assistance with elaboration, implements and monitors regulations (including compliance manuals, codes of conduct, guidelines for Bank personnel etc.) to ensure permanent compliance of Bank activity with the legal and internal regulatory framework;
- Contributes to the training of Bank employees on compliance issues, providing necessary training and

testing materials, in order to develop the organizational compliance culture;

- Performs the annual evaluation of the compliance culture at the Bank level;
- Through Data Protection Department, it exercises guidance, coordination, control and monitoring the unitary application of legislation on protection of individuals regarding the processing of personal data and the free circulation of such data within the Bank;
- Manages the money laundering and terrorism financing related risks, ensuring an internal regulatory framework aligned with legal requirements in the field and implementing effective monitoring and control processes and systems.

Based on Compliance Policy, including personal data protection aspects, the Bank has developed regulations and established the necessary tools for policy implementation, considering Bank activity and size complexity, as well as the applicable national, European and international regulations, aligned with OTP Bank Nyrt. own policy.

Regarding personal data protection, it is expressly stipulated the non-observance of Personal Data Privacy Policy may lead to affecting the personal rights of data subjects, as well as to significant financial and reputational losses for OTP Bank Romania S.A. and to possible disciplinary consequences for concerned responsible Bank employees.

The Compliance Directorate also manages the Bank's Code of Ethics which establishes fundamental values, principles and rules, based on which Bank Management and all employees act and fulfill their tasks, contributing to the achievement of business objectives:

- The general principles underlying the Code of Ethics reflect the standards of corporate governance, values of moral and professional integrity, good business relationships based on sharing common values and rules of conduct governing inter-human relations, compliance with specific banking financial legislation, avoidance and combating conflicts of interests and corruption, preserving confidentiality, transparency and prudent approach related to performed activities.
- The Bank has implemented adequate communication channels (whistleblowing) to facilitate the reporting of inappropriate behavior that may arise in connection with customers, suppliers or Bank staff and to encourage the presentation in good faith of any situations of non-compliance with the Code of Ethics.

To prevent conflicts of interests, the Bank has implemented mechanisms for early identification, monitoring and management of situations that may trigger potential conflicts of interests, analyzing the areas with such risk potential (personal recruitment, family relationships, participation in companies, suppliers) and including procedures providing information flow barriers and responsibility segregation.



One of our newly defined key values is people. We are aware of the importance of our staff in our success and in achieving our mission. We are committed to provide great opportunities to our colleagues and we act responsibly towards them. We respect the rights and support the welfare of our employees.

Organizational cultural program

Leader Academy



4. Employees

OTP New Leaders

During 2019, we have run three strategic developments programs, each program targeting a specific group of employees:

a) OTP New Leaders - a development program, dedicated to newly appointed department managers either by internal promotion or by external recruitment (with no previous managerial experience);

b) Neuroscience empowers communication (The art of adaptive communication) - a development program dedicated to the management team. It is based on Process Communication Model® (PCM), a tool that stimulates cognitive mechanisms through neuroscience;

c) Customer Care - a development program dedicated to all sales staff, for developing skills and fundamentals that are essential for delivering consistent customer satisfaction.

We had a satisfaction survey for Groupama medical services among our employees in 2019.

To create a more involving atmosphere and to improve our colleagues work-life balance, we organized several actions and events throughout the year: hobby workshops, fruit day, internal fairs.

In 2019 we launched a new internal communication channel via the weekly online newsletter. A platform, which integrates all the important news and updates within the company, internal contest and relevant projects for all the employees. In addition, we have included more video content in order to test the receptivity of our audience.

During the year several programs included feedback form (online, within the Intranet platform) – Q4 Leadership Team Meeting, Gala Sales Event etc.

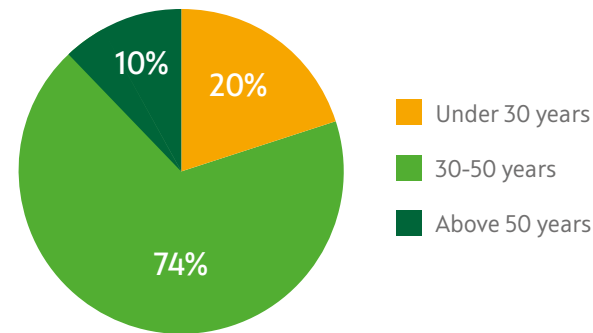


Staffing

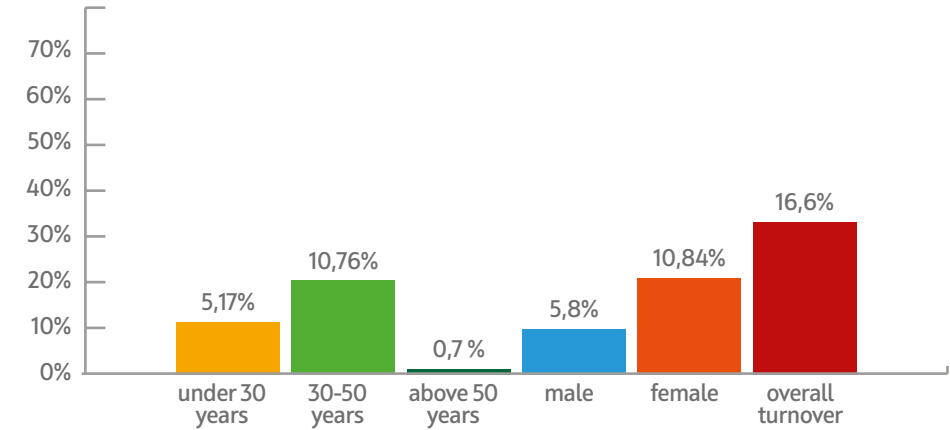
The headcount of OBR increased, compared to the previous years.

Employee headcount data number of persons, 31 December	2019		
	Male	Female	Total
Full-time employees	446	960	1406
Part-time employees	9	15	24
Total number of employees	455	975	1430
Percentage of employees with a fixed-term employment contract	2%	2%	2.6%
Percentage of male	-	-	32%
Percentage of female	-	-	68%

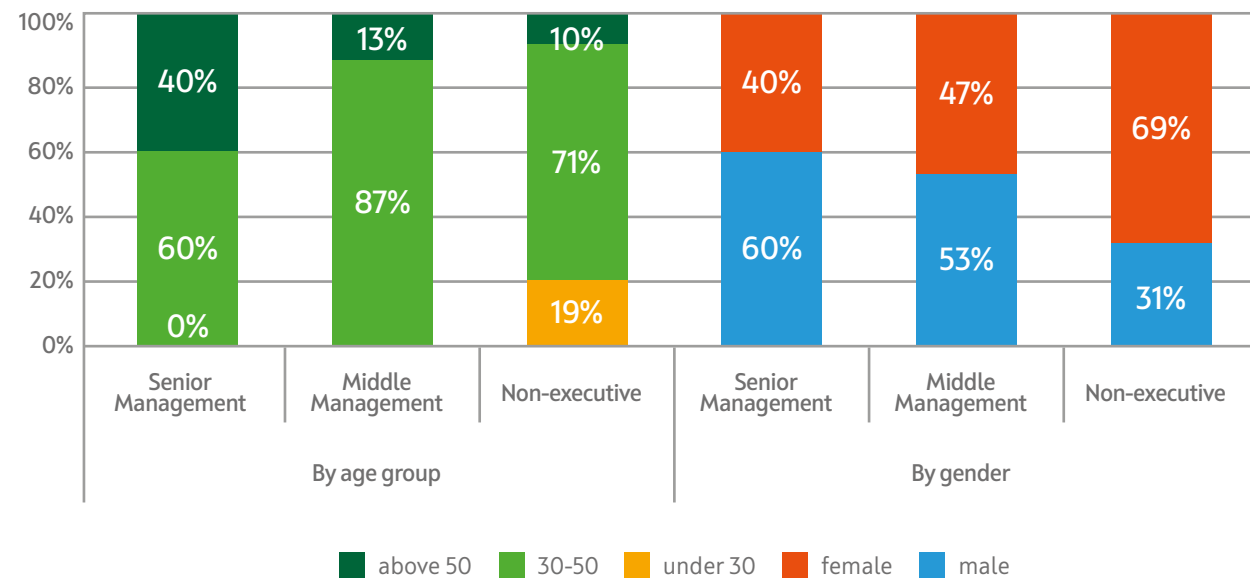
Breakdown of EMPLOYEES BY AGE GROUP, 2019



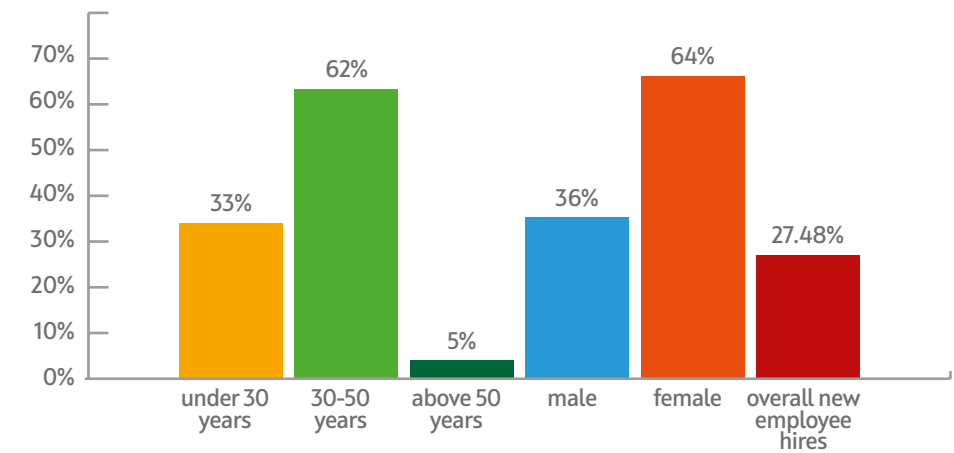
Percentage employee turnover by age group and gender



Breakdown of POSITION BY GENDER AND AGE GROUP, 2019



Percentage of new employee hires by age group and gender



Equal opportunities are ensured by hiring without giving preference to locals. However, most employees are from the local community.

Rate of locals and women within the management of OTP Bank Romania 31.12.2019

	Management Board	
	Rate of locals (%)	Rate of women (%)
OTP Bank Romania	60	40

Student practice 2019

140 students have completed the Internship with OTP Bank Romania in 2019.

There were seven major Universities that provided students for Bucharest, Cluj-Napoca, Oradea, Braşov and Suceava:

1. Babes-Bolyai University from Cluj-Napoca (UBB) - 18 students;
2. Ştefan cel Mare University from Suceava (USU) - 2 students;
3. The University of Oradea - 1 student;
4. Partium Christian University from Oradea - 2 students;
5. Transilvania University from Braşov - 1 student;
6. Sapientia University from Cluj - 1 student;
7. Bucharest University of Economics Studies (ASE) – 40 students:
 - 25 students – Faculty of Finance, Insurance, Banking and Stocks Exchange;
 - 7 students – Department of Theoretical and Applied Economics;
 - 5 students - Faculty of Cybernetics, Statistics and Informatics;
 - 1 student – Faculty of International Economic Relations;
 - 1 student - Department of Marketing;
 - 1 student - School of Management.

POCU Program – Career Simulator:

Alexandru Ioan Cuza University from Iasi - 45 students;
 Stefan cel Mare University from Suceava - 30 students;

6 students were hired in HQ and Network after practice programme in 2019.

We received a very positive feedback from the students as follows:

most appreciated:

- the opportunity given;
- the support received.

they would:

- work at OTP Bank Romania;
- recommend the company as an employer to their friends.

Work-life balance

To create a more involving atmosphere and to improve our colleagues work-life balance, we organized several actions and events throughout the year: hobby workshops, fruit day, internal fairs.

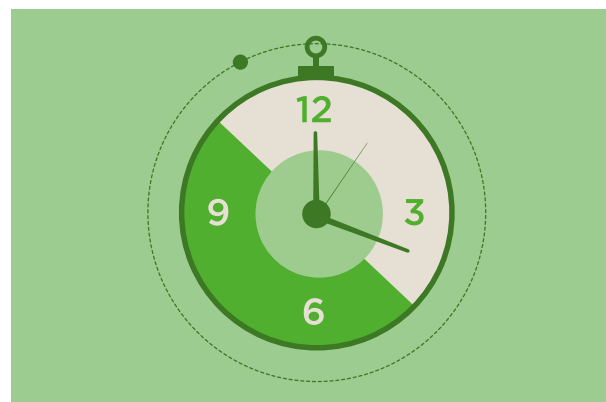
In 2019 we launched a new internal communication channel via the weekly online newsletter. A platform, which integrates all the important news and updates within the company, internal contest and relevant projects for all the employees. In addition, we have included more video content in order to test the receptivity of our audience.

During the year several programs included feedback form (online, within the Intranet platform) – Q4 Leadership Team Meeting, Gala Sales Event etc.


In 2019, we celebrated 4 years of Bookster’s memberships – the modern library for companies. The community united by the passion for reading @ OTP Bank surpassed 700 active accounts & 24.000 read materials and annually, the most active colleagues are awarded for their commitments.

Bookster is an online library which offers access to over 80.000 books, articles, case studies and videos of different genres, ranging from personal and professional development, to hobbies, literature and children’s books. Every week, employees receive at the office their borrowed books.

Furthermore, employees were involved in Bookster’s campaign 'The Magic of a Library' that aimed to collect 50.000 children's books that will contribute to setting up libraries in over 60 schools located in disadvantaged areas of Romania.



In-house training hours	2019
Senior management	64
Middle management	1522
Non-executive	3208

 **4.9 million RON spent on trainings**

Performance evaluation and remuneration

Our remuneration policy (Compensation & Benefit Policy) and system rely on equal base-pay, performance evaluation and transparency. We regularly update our policy in order to be in accordance with the legal requirements. In 2019 no significant change was made. Our performance ratings are closely related to the performance management system.

We provide the same benefits for full-time employees and temporary or part time employees:

- regular benefits, such as life insurance, medical services, meal vouchers, bank sector benefits, retirement benefits equalling at least 2 months' basic salary, and
- benefits in special cases, such as child birth, marriage, a family member’s death, death of an employee.

The sales process in OBR is a consultative sales process and the trainings provided to the sales force address this aspect. The incentive scheme and evaluation of the employees is in line with EBA guidelines and linked to the Internal Rules of OBR employees and the parameters set in it for the evaluation.

Absenteeism caused by illness or accident	2019		
	Male	Female	Total
Sick leave	9,767	21,468	31,235
Accident sick pay	0	0	0
number of working days per year	251	251	251

The structure covers financial, client activity and process indicators and due to the maximum cap set for achievements, the overall results can be achieved by any combination of the elements in the scorecard, not by a single one. The presence of Client activity indicators and process indicators mitigated the risk generated by financial indicators, as those are qualitative elements in the activity performed. Furthermore, employees not oriented towards professional development and those in case of which the completion rate of process indicator is below the level set, are not eligible for incentive scheme.

In addition, checks are being made related to the complaints: if there are justified complaints related to sales process higher than the average, then the situation is being analysed and the subject can be put through the disciplinary actions. Whistle-blowing is also monitored for cases of mis-sell and non-monetary pressure.

Health and working environment

We are committed to protect our colleagues’ health, therefore we provide several medical services for them. Free medical check-ups, general medical services and professional medical advice are available for the family members of our colleagues as well. All of our employees are eligible for health and accident insurance, discounts are available at dental and medical clinics and several health and recreational facilities. Colleagues in Bucharest are able to take advantage of free optometric check-ups, discounts at sports clubs, spas; on site chair massage is offered for the HQ staff.

We continued to organize a health day, a nutrition day and maternity program for mothers-to-be.

No fatalities occurred within the last three years. Preferential holidays have been available in our accommodation facilities for years.

Internal communication

The major focus in 2019 from Internal Communication point of view was the Transformation Project. Apollo Program was a new beginning for our organization and opened the most transformational era of the bank. A program designed to help us become a completely new bank, a better place to evolve, with a customer oriented culture. A journey in which and every employee has the greatest role.

Another key initiative, based on the same preoccupation of becoming a customer oriented bank, was Personas Campaign. An initiative which helped employees better understand the customers typologies we are working with. Buyer personas similar to our customers through behaviours, beliefs, habits and decisions in relation to a product. Financial behaviors are constantly changing, this is the reason why, we need to adapt, understand their needs and learn how to approach them. With an Employer Branding component, Banca de Multumiri was initiated from the need of a so well deserved recognition for colleagues, as well as partners and customers. Therefore, we set a high standard: 360 days of thank you messages on all our online platforms – dedicated website, Intranet, LinkedIn and Facebook.

A traditional program within OTP Bank is Hobby Cafe, series of workshops organized as for the employees requests on themes from several areas of interest: time management, mindfulness, sport, agile way of working etc.

TEAM BUILDING

The main objectives of the events were:

- Improving communication and collaboration;
- Consolidation and homogenization of the team;
- Increase self motivation;
- Stimulation of interaction in an informal environment;
- Understanding the behaviours needed for change management;
- Improving the decision-making process;
- Encouraging cooperation in order to achieve a common purpose;
- Encouraging a creative approach/ Stimulation on creativity;
- Increase self motivation;
- Relaxation and fun.



IMPROVEMENTS

Besides these programs, we enhanced our internal communication channels, taking into consideration our colleagues' feedback:

- Changes in Intranet sections;
- Involvement of employees in writing articles for OTP Magazin newsletter hosted in Intranet;
- A management blog called "Servus humillimus" where managers shared their leadership experiences in 5 items;
- An internal survey asking for feedback and new subjects to be treated at the Hobby Café workshops every month;
- Internal surveys (hosted in Intranet) on other areas such as medical insurance, cleaning services, external providers' services etc.

To create a more involving atmosphere and to improve our colleagues' work-life balance, we organized several actions and events throughout the year: hobby workshops, fruit day, internal fairs.

We strive to work together and support the communities we are part of. As a responsible and active citizen, OTP Bank Romania invests in communities' well-being through sponsorships. We express and strengthen our commitment to our values. We build long term cooperation. Our most significant community investment is the "Right to Education" Foundation, aiming to enhance financial literacy. Please find more details on its activity in Chapter 2.



5. Communities

SPONSORSHIP POLICY

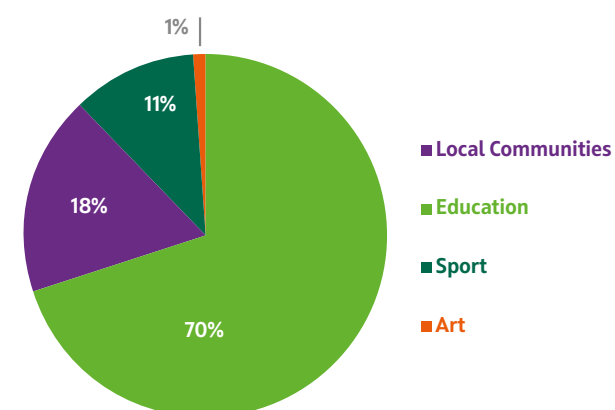
As a responsible and active institutional citizen, we invest in communities' wellbeing through sponsorships. When choosing the events and initiatives we support, we take into consideration their consistency not only with our business interests, but also with our values.

This type of involvement helps us promote OTP Bank Romania by increasing awareness and building reputation. We contribute in money (directly to the beneficiaries) or in kindness (through the Right to Education Foundation) in return for a public acknowledgement of the support.

The sponsorship initiatives are developed and implemented under the CSR umbrella:

- **OTP Equal Opportunity Program:** we support disadvantaged groups who need to overcome a drawback – mental or physical handicap, lacking resources to obtain proper education and also children and youth organizations. We attempt to help these groups by improving their life quality and by integrating them in the society;
- **OTP Community:** we support events, programs that strengthen communities and contribute to the preservation of cultural heritage and further cultural development;
- **OTP Sport Program:** we promote sports organizations, competitions and leisure activities that require physical and mental stamina, concentration, tactical skills and finely tuned teamwork.

Sponsorship budget distribution by sponsorship type:



In 2019, OTP Bank Romania sponsored the activities of 21 associations in various fields: education (70%), local community development (18.1%), sport (10.6%), and art (1.3%).

Budget distribution by sponsorship type:

The three most important fields of sponsorship were education, local community development and sports, where we strengthen our long-term relationships. The main organizations and projects supported in 2019 were:

- **Right to Education Foundation:** support for the maintenance of the daily activity of the foundation and the OK Center space;
- **Oricum Association - ShortsUP Marele Picnic:** OTP Bank Romania had a community-level visibility of over 12000 participants at the event, and was present with an OK Center dedicated space;
- **Sport Club Miercurea Ciuc Association:** OTP supporting in 2019 - 2020 the hockey team from Miercurea Ciuc, one of the top-level teams that play in the Romanian Hockey League and participate in the international competition Erste Liga.

VOLUNTEERING

We are proud that many of our colleagues take participated actively in volunteering activities. Volunteering is a tradition at OTP Bank Romania and we strive to encourage it continuously.

In 2019:

- Volunteering initiatives: approx. 10 OTP;
- Community initiatives (Easter/ Autumn/ Christmas Fairs for fundraising, marathons, donations);
- 4 blood donations with over 40 eligible participants;
- Fundraising program in the 2% donation campaign, 5 NGOs benefited the support. NGOs benefited the support;
- 2 editions of the Bucharest Marathon with over 30 volunteers.



OTP Community

OTP Community is an internal volunteering program initiated by OTP Bank Romania in October 2016 dedicated to employees who want to have an impact on the local community and to contribute to the implementation of the financial education activities of the Right to Education Foundation, established by OTP Bank in 2014.

The main objective of OTP Community is to support the education of children from disadvantaged areas and to prevent school dropout.

In 2019, OTP Community volunteers contributed to the local community by:

- Participation in two editions of the Bucharest Marathon, where over 30 volunteers participated in the event in order to raise money for Autism Voice NGO, who takes care of children with autism;
- 100 OTP Bank Romania volunteers helped children

from disadvantaged backgrounds to start the new school year with fully equipped backpacks within the campaign organized by the Edulier Association;

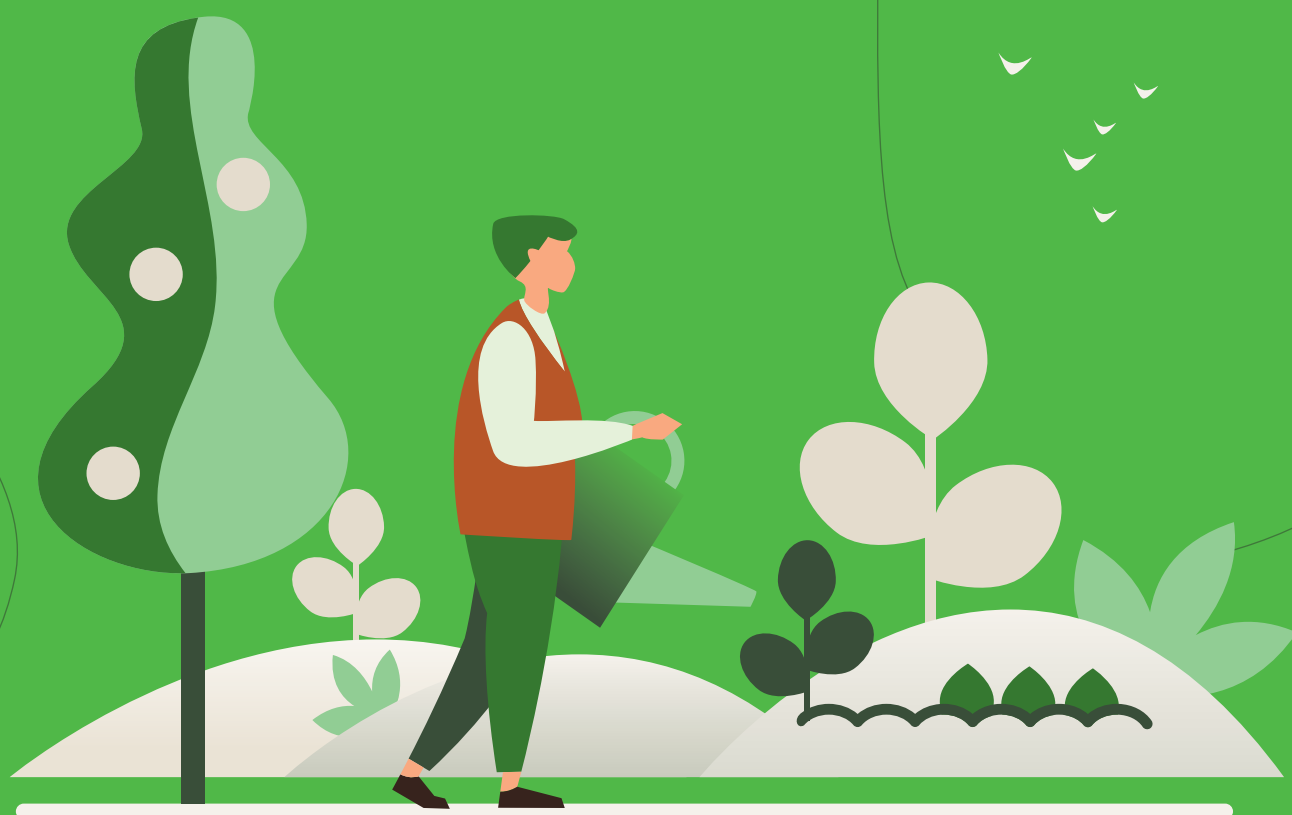
- Host in the bank's premises Autumn and Spring fairs where ONG's raised money by selling handmade objects to the banks employees;
- Organize donation campaign: employees donated clothes, shoes, toys and other goods that they no longer used;
- Fundraising program within the 2% donation campaign, where 5 NGOs benefited from the support of 25 OTP Bank Romania employees;
- Blood donation sessions in the office - In 2019, OTP Bank Romania organized 4 sessions with over 40 eligible participants in each session. The amount of blood taken from a person (450 ml) helps to save 3 lives; so in 2019, OTP Bank Romania employees helped save 480 lives.

The total number of direct beneficiaries of OTP Community projects is over 600 people.



We strive to operate our offices in an environmentally friendly way. Being an office-based business, our focus is on the use of electronic devices and paper, rationalization of business travel and energy consumption. Reducing our energy, water, paper consumption is also important for saving costs.

Our measurements and activities are defined with the objective to decrease and maintain operating costs for years to come.



6. Environment

Energy

OBR's energy consumption decreased by 14.88% compared with 2018, to 17653 GJ in total. The reduction is due to new equipment used in branches (20 new thermal power plant and 7 new HVAC changed in 2019) and reduction of heating through HVAC. Our branches have now modern equipment with high quality and efficiency, new HVAC installed in branches uses ecological refrigerants with a minor impact on the environment. We are also using LED lighting in our new branches to reduce electrical consumption and we will adapt all the other spaces of OTP to LED lighting to improve our impact over the environment.

Business travel is a significant portion of our environmental impact. Kilometres run by the vehicle fleet reached 2,046,836 KM.

There were 237 internal and external business flights. At the same time, we used the video conference infrastructure to the full and whenever possible.

Printing and paper

We strive to operate our offices in an environmentally friendly way. Being an office-based business, our focus is on the use of electronic devices and paper, rationalization of business travel and energy consumption. Reducing our energy, water, paper consumption is also important for saving costs.

Recycled materials	quantity
PET Bottles	2646kg
Paper (kgs)	6981
Metal (kgs)	281

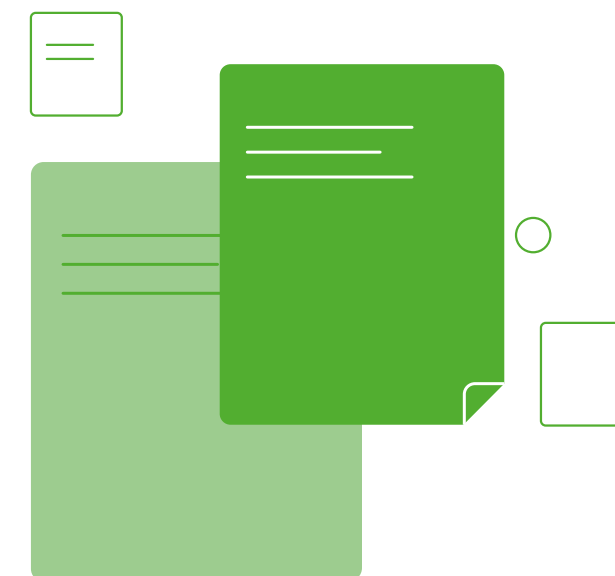
Waste

Besides the headquarters, Bucharest branches are involved in centralized waste paper collection. PET bottles are sorted at our headquarters offices. During the refurbishment of the branches, we keep some of the items in stock, the rest is sold or donated. We involved the "Right to Education" Foundation in the donation process.

Our measurements and activities are defined with the objective to decrease and maintain operating costs for years to come.

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Procurement

The Procurement Department of OTP Bank Romania is centralized on the bank level, while a stand-alone Procurement Department was created in 2016. The Investment Committee of OTP Bank Hungary decides on high value investments, and several parts of IT procurement are controlled by direct or indirect means (e.g. special regulations, prices valid on OTP Group level). The most determining factor, when selecting a product or service, is their price-quality ratio.

GRI Content Index

Nr. of Disclosure	Description of Indicator	Page	Comments
Organizational profile			
102-1	Name of the organization	back-cover	
102-2	Activities, brands, products and services	website	http://www.otpbank.ro/ro/persoane-fizice/ http://www.otpbank.ro/ro/pfa/ http://www.otpbank.ro/ro/imm/ http://www.otpbank.ro/ro/corporatii/
102-3	Location of headquarters	back-cover	
102-4	Location of operations		Romania
102-5	Ownership and legal form	11, website	See the Annual report @ https://www.otpbank.ro/sites/default/files/assets/documents/WEB-Raport-Financiar-Anual-EN-small.pdf
102-6	Markets served	website	See the Annual report @ https://www.otpbank.ro/sites/default/files/assets/documents/WEB-Raport-Financiar-Anual-EN-small.pdf
102-7	Scale of the organization	12	
102-8	Information on employees and other workers	42, 43	
102-9	Supply chain	53	
102-10	Significant changes to the organization and its supply chain		No significant changes happened.
102-11	Precautionary Principle or approach	37, 38	
102-12	External initiatives		There are no such initiatives.
102-13	Memberships of associations	36	
Strategy			
102-14	Statement from senior decision maker	5	
Ethics and Integrity			
102-16	Values, principles, standards and norms of behaviour	36, 37, 38	Ethical Conduct of Business and Risk Management
Governance			
102-18	Governance structure	11, 12	
Stakeholder Engagement			
102-40	List of stakeholder groups engaged by the organization	13, 14, 15, 16	
102-41	Collective bargaining agreements		100%
102-42	Identifying and selecting stakeholders	13, 14, 15	
102-43	Approach to stakeholder engagement	13, 14, 15, 16	
102-44	Key topics and concerns raised	44, 45, 49, 50	

Nr. of Disclosure	Description of Indicator	Page	Comments
Reporting Practice			
102-45	Entities included in the organizations financial statements		OTP Bank Romania, OTP Consulting Romania
102-46	Defining report content and topic Boundaries	7, 9	
102-47	List of material topics	7	
102-48	Restatements of information		No restatements was necessary.
102-49	Changes in reporting	7	
102-50	Reporting period		Calendar year 2019
102-51	Date of most recent report		We published our last report in 2019 covering the year 2018. https://www.otpbank.ro/sites/default/files/downloads/OTP-Bank-CSR_Report_2018.pdf
102-52	Reporting cycle		Annual
102-54	Contact point for questions regarding the report	7	
102-54	Claims of reporting in accordance with the GRI Standards	7	
102-55	GRI content index	54	We also use the table for disclosing information.
102-56	External assurance		The report is not assured externally.
201 Economic Performance DMA			
		website	See the Annual Report @ https://www.otpbank.ro/sites/default/files/assets/documents/WEB-Raport-Financiar-Anual-EN-small.pdf
201-1	Direct economic value generated and distributed	17	
201-4	Significant financial assistance received from government		OTP Bank Romania has not received such assistance in the reporting period. Though OTP Consulting Romania and "Right to Education" Foundation received EU Funds.
202 Market Presence DMA			
202-2	Proportion of senior management hired from the local community at significant locations of operation	42	
205 Anti-corruption DMA			
205-3	Confirmed incidents of corruption and actions taken	38	No such incidents have occurred.
206 Anti-Competitive Behaviour			
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	36, 37, 38	There was no such legal action against the bank.
302 Energy DMA			
302-1	Energy consumption within the organization	53	
307 Environmental Compliance DMA			
307-1	Non-compliance with environmental laws and regulations	36, 37, 38	

Nr. of Disclosure	Description of Indicator	Page	Comments
401 Employment DMA			
401-1	New employee hires and employee turnover	42, 43	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	17, 45	
402 Labor/Management Relations			
402-1	Minimum notice periods regarding operational changes	44, 45	20 working days, it is specified within the collective bargaining agreement
403 Occupational Health and Safety DMA			
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	45	
404 Training and Education			
404-1	Average hours of training per year per employee by employee category	44, 45	
404-2	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	45	In-house training courses, financial support for external education, provision of study leave with guaranteed retention of job, severance package taking into account the performance, assistance (e.g. training, counselling) on transitioning to a non-working life are provided.
405 Diversity and Equal Opportunity DMA			
405-1	Diversity of governance bodies and employees	16, 42, 45	
406 Non-discrimination DMA			
406-1	Incidents of discrimination and corrective actions taken	42, 45	
407 Freedom of Association and Collective Bargaining DMA			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	7	Regarding OBR these rights are ensured.
410 Security Practices DMA			
410-1	Security personnel trained in human rights policies or procedures	7	
412 Human Rights Assessment DMA			
412-2	Employee training on human rights policies or procedures		Part of the Code of Ethics training.
413 Local communities DMA			
FS13	Access points in low-populated or economically disadvantaged areas by type (ATM, branches with full range of services etc.).	44, 50	

Nr. of Disclosure	Description of Indicator	Page	Comments
417 Marketing and Labelling DMA			
417-3	Incidents of non-compliance concerning marketing communications		No non-compliance occurred.
418 Customer Privacy DMA			
418-1	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	37	
419 Socio Economic Compliance DMS			
419-1	Non-compliance with laws and regulations in the social and economic area	38	
Product Portfolio DMA			
FS6	Percentage of the portfolio for business lines by specific region, size (micro/sme/large) and by sector	28, 29, 32	