



csr

OTP Bank Romania
Corporate Social
Responsibility Report

2012

The background of the page is a light gray color with a pattern of overlapping, semi-transparent squares and rectangles of various sizes and orientations, creating a geometric, abstract effect.

csr

corporate social
responsibility
report

2012

serving our customers
at the highest standard

fostering
financial education

professional
employees



csr

2012



Dear Reader,

We can now say that OTP Bank Romania traditionally publishes its Corporate Social Responsibility Report. This is our 5th report, which is in accordance with the GRI standards with OTP Group's CSR reports and with our commitment for transparency. I hope you will find it interesting and any comments of yours are welcomed.

2012 brought another challenging year to the Romanian banking sector, as the volatility of RON was quite high throughout the year due to the political uncertainty. As a result, we took further actions in our client protection plan to support our clients in need and hence the portfolio management was in our focus.

OTP Mentor program proved to be effective and our customers appreciated the unique financial service in the market. We have enhanced the program to our small and medium enterprise (SME) clients, where we believe that our knowledge and support can bring added value to their business, therefore is beneficial for both parties. We introduced the Consultative Selling Model as well, and looked forward to establish our strategy, of which it has major role.

We restructured our business model to be in line with the quickly changing times and support our new products and operation areas. Partly as a result of this, we could increase our market share both in deposits and loans, corporate and retail. We were able to create new packages, specifically constructed to certain target groups, e.g. pensioner package. Personal loans, where we reached a 4% market share, will remain a driver for our success in the near future, but we also look after other options, as the demand for mortgage loans is very low.

Agriculture and SME focus are definitely key areas in our business strategy, which is also in line with global sustainability trends of long term supporting small, local companies and local agriculture. We are already preparing ourselves for the next budgetary period of the European

Union and are going to provide services and products that will make local players more competitive and successful in the Romanian and European market.

The Romanian economy is in recovery with a good GDP growth. I am honoured for being able to work with talented and committed employees, and based on their skills and OTP Bank's professional support I believe that OTP Bank Romania may have an active part in supporting the Romanian wealth. We will be investing in state of art e-channels next year as we see them as increasingly important for our customers.

Last but not least, we are proud for receiving the Oscar Price for the Right to Read campaign, which goes back for years now, and aims to create the possibility of reading for youth in need.

László Diósi
CEO and Chairman of the Management Board

The background features a light gray grid with a cluster of overlapping, semi-transparent squares in various shades of gray and white, primarily concentrated in the upper right quadrant. A solid green rectangular box with a vertical gradient from light to dark green is positioned on the left side, containing the text 'table of contents' in white.

table of contents



about the report

Relevant information

Reliable data

Certified by Deloitte



OTP Bank has been providing reports in line with the GRI guide for seven years, thereby facilitating transparency and comparisons of our performance with that of other companies.



This CSR report is in accordance with the application level “B” of G3.1 Guideline of GRI (Global Reporting Initiative), the most commonly used sustainability reporting guideline. Please find GRI index at page 52.

This CSR report covers all significant issues of the economic, social and environmental performance of OTP Bank Romania (OBR), in 2012. Besides the achievements and results, we also present challenges that we face and the directions of potential development, to give a balanced view on our performance. In the content of the report, CSR performance, in relation to our core business, gains priority.

The report content is determined:

- based on the interviews made with the key departments from CSR point of view;
- SAP-based CSR database.

Collection of information is followed by their evaluation, taking into consideration the GRI expectations (principles and performance indicators), our CSR policy and the OTP Group CSR report. Information is intended to be presented in a clear and easily understandable way.

The chapters of the report follow our main stakeholders: clients, employees, communities and environment.

We encourage the use of our homepages (www.otpbank.ro and www.estedreptulmeu.ro) for a deeper insight, and for our previous reports.

Reliability of data is ensured by the methodology of reporting and the SAP-based CSR database that is used within the entire OTP Group. Where available, we provide data for 2010, 2011 and 2012 to make information comparable and trends visible.

We hope to provide a comprehensive picture of our CSR activities and performance. We are willing to further develop, therefore we ask you to please take the time to share your thoughts with us and send us feedback at csr@otpbank.ro. Thank you!

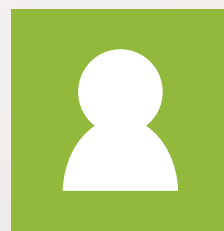
We have marked the topics of relevance for the various stakeholder groups using different colours as follows:



for customers



for employees



for households
and interested readers



for investors
and analysts



otp bank
romania
and corporate
social
responsibility

Who we are

CSR at OTP Bank
Romania

OTP Bank Romania's
economic performance
in 2012



1.1 Who We Are

OTP Bank Romania is a subsidiary of OTP Bank, the largest independent banking group in Central and Eastern Europe. We are a medium-sized universal bank and served 376,000 clients, in 2012. We offer a wide range of high quality financial products and complete banking services to all types of clients from individuals to large companies. OTP Bank Romania is accessible in the whole country through its 89 branches network and by the user-friendly electronic channels (OTPdirekt).

We provide special financial services in Romania through our subsidiaries:

- OTP Asset Management offers innovative investment services,
- OTP Consulting Romania offers project-focused consultancy services, primarily concerning EU Funds,
- OTP Leasing Romania offers car and equipment leasing products.

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

OTP Bank Romania S.A. has a stable background as member of OTP Group. OTP Group provides universal services in Hungary, Romania, Montenegro, Croatia, Bulgaria, Russia, Ukraine, Slovakia and Serbia, for more than 13 million customers, through a territorial network of 1500 units, the ATM network and electronic channels. The objective of the group is to achieve outstanding performance in accordance with the European standards.

VALUES OF OTP BANK ROMANIA


- We intend to exploit the advantages of a medium-sized organisation, thus we strive to offer our clients flexible, dynamic, innovative and client-centred services.
- We consider trust, partnership, integrity, stability, professionalism and courage and equally important.

Our mission and values are on our homepage @ <http://otpbank.ro/en/about-us/otp-bank-romania/vision-mission-values/>





OTP Bank Romania 2012

Branches	89
Employees*	1037
Number of clients	376,000
Total assets	4.59billion RON
Market share	1.3%
Total amount of tax paid	17,070 kRON
Total cost of employee training	2000 k RON
Total amount of sponsorship	~589 k RON
Proportion of branches made accessible	100%
Water consumption per capita	12.9m
Energy consumption per capita	33.8 GJ
CO2emission per capita	1.5t
Total paper used	77 t


 OAO OTP Bank, Russia
 (2006)


 JSC OTP Bank, Ukraine
 (2006)


 OTP banka Slovensko, Slovakia
 (2002)


 OTP Bank Romania, Romania
 (2004)


 OTP banka Hrvatska, Croatia
 (2005)


 OTP banka Srbija, Serbia
 (2007)


 ЦКБ Montenegro
 (2006)


 DSK Bank, Bulgaria
 (2003)

OTP Group

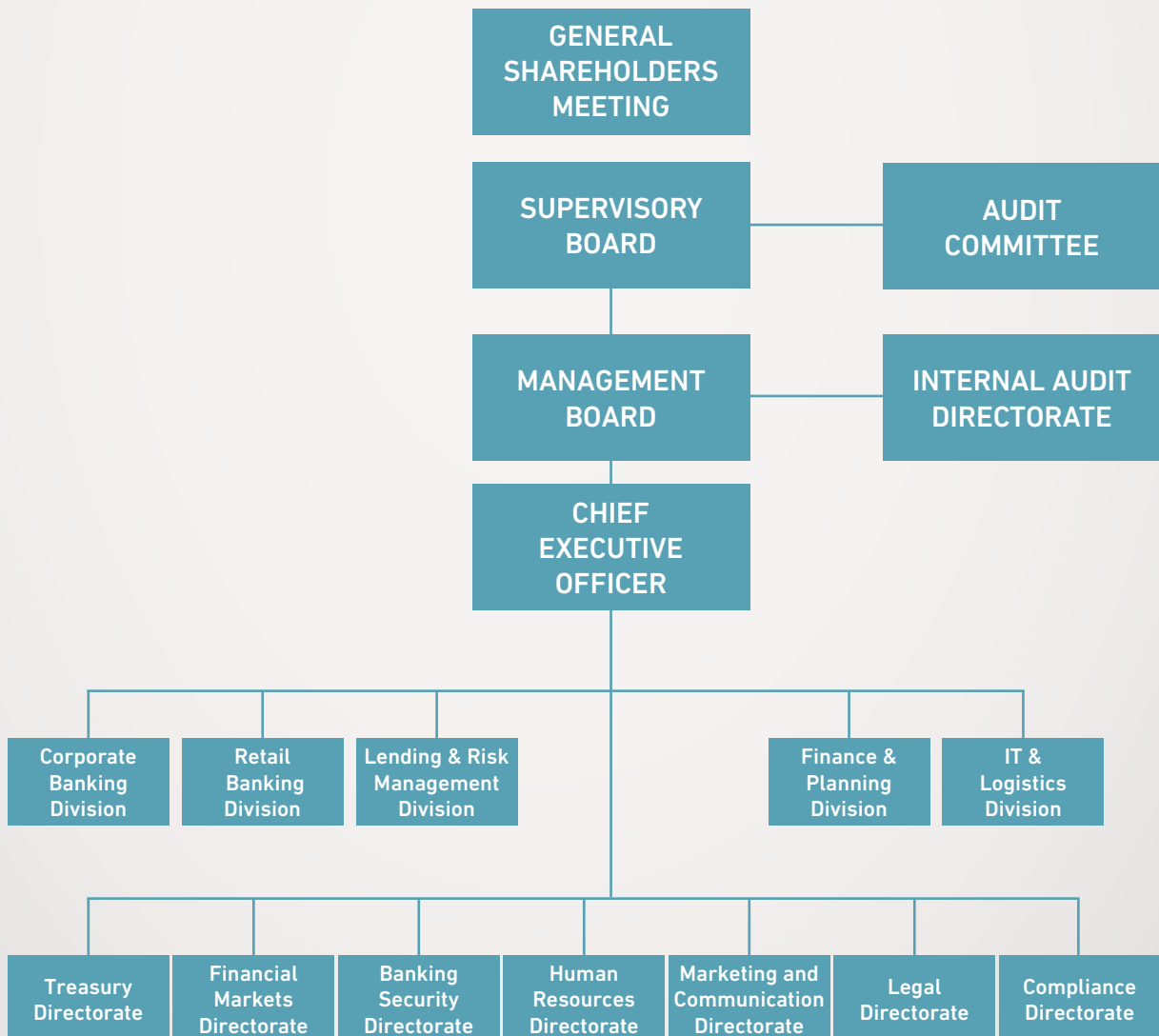
Branches	1443
Employees*	52,704
Total capitalisation	4.0 billionEUR
Total assets	153.9billion RON
Total amount of tax paid	2.2billion RON
Total cost of employee training	13.3 m RON
Total amount of donation	~20.9m RON
Proportion of branches made accessible	46%
Water consumption per capita	12.0 m ³
Energy consumption per capita	26.3 GJ
CO2emission per capita	1.04 t
Total paper used	5861 t

IFRS data at December 31, 2012

* Total employees

Organisational structure of OTP Bank Romania

In order to increase efficiency, a few changes were made in the organizational structure of our bank, which include the transfer of the Treasury Directorate and Financial Markets Directorate under the authority of the CEO and setting up a new directorate in the Lending and Risk Management Division: Retail Risk Directorate.





Minor modifications were brought to the Code of Ethics. The main amendments were related to the structure of the Ethical Committee. The new structure includes an employees' representative as a permanent guest, one of the three representatives will be invited, according to the working place of the employee involved in the complaint. The ethical committee now also includes a secretary nominated through CEO's decision from the Compliance Directorate. The bank is aware that ethics will contribute to the improvement of performance, competitiveness and its recognition at national and international level.

1.2 CSR at OTP Bank Romania

Our principles

Our approach to CSR (corporate social responsibility) remained unchanged: we are committed within our core business and beyond. Our operation impacts different groups of the society – e.g. clients, citizens in the neighbourhood, employees, suppliers – and the environment. The main challenge is to manage our operation in accordance with the expectations of our stakeholders and including more and more social and environmental aspects into our policies as well as day-to-day work. We are committed to the communities we are part of.

Our **CSR Policy** is in force since 2009 and was last updated in 2010.

As defined by our CSR Policy, corporate social responsibility is seen as:

- Commitment to improve community well-being, through discretionary business practices and contributions of corporate resources.
- Major activities undertaken by a corporation to support social causes and to fulfil commitments to corporate responsibility.

The policy defines the framework of our activities related to sustainability and responsible business. Two basic forms of CSR activities include:

- dedicated CSR projects: support of social issues, education, sports, culture, local communities and environmental protection;

Key macroeconomic factors influencing OTP Bank Romania's operations in 2012:

- The real GDP growth was 0.7%, and the forecasts predict a solid growth for 2013 and 2014 with a 1.6% and 2.2 % increase, far ahead of the European Union's average.
- The political uncertainty in 2012 caused a significant devaluation of the RON, even compared to the HUF; therefore portfolio management became a daily critical issue. After change in government, as a result of the new political stability, the RON was stabilized at a low rate.
- By the end of 2012, the ratio of non-performing loans was 19% in the banking sector, with OTP Bank Romania outperforming the average with its 17%.
- The banking industry's total loss was 2.1 billion RON, which was a result of lower revenues and higher safety reserves.
- In order to boost lending activity, the National Bank of Romania repeatedly reduced the key monetary interest rate in Q1 2012, from 6% at the end of 2011 to 5.25%, in March 2012, which then remained constant throughout the year.

- internal and external day-to-day actions related to CSR: human rights at workplace (customers and employees), environmental protection within the operation and special financial services and products responding to particular needs.
- The Marketing and Communication Directorate is responsible for the coordination of the dedicated CSR projects within the organisation. Since 2012, Marketing and Communication Directorate is responsible for internal communication as well. Budget limitations caused that our dedicated CSR homepage www.estedreptulmeu.ro was updated rarely in 2012.

1.3 OTP Bank Romania's economic performance in 2012

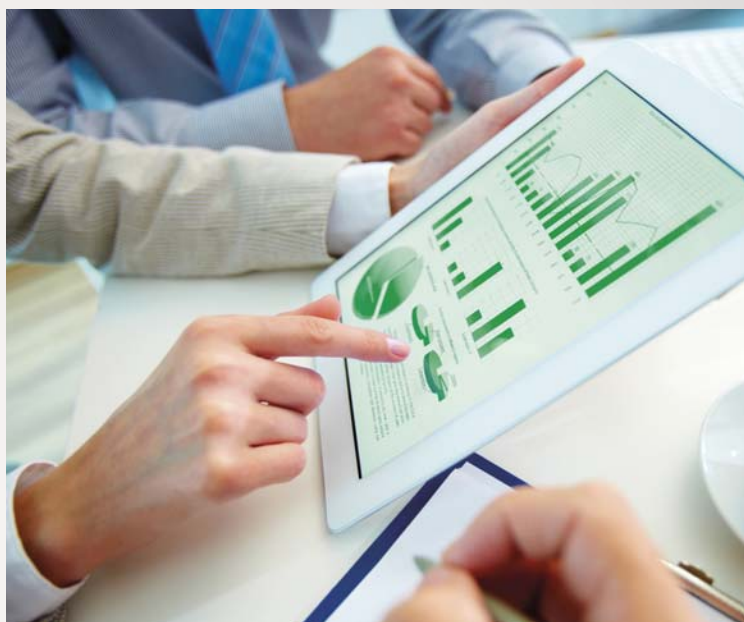
One of the most important achievements (besides maintaining the loan portfolio) of 2012 was being able to strengthen our presence on the Romanian financial market and increase our market share. One of the main aims was to increase deposits faster than the market. OBR raised the total customer deposits by 42%, while the non-governmental deposits increased by a mere 5.3% on market average. OBR also increased loans faster than the market, by 17% in 2012 y/y, while non-governmental loans gained 1.3% on market average.

Thus, OBR's market share according to assets increased to 1.3% from previous year's 1.1%.

The number of clients also increased considerably. With approximately 40,000 clients more, the total number of clients reached approximately 376,000, in December 2012.

2012 was closed with a loss of 72.7 million RON. The net interest income decreased by 24%, compared to 2011.

In order to increase the Bank's profitability, we continued the tight cost management, efficiency projects, monitoring product profitability, focus on fee incomes, risk management, loan quality maintenance and increased utilization of electronic channels.



GENERATED AND DISTRIBUTED DIRECT ECONOMIC VALUE OF OTP BANK ROMANIA (BASED ON THE CONSOLIDATED, AUDITED, IFRS PROFIT AND LOSS STATEMENT, THOUSAND RON)

		2010	2011	2012
I. Generated direct economic value	= 1	292,000	279,600	212,700
1. Net income from sales	Interest income + non-interest income (incl. net fees) (adjusted)	292,693	279,600	212,700
II. Distributed economic value	= 2+3+4+5	190,842	203,899	178,900
2. Operating costs + payments to equity investors	Operating costs – Personnel expenses – Depreciation – Taxes reducing the corporate tax base	83,153	90,130	94,400
3. Employee wages and benefits	Personnel expenses	92,806	96,110	97,900
4. Taxes paid	Total tax-payment liability (excluding employer's contributions on wages)	14,204	17,070	-14,100
5. Community investments	Donation and sponsorship	679	589	705
III. Retained earnings	= 1-(2+3+4+5)	101,850	75,701	33,800

Please see more about our economic performance in our 2012 Annual Report @ http://www.otpbank.ro/export/sites/default/ro/despre-noi/otp-bank-romania/raport-anual/Raport_OTP_2012.pdf



clients and core business

2

Extending OTP Mentor

Debtor protection

Serving our clients

Transparency. Risk management and Banking security



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



Our principles

PR FS15 The basis and most important aspect of our corporate responsibility is to provide responsible financial services to our clients. We at OTP Bank Romania believe that stability and customer orientation are key factors in being a trusted financial provider. Ethical conduct is our obligation, as well as the expectation of our stakeholders.

As a responsible financial provider, we focus on the following areas:

- maintaining stable business operation;
- responsible lending;
- encouraging savings through attractive deposit collection;
- risk management and safety;
- transparent pricing;
- transparent and open communication regarding our operation, services and performance;
- maintaining our excellent service quality and innovative approach.

MAIN ACHIEVEMENTS IN

2012

Extending the OTP Mentor Program to SMEs

Packages for targeted individual client segments

Agriculture segment came into focus

Maintained loan portfolio

UNDERTAKINGS		2011	RESULTS	2012
Develop the OTP Mentor website: enhance the user-friendly experience, based on feedbacks from clients	✓		The website became a key part of the program.	
Introduce an entire service package for retirees	✓		The package was introduced and received appreciation by the clients.	
Carry on an aggressive strategy on the deposit side	✓		We attracted deposits with campaigns and the new savings tool.	
Reduce the effective processing time per file during the file preparation & disbursement for loans	✓		Our effectiveness projects continued and have measurable results.	
Grow more than the market in the SME segment	✓		We enhanced our presence, though as a result of cleaning up the portfolio the number of clients decreased in 2012.	
Introduce the SME mentor platform in Mentor program	✓		OTP Mentor became available for our SME clients.	
New business line for private entrepreneurs	🔄		We have launched dedicated business packages for private entrepreneurs.	
Launch agriculture business line and pre-finance state subsidies	✓		Both business lines were launched.	
Be active in financing EU projects	✓		We are active in EU projects' finance and already prepare ourselves for providing financial service in the next budgetary cycle of the EU funds.	
Increase RGCF funding	✓		We granted a number of 8 credit facilities with the guarantee of FGCR.	
Development of the agricultural related business and of the Research Development & Innovation financing by implementing a new project	✗		We launched several products especially designed to agricultural related businesses. The dedicated product to EU funds covers RD & Innovation financing, we did not introduce other project on this issue.	
Basel III implementation in 2013	✗		The project is going on.	
✓ COMPLETED 🔄 UNDERWAY ✗ NOT ATTAINED				

2.1 Extending OTP Mentor

OTP Bank is the only bank in Romania which offers to its clients direct access to a financial mentor – a bank employee trained to offer advice and the most suitable solutions for the customers' financial needs.

In 2011, we have started a strategic project within our bank, with the intention to fundamentally change our relationship with our clients, in order to become their financial counselors.

To achieve this objective, OTP Bank Romania launched the OTP Mentor program, which became the main strategic approach of the company and differentiates us from all other banks in Romania. We believe that the OTP Mentor program gives added value to our clients, to our employees and to the bank itself.

The OTP Mentor program's aim is to build a long term partnership with our clients, by offering added value services and a complex range of products, not only considering the financing needs but also liabilities products for the clients' daily needs. In order to support the OTP Mentor activity in the units, a special IT application was developed, which has many facilities to help colleagues to have a well informed and structured discussion





with our clients. During 2012, the OTP Mentor application was continuously improved through the development of several extra facilities.

The online component of OTP Mentor program, www.dresorul-delei.ro website, has been created with the aim to promote the OTP Mentor concept to a wider audience, since it addresses both to clients and non-clients, but in an innovative approach: friendly, interesting and interactive.

The Romanian version of the website had been launched in 2011 and during 2012 we added complementary financial lessons. Since the financial education has the biggest impact when it is learned in the mother language, also in 2012 we launched the Hungarian version of the website, www.penzidomar.ro. By the end of 2012, OTP Bank Romania, in collaboration with Sapiientia EMTE and Hungarian Consulate from Miercurea-Ciuc, organized an economic and financial competition dedicated for secondary-school students.

Great emphasis was placed on training: we organized Mentor trainings in all regions, 25 of our colleagues became designated Mentors from the territorial units (5 from each region), based on technical knowledge, sale results and soft skills.

The 25 Mentors were the main actors of the internal and external advertising campaign. They were dedicated to one of the following characters: teacher, coach, mother, dance trainer and artisan, mentors for each of us in different periods of our lives. The very people who provide this unique service made the campaign more credible.

As a part of the Program, we introduced the consultative sales concept, a new direction in customer relations based on financial consultancy principles.

OUR OBJECTIVES ARE:

- Extending consultative sales, based on the very good knowledge of the clients' needs and their financial objectives;
- Differentiation from the competition through the quality of the customer relations;
- Positioning the bank as a trustful partner of our client;
- Successful experience for our client.

2.2 Debtor protection

The client protection program was initiated some years ago in order to help individual clients with financial difficulties in repaying the monthly instalments without accumulating huge penalties. Clients can request to use the facilities of the client protection program.

In case of SME clients and corporate clients the necessary special measures are taken on a case by case basis, restructuring the loans, modification of the repayment schedule, additional collaterals etc.

As the volatility of RON was high throughout 2012, we continued our debtor protection program. We find the decreasing trend of client protection program figures of 2012 both by the number of files and by volume (less than 30% compared with last year's figures) promising, and a proof that we were right to support our clients in difficult times. Corporate and SME clients' loans also appeared to stabilise in this period, both the number and the exposure of reconstructed loans decreased comparing to 2011. We offer several solutions in order to protect clients that have loans in CHF and EUR (around 70% of outstanding mortgage backed loans are granted in CHF), and we made several adjustments in 2012 for even better and more specific solutions:

- We introduced the fourth period of suspension with the minimum monthly amount to be paid of 75% of the initial monthly instalment for a maximum of 12 months.

This proposal is the result of repeated requests from National Bank of Romania (NBR) to help our clients with good credit history who (for objective reasons) are not able to pay full monthly instalments, but are willing to pay a part of them.

- We have cancelled the solution of CHF loan conversion to EUR, after the Swiss National Bank's intervention to keep EUR/CHF cross at 1.2 level.
- Decrease of the monthly instalment (at the minimum of 75% of the initial instalment) for a maximum of one year and establish the payment in RON using the FX rates as of end of June 2012.
- Suspension of the loan for a maximum of 2 years splitted into two separate periods of 12 months (a monthly interest only payment and the monthly administration fee (if applicable) should be paid). Following Swiss National Bank's decision, it was modified in order to restrict the reduction of payments to maximum 30%. With certain conditions we made this solution available for loans in EUR.
- 1% interest rate cut for all clients with mortgage backed loans in CHF or EUR for maximum 6 months that meet additional conditions.

The restructuring activity of mortgage loans, personal loans and personal loan with mortgage considerably slowed down in 2012, as per the following.



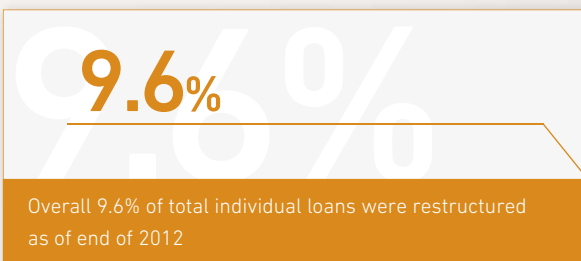
	Mortgage loans	Personal loans	Personal loans with mortgage
Restructuring activity y/y	-43%	-37%	-34%
% of no outstanding payments	69%	70%	63%
% of less than 15 days overdue	12%	11%	16%

The most commonly used client protection program tool was suspension.

Per total (active and exited loans in all the three categories) client protection program saved a loan portfolio of 525 million RON occurred by overdue payments, while a portfolio of 191 million RON less than 30 days overdue.

The overall non performing loans (NPL) volume increased by RON 270 million in 2012 compared to the end of 2011, reaching a ratio of 15.9% (+3.5% y-o-y) split between the main categories as follows:

- consumer loans : NPL volume increased by RON 15 mil (-4.7% y-o-y);
- mortgage backed loans : NPL volume increased by RON 192 mil (+5.0% y-o-y);
- SME : NPL volume increased by RON 26 mil (+3.2% y-o-y);
- Corporate: NPL volume increased by RON 37 mil (+0.6% y-o-y).



2.3 Serving Our Clients

2.3.1 Branch network and digital banking

We concentrated on branch network optimization in 2012 by having 13 inefficient units closed by relocation of activity, 1 new unit was opened and 1 branch became operational during the year. At the end of the year, we served our clients in 89 branches. Besides our branch network, we serve our clients through our continuously improving online services. We intend to implement significant upgrade at our internet banking platform: we are going to improve the layout, upgrade the identification method and develop the mobile banking applications.

2.3.2 Customer satisfaction survey PR5

We conducted our first customer satisfaction survey among our clients in 2012, aiming to improve customer satisfaction by receiving measurable data on:

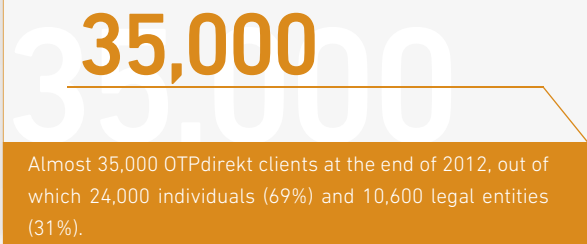
- overall satisfaction with the bank;
- level of satisfaction with the quality of products and services (loans, deposits and OTP Mentor program);
- level of satisfaction with the front office representatives;
- overall image of the bank;
- client segments for better products and services addressing.

The quantitative study was conducted on a sample of 1,000 OTP Bank retail clients quarterly via telephone interviews. The sample was formed by individual clients who had contact with the bank in the last 2-3 working days.

For each product/service we elaborated a specific questionnaire which investigate the level of satisfaction with the product/service, with the OTP Bank consultant, motives for satisfaction, aspects that could be improved. Loans gained the highest satisfaction (over 80%) among the measured products. We plan to repeat this survey at least twice in a year, in the future.

We conducted mystery shopping research in 2012 as well, in order to measure sales performance to our internally set expectations. The research is made according to similar methodology within OTP Group. In addition to OTP Group's performance, we examine the competitors' performance. In this report we only present the aspects related to responsible customer service: exploration, information given and customer service. We are proud that we could improve the quality of sales (from 61% to 65%) during the year. We achieved the highest results in customer service (80%) and need to improve the most in the field of exploration (52%).

The results of customer satisfaction survey and mystery shopping, will draw the line of improvement areas for us.



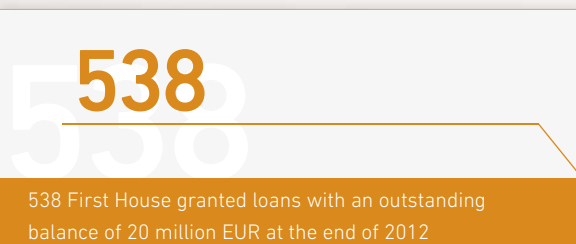
2.3.3 Products and services for individual clients

Deposit collection was one of our focuses in 2012. We plan to further strengthen the deposit collection in the future to decrease our reliance on group funding. Besides several successful new money campaigns and new products we have created an innovative service on the market: the automatic saving tool, a flexible service allowing clients to arrange a periodical transfer of a set amount of money into their savings or investment products without being necessary to visit the Bank.

We launched the package for retirees containing special products/services: pension card with free cash withdrawals, preferential interest rates on loans & deposits and also an additional benefit "cash-back in pharmacies" - for each debit card payment, OTP Bank Romania gives the client 10% of the spent amount, monthly, maximum 30 RON/month. We will enhance our special packages in 2013.

OTP Bank Romania continued to offer the First House mortgage loan included in the First House governmental program, designed to stimulate the constructions and property development market in Romania. The First House loans are guaranteed in proportion of 50% by the Romanian state and the maximum interest rate margin is 400 bps for loans in EUR and 250 bps margins for RON loans. The net growth of outstanding balance of First House Loans was more than 40% at the end of 2012, compared to 2011.

We continued the optimisation process to reduce the effective processing time per file during the file preparation and disbursement for loans. We will go on with the continuous process improvement in 2013, effecting loan approval flows, loan approval time, and quality of service.





2.3.4 Products and services for small and medium enterprises

SME sector remained one of the major drives for OTP Bank Romania, with the focus on micro, EU funds and upper small segments. We served almost 25,000 clients in the segment, the 8% decrease is due to cleaning of portfolio. The economic performance improved in 2012 compared to 2011, though further stabilisation and development would be favourable.

We aimed to improve lending; develop e-channels providing advantages both for the clients and for the bank and introduction of advisory services and use of OTP Mentor. The most important achievement included the launch of new and innovative products and use of possible cooperation with the private individual sector and the SMEs.

The agriculture segment of business was launched in 2012. Although banks with bigger network have better coverage in rural areas, we believe that our sales force and products are aiming to bring success in this area.

OTP Bank Romania developed dedicated products for legal entities and individual entrepreneurs. In order to ensure the framework for financing the working capital needs of the beneficiaries of the subsidies / state aid / non-reimbursable amounts granted by APIA (Conventions of the Agriculture Payments and Intervention Agency) from national or EU budget, OTP Bank Romania has concluded conventions with APIA, MADR (Ministry of Agriculture and Rural Development) and the guarantee funds FNGCMM (National Credit Guarantee Fund for SMEs) and FGCR (Romanian Rural Credit Guarantee Fund). Two new lending products were designed:

- a loan for pre-financing the APIA SAPS subsidies and
- a loan for pre-financing of subsidies granted for performing the commitments undertaken voluntarily for the welfare of poultry and protection of pig stocks.

Clients were also able to benefit from the guarantees issued by the guarantee funds.

We developed a package dedicated to the "co-ownership" clients / forestry associations, OTP Agricol. OTP Agricol clients will benefit from free of charge current accounts, OTPdirekt and Visa Electron or Silver Card, but they also benefit of special interest rates for term deposits and double reduction compared to the one offered in standard conditions for payment orders in RON made through OTPdirekt.

The total exposure of agri products within the segment counted 0,9 million RON by the end of 2012.

The EU-EBRD Energy Efficiency project continued until the end of 2012; since the start of this project, 4 loans had been granted with a cumulated value of 2,7 million EUR.

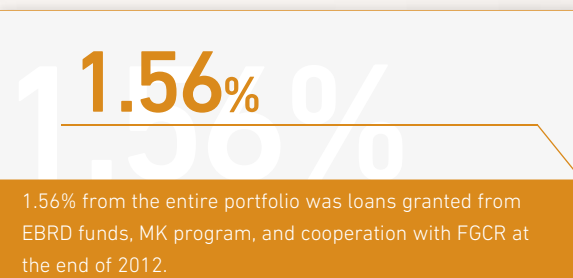
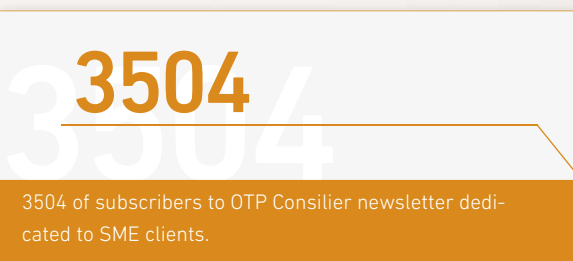
We continued to participate in the Mihail Kogalniceanu Program (MK Program) for SME, a program based on two components:

- Subsidy for maximum 100% from the interest rate for the loan granted to an SME, but no more than 9%/year;

- Guarantees granted, by the National Guarantee Fund, for maximum 80% of the value of the loan granted to an SME, up to a maximum value of RON 320.000.

By the end of 2012, 205 loans were granted within the program, having the total value of 23.5 million RON.

In order to improve sales efficiency and to better define the responsibilities of the sales administration and monitoring processes, a new sales model was implemented and SME Regional Centers were established. OTP Bank Romania currently uses Micro segment sales model, designed to quickly and effectively service micro clients and Small and a Medium sales model, focused on new client acquisition and on upgrading existing clients.



OTP Consulting Romania (OCR)

Despite of the market tendencies, the turnover of OTP Consulting Romania increased in comparison with the previous years. Our turnover can be split as project preparation and study making 20%, project management revenues 40%, and success fees giving 35% to the total.

OTP Consulting Romania has great experience in environment projects; in 2012, we contributed to the following main environmental projects:

- Potable and wastewater system realization, rehabilitation of communal roads, construction of the kindergarten and establishment of an informational center regarding cultural and natural heritage for BOGÁT Intercommunity Development Association;
- Extension and rehabilitation of the water and waste water infrastructure in Harghita County'
- Rehabilitation of the Historically Polluted Site – Emplacement the Former Chemical Factory, Crangurile, Dambovita County.

Due to the internal needs but also to the market demand, OCR obtained four atestates of quality certification such as Quality Management Standard ISO 9001:2008, Environment Management System Standard SR EN ISO 14001:2005, Management System for Health and Occupational Safety Standard SR OH-SAS 18001:2008, Management System for Social Responsibility Standard SA 8000: 2008.

In the next period of EU Financial Programming (2014-2020) OTP Consulting Romania will likely to be oriented more towards the private sector.



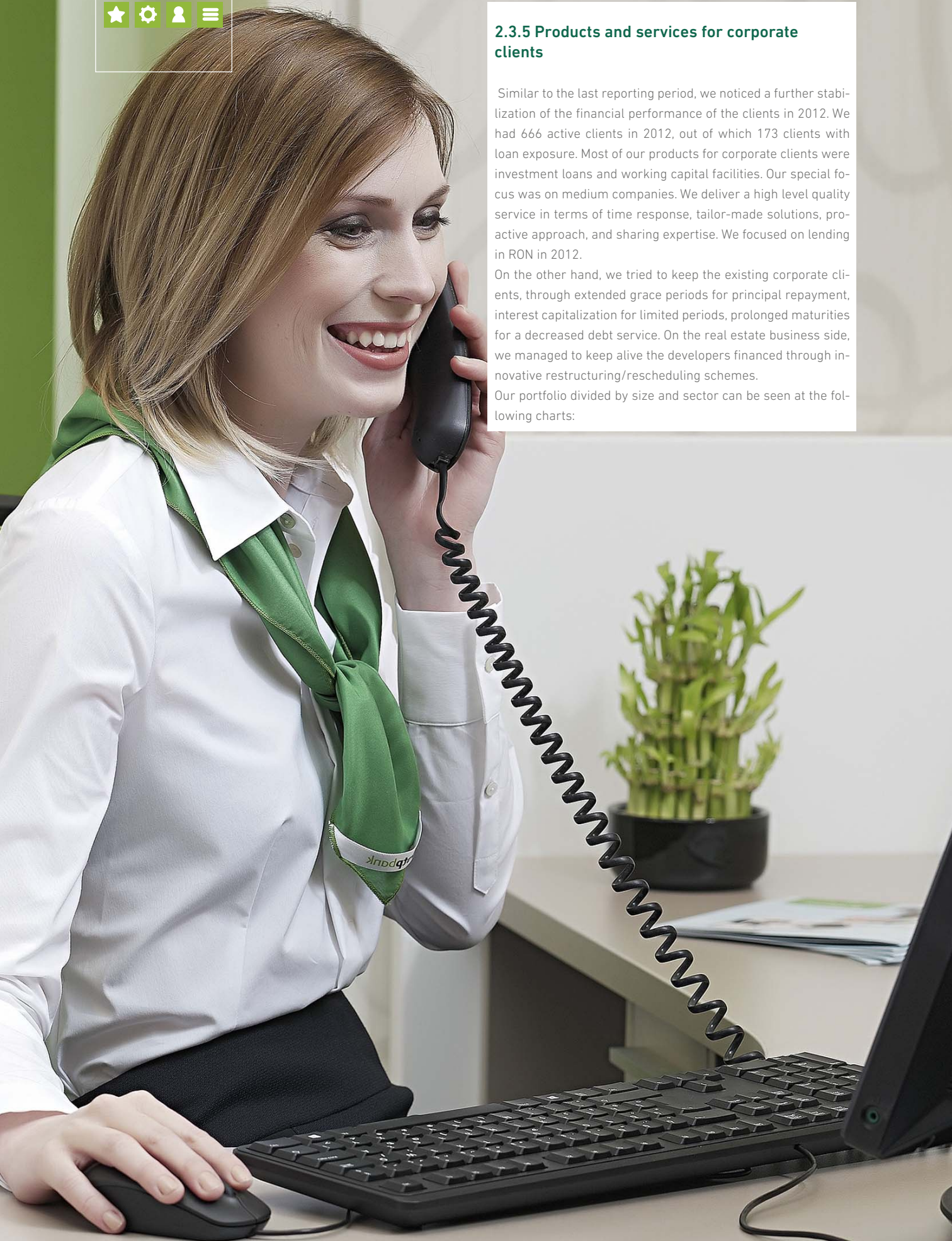


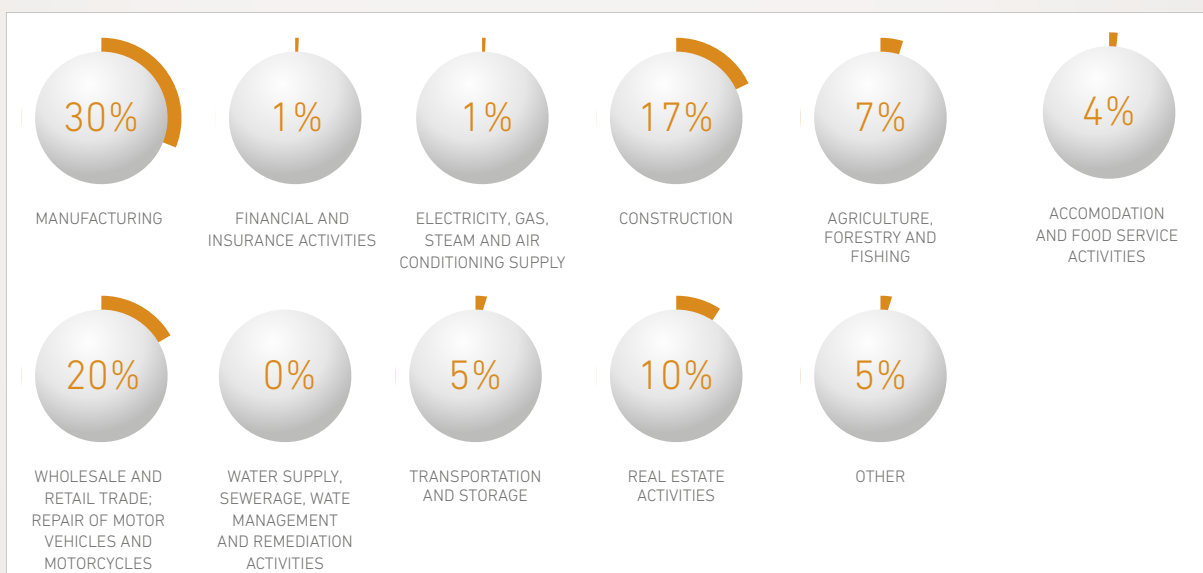
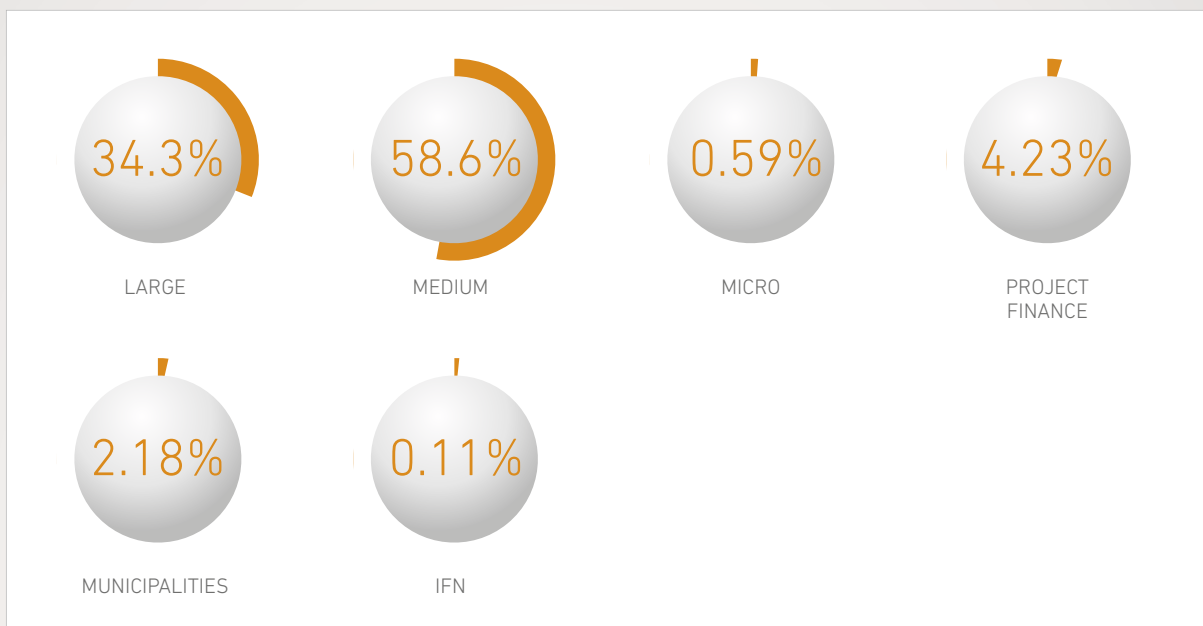
2.3.5 Products and services for corporate clients

Similar to the last reporting period, we noticed a further stabilization of the financial performance of the clients in 2012. We had 666 active clients in 2012, out of which 173 clients with loan exposure. Most of our products for corporate clients were investment loans and working capital facilities. Our special focus was on medium companies. We deliver a high level quality service in terms of time response, tailor-made solutions, proactive approach, and sharing expertise. We focused on lending in RON in 2012.

On the other hand, we tried to keep the existing corporate clients, through extended grace periods for principal repayment, interest capitalization for limited periods, prolonged maturities for a decreased debt service. On the real estate business side, we managed to keep alive the developers financed through innovative restructuring/rescheduling schemes.

Our portfolio divided by size and sector can be seen at the following charts:





As part of our cash management products, we introduced Payment Agent in 2012. It is used for distribution of funds (i.e. damages, dividends, etc.) to different beneficiaries, individuals and legal entities, OTP Bank Romania's clients or non-clients, by payment orders (intra-banking and inter-banking) or over the counter. The advantages of the Payment Agent for our clients are the easy distribution of funds for a significant number of beneficiaries, and it saves time and costs, based on the automatic reconciliation

As in the case of SME segment, agriculture came into our focus as we offer useful products for those in the agriculture business in order to keep up their competitiveness. We launched two main products:





- The credit based on the deposit represents an instrument for financing the working capital needed in the client's current activity. The bank finances in RON, up to 80% from the value of the deposits guarantees – talon of pledge, issued by licensed depositary by MADR.

The credit can be granted for a maximum period of 10 months; the final maturity will be 60 days prior to the expiry of validity of the deposit guarantees. The interest will be calculated daily at utilized balance of the credit and will be paid monthly.

- Agricultural land acquisition loan is offered in order to support the investment activity necessary to perform in optimal conditions. The facility may be used both for financing the future acquisitions as well as refinancing the transactions made from own sources. The facility can also function as a ceiling for investment loans, with reimbursement in instalments.

The credit will be granted for financing the acquisition of a total surface of agricultural lands of minimum 10 ha. The own contribution must be: a minimum 20% from the value of the financed land without VAT, in case of financing in RON, or

30 % in case of EUR finance. The granting period is up to 180 months. The utilisation period is established considering the acquisition period of the land and cannot surpass 12 months. Our bank granted a number of 8 credit facilities with the guarantee of FGCR.

24 million RON were granted in 2012 as loans from agri products.

In 2012 a number of 19 loans for local authorities were approved, in total amount of 68 million RON equivalent, for co-financing projects with European funds, for modernisation of roads, sewerage systems, acquisition of technologic equipment, education, tourism, service centres for transfrontalian business, establishing the basis of cross-border communication, pipes system for collecting rain waters.

Our bank offered dedicated products to clients developing several eligible projects by appealing to EU funds (e.g. construction of buildings, acquisition of equipment or other purposes mentioned in the Operational programs published) or products aiming to finance projects for energy efficiency with funds from EBRD. In 2012, 9.8 million RON were disbursed to EBRD energy efficiency loan, for investing in a turbo generator to cover the electricity demand of the company (respective for the needs of halls for rising of pigs).

2.4 Transparency, Risk management and Banking security

2.4.1 Transparency

OTP Bank Romania takes transparency seriously. Being a listed company, it is mandatory for us from one side, but we go the extra mile. A wealth of information is available on our website, including quarterly stock exchange reports, annual reports and CSR reports.

We ensure a transparent pricing policy to our clients. This means that interest rates are upfront and include all costs without any hidden commissions.

Client complaints and customer protection are taken seriously at OTP Bank Romania. Specific provisions of customer protection changed in 2012 and the years before.

In order to avoid / diminish further complaints deriving from these changes of regulations, we applied the following measures before closing the files:

- harmonization of internal regulations with regulations applied on consumer protection area;
- negotiated loan pricing in case of clients with litigation or complaints;

- modification of standard agreements, based on the new amendments brought by the legislation in force, in order to avoid new litigation on consumer protection field;
 - official answers to clients at their complaints in the legal term, considering the dedicated internal regulation in matter.
- OTP Bank Romania is an active member of the Romanian Banking Association, the Chamber of Commerce and Industry and of the Deposit Guarantee Fund in the Banking System. So we regularly give feedback and contribute to public policy changes.

We consider and treat the media as partners who have an important role in informing the citizens of economic reality and changes. Our doors are always open. Our bank is among the top 10 banks regarding PR media coverage, though taking total asset into consideration OTP Bank Romania is a much smaller bank. The favourability of OTP Bank Romania media coverage remained among the best banks present in the country.



2.4.2 Risk management

We are convinced that our strict and conservative lending policy plays a major role in the stability of OTP Bank Romania. In 2012 we focused on the maintenance of the portfolio quality successfully and outperformed the market. We put a heavy emphasis on preventing problems faced by borrowers. We continued the already detailed client protection program, and focused on collections.

In 2012, we introduced a few new measures resulting in being able to offer lower risk products and a stricter monitoring of our portfolio. Our processes and products are compliant with the new NBR regulations regarding consumer lending also aiming to provide lower risk loans.

- We sold non-performing loan packages and strengthened soft and hard collection processes. We increased the capacity to collect overdue receivables focusing on soft collecting and including 31-60 DPD portfolio.
 - We started to monitor the indicators calculated in compliance with the NBR methodology.
 - We introduced the monthly organization of Credit Monitoring Committee meetings for higher frequency monitoring of juridical persons clients activating in the sectors affected by the crisis.
 - We involved the local network and the Corporate Banking Division in managing problems clients were facing, as well as in the day to day running of the portfolio quality indicator.
 - We present the quality and evolution of the loan portfolio to the Risk Management Committee, monthly and quarterly.
 - We monitor and modify the collateral values more frequently.
- In the field of operational risk management, we introduced measures serving a more reliable and precise collection of loss data, and forecasts of possible risk events.
- We created case studies of possible significant loss scenarios.
 - We give support in the preparation of crisis scenarios all over the organisation.
 - We checked loss data manually and randomly to ensure that they are correct.
 - We devised a self-assessment process.

In 2012, the most frequently emerging risks were reimbursements issued to clients' accounts due to complaints made by the client and due to trials started after complaints submitted by clients to the Customer Protection Office.

We have been using the "Working procedure regarding environmental and social risk in 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. According to the 2012 Annual Environmental Report approved by EBRD, the portfolio breakdown by environmental risk assessment procedure, classification was as follows:

- for companies financed with EBRD/EU funds (the EBRD/EU Facility sub-loans outstanding for 2012 were classified as having a low or medium environmental risk):

Risk Category	Number of loans	Principal exposure of the loans (thd EUR)	%
Low	41	883	48%
Medium	30	961	52%
High	0	0	0%
Total	71	1,844	100%

- for companies with exposure over EUR 1 million that were not financed by the EBRD/EU SME Facility

Risk Category	Number of loans	Principal exposure of the loans (thd EUR)	%
Low	37	136.40	35%
Medium	55	210.10	54%
High	2	41.82	11%
Total	94	388.31	100%

There were no reported incidences of rejecting a loan application on environmental grounds once it was determined the business activity was not on the Environmental Exclusion List. For all relevant businesses, OTP Bank Romania required all appropriate licences and permits in accordance with local and national Romanian regulations.



2.4.3 Banking security

Our security policy changed in 2012, thus the strategic objectives changed as well. We will focus on:

- increasing the efficiency of screening and control system,
- ensuring the security of new banking products,
- stricter and continuous monitor human risk of employees and managers,
- preventing information leaks (Data Loss Prevention),
- implementing multiple solutions against treats that could affect IT systems.

The main achievements of banking security in 2012 are:

- control missions regarding security and training of employees regarding the security instruction both at the territorial units and at the headquarter
- renewing several security instructions and dedicating security responsible,
- continuous monitoring of the buildings of the bank and protection of ATM network,
- successful handling of verified high risk employees,

- involvement of the Banking Security Directorate into determination of regulations banking products and processes where risk situations were detected.

In 2012, 63% of business units (a number of 67) were analysed for risks related to corruption. Only 3 reported external fraud cases generated loss for the bank (all vandalized ATMs). All other claims were unsuccessful.



OBJECTIVES AND PLANS 2013

Individuals	Introduce the risk based pricing for personal loans
	Launch new packages for individuals and a new overdraft for retirees
	Improve the soft collection activities in order to maintain portfolio quality for new loans
	Modify the client protection plan according to the NBR's advise
SMEs	Develop a new package of products and services dedicated to start-ups and micro clients
	Launch the lending business line for private entrepreneurs
	Offer quick loans and the standardized loans for SME clients
	Create an SME direct package
Corporate clients	Keep up the focus of agri business
	Supporting local authorities to utilize EU funds for infrastructural investments
Digital banking	<p>Significant upgrade at our internet banking platform:</p> <ul style="list-style-type: none"> • improve the layout, • upgrade the identification method • develop the mobile banking applications.





3

employees



Our principles

A talented and committed team is essential to achieve our business goals both on the short and long term. Appropriate recruitment, continuous development of colleagues' skills and knowledge, convenient working conditions and atmosphere all have equally high importance.

We have responsibility towards our employees by securing jobs and providing reasonable remuneration.

Our team members are essential in implementing legal regulations and our strict internal measures. They transmit our values and our commitment to ethical behaviour towards the clients. We are aware of the importance and the wide impacts of the HR management on the bank's long term performance.

We respect the rights and support the welfare of our employees by:

- acting in accordance with the principles laid down in the Code of Ethics;
- assuring cooperation with our employees and their families;
- offering internship programs for students;
- offering training for our employees;
- offering opportunity for internal promotions;
- encouraging the talents within the bank.

We maintain successful workplace cooperation and appropriate employee relationships by:

- continuous and consistent information;
- internal events, team building, internal competitions;
- motivational messages;

Within our capacities, we protect the health of our employees.



MAIN ACHIEVEMENTS

2012

New HR strategy supporting the reviewed business strategy

New performance management system
Comprehensive training to gain consultative selling skills

Launch of Engage+, the new, interactive intranet platform

Salary cost structure mapping

UNDERTAKINGS		2011	RESULTS		2012
Development and adjustment of the performance management system.	✓		We redefined the performance management system, in accordance with the new business and HR strategy		
Align trainings with strategic projects e.g. mentoring approach and <ul style="list-style-type: none"> • increase management skills (e.g. team management, leadership impact), trainings for middle management, • feedback sessions for those involved in trainings, • link trainings with performance management system. 	✓		We measured the management and leadership impact, we had feedback sessions. (Due to business reasons we changed our HR strategy afterwards.)		
Mentor approach, consultative sales: training spread to all branches, by end of 2012.	✓		We had consultative selling skills training for the staff and coaching on consultative selling skills for the branch managers and agent managers.		
Monitor organisational culture following performance management system implementation.	🔄		We measured the management and leadership impact, but changed the system afterwards.		
Review the job evaluation system and redesign the salary grid to maintain objective job compensation, as it was last done in 2008.	✓		The project was implemented creating advantages both for the employer and employees.		
✓ COMPLETED 🔄 UNDERWAY ✗ NOT ATTAINED					



Staffing

Trends of the previous years continued: the general employment in the banking sector decreased and several financial institutions had to further reduce their headcount, in 2012.

OTP Bank Romania managed to protect most of its' employees. Headcount optimization remained the focus both in the head office and within the branch network. As a result, 13 units were closed, 1 unit was opened and 1 branch became operational during the year. Although no dedicated outplacement program was implemented, the high performing employees have been relocated to other units. As the process will continue in 2013, we intend to hire an outplacement consultant to make reemployment easier for our colleagues.

We optimized the headcount in our branches in line with the business activity. Based on the FTE (full-time employee) model analysis we plan to introduce part time concept, and reduce working hours of our employees if necessary.

EMPLOYEE HEADCOUNT DATA

NUMBER OF PERSONS, 31 DECEMBER

	2010	2011	2012
Full-time employees	1101	1065	1033
Part-time employees	3	1	1
Total number of employees	1104	1066	1034
Percentage of employees with a fixed-term employment contract	5%	5%	3%
Number of employees on a long-term child care leave	120	103	72

BREAKDOWN OF EMPLOYEES BY AGE GROUP

2012



UNDER 25 YEARS



25-35 YEARS



35-45 YEARS



45-55 YEARS



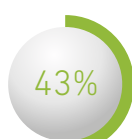
ABOVE 55 YEARS

BREAKDOWN OF EMPLOYEES BY REGION

2012



CENTRAL



ILFOV



NORTH EASTERN



NORTH WESTERN



SOUTH EASTERN



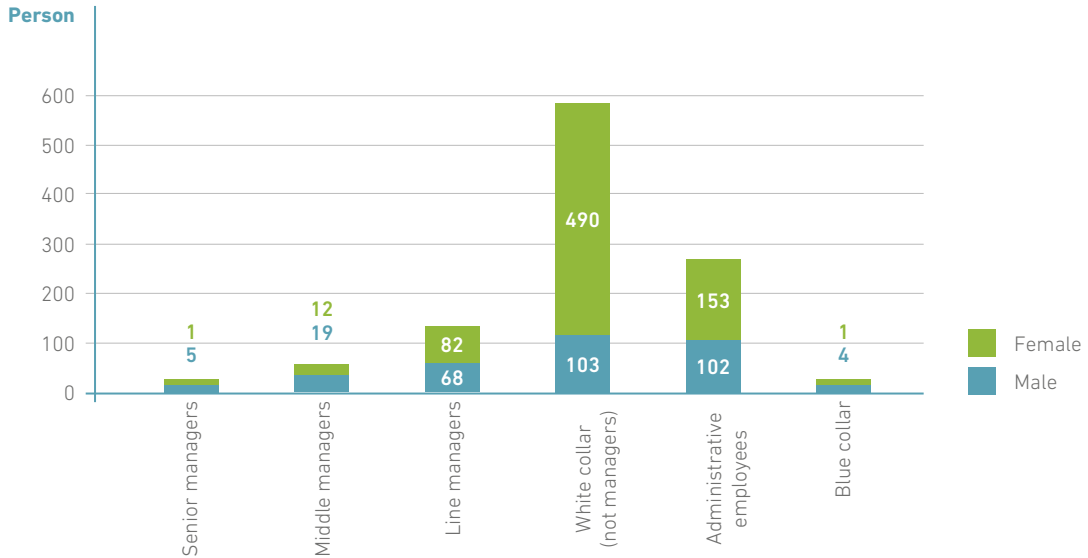
WESTERN SOUTHERN



To support the business strategy, we reduced the number of regional centres from 7 to 5, in 2012.

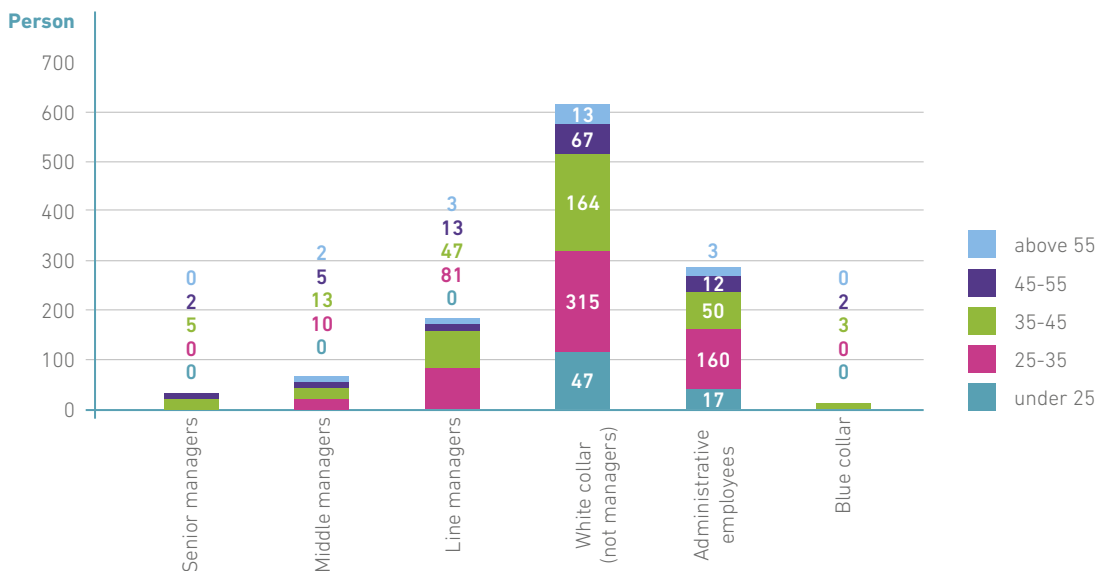
BREAKDOWN OF EMPLOYEES BY POSITION AND GENDER

2012

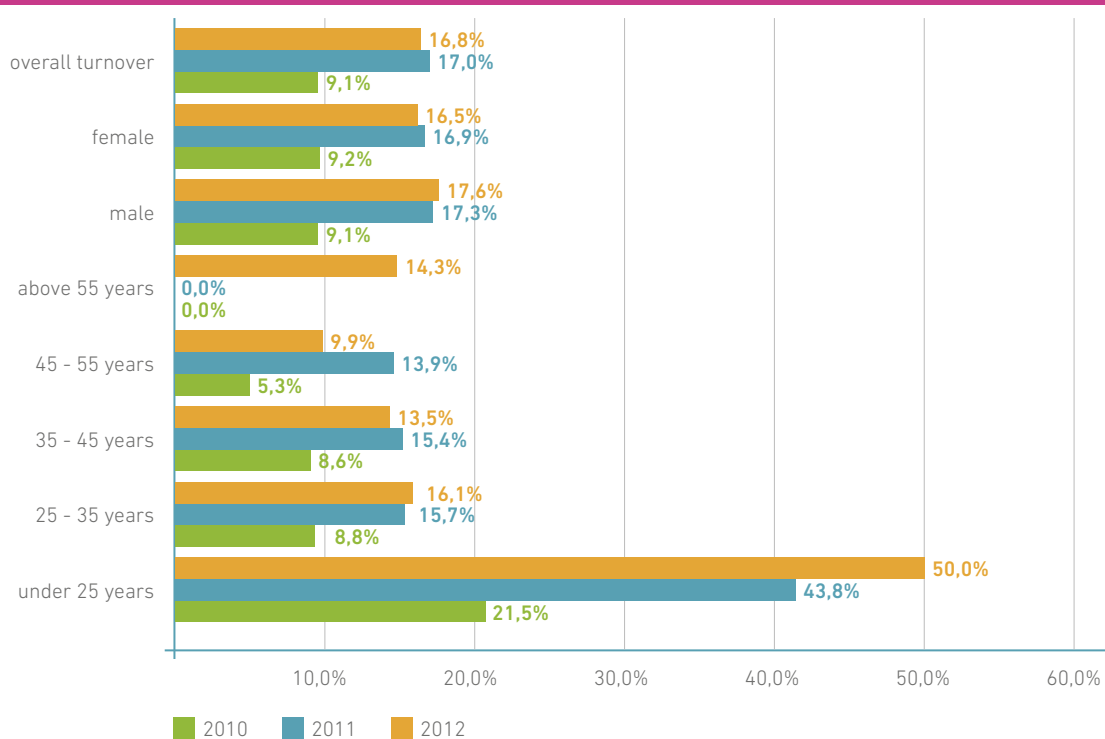


BREAKDOWN OF EMPLOYEES BY POSITION AND AGE

2012



PERCENTAGE OF EMPLOYEE TURNOVER BY AGE GROUP AND GENDER 2010-2012



We continued the "Iskola" project, in 2012 as well and hosted 60 interns. In 2013, we plan to create a formal new internship procedure.

New human resources strategy

In the last quarter of 2012, we adopted a new HR strategy to suit the revised focuses of OTP Bank Romania. Our objective is to provide a better HR support to the business focus.

The three main parts of the strategy are:

- business partner – support performance and results in all business segments;
- internal changes – transform the organisational structure and work processes in alignment with the business strategy;
- consult and coach of employees at all levels.

The major focuses and improvements are detailed within the following sections.

Performance evaluation

One of the major improvements of the new HR strategy is to adapt the performance management system. The structure of the system was designed in line with the business strategy and the macro-economic situation. The result oriented system

sets clear directions, targets and deadlines to all employees. The objectives are business driven, network staff is evaluated monthly, employees at the head quarter quarterly. Plans for personal development are determined on the basis of the evaluation. The new system tackles non-performance as well; dismissal process can be initiated after 6 month of inadequate performance and unsuccessful attempts to improvement. The system was created in 2012 and came to force in 2013.

We retained our tradition to honour our employees' commitment and high achievements by awards. Awards were handed over at the Christmas party, honouring among others great performance, attitude towards colleagues and clients, commitment, pro-activity of both individual colleagues and teams, head office and territorial units. We granted 20 individual diplomas and 10 awards for territorial units' teams.

Remuneration

Our compensation and benefits policy has not changed, in 2012. Our focus was to implement the performance review system and to design a remuneration structure. The project ran into 2013, though by the time of the writing it was completed. The



bank's salary structure is now clearly mapped, functional levels became transparent and the internal equality of base-pay resulted in an improved satisfaction of our colleagues. Employees now get a better understanding of HR principles and a better perspective of their carrier path and personal development. One of our focuses was to retain talent and key personnel in the head quarter. To achieve this goal, we intend to work on a pilot project for talent management.

In 2012, we maintained the medical services for our colleagues. Free medical check-ups, general medical services and profes-



NUMBER OF EMPLOYEES BENEFITING FROM PREFERENTIAL HOLIDAYS

2012

	BRANCHES	HEAD OFFICE
Constanta	62	50
Total	112	

sional medical advice are available for the family members of our colleagues as well.

We continued to organize a health day, a maternity program for mothers-to-be. We provide discount for several health and recreational facilities, such as sports and leisure clubs, health stores.

Another way of rewarding our colleagues' performance is to provide preferential holidays in our accommodation facilities. In 2012, we provided this opportunity in Constanta.

No accidents occurred in 2010 and in 2012. There was one work related accident in 2011.

ABSENTEEISM DUE TO ILLNESS OR ACCIDENT

	2010	2011	2012
Sick leave (number of working days)	33,867	29,489	30,442
Rate of absenteeism	13.2%	11.6%	12,5%

Professional development

Training is a key element of our new HR strategy. In order to be able to promote our distinctive approach in the financial market (the newly devised consultative selling concept) we:

- set up a new internal training system: each of the 5 regions has its own dedicated trainer.
- implemented the consultative selling skills concept and had in-class training for all network staff.
- assessed our colleagues on product knowledge and system knowledge.

In 2013, we plan to:

- continue to follow up with the trainings,
- redesign the consultative selling skills training for new hire's,

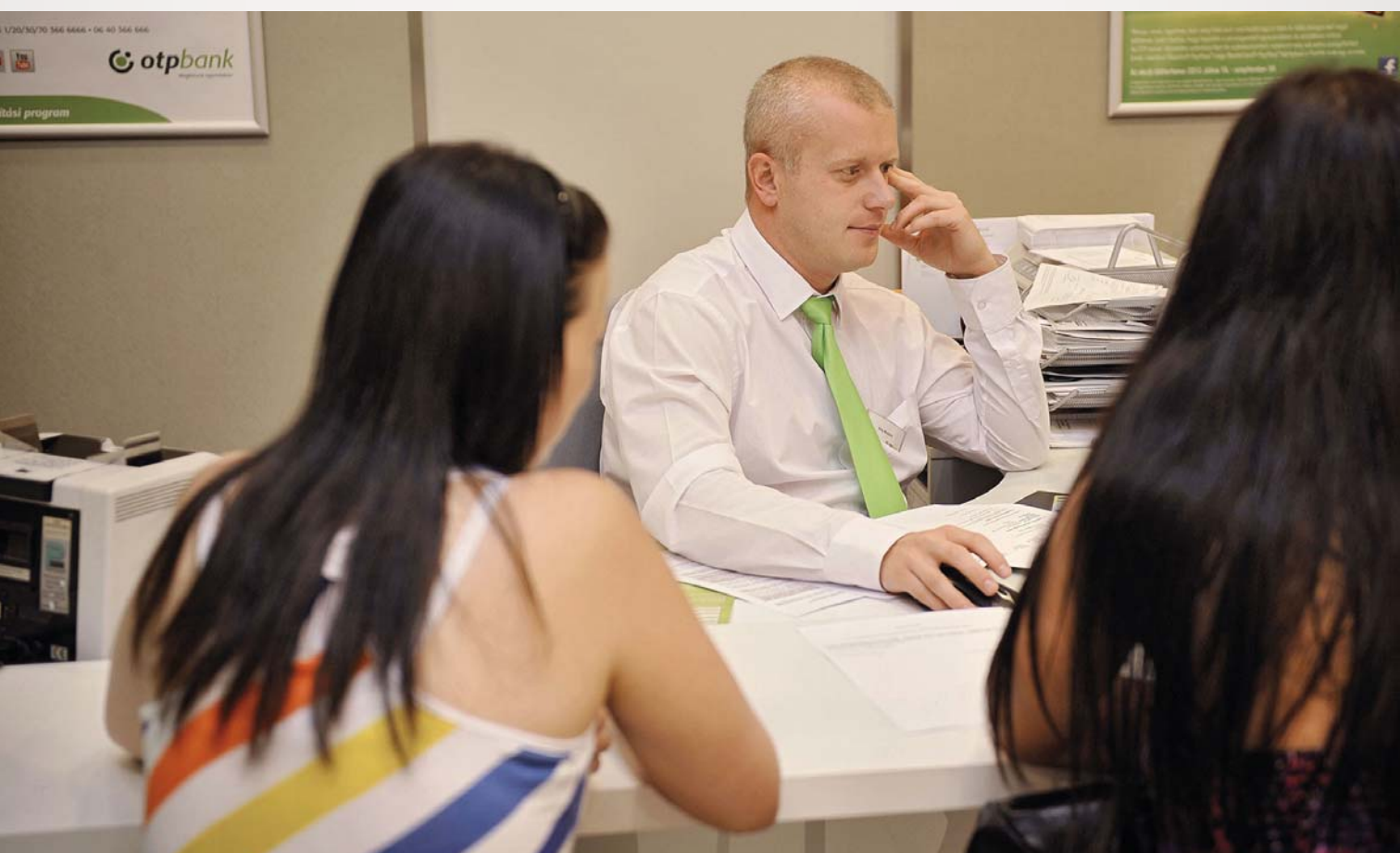
- make sure that low performing branches get monthly visits by their allocated training personnel,
- improve managerial skills of branch managers and agent managers.

Along with consultative selling skills, our trainings focused on professional trainings for our head office colleagues and funds for the network employees.

HOURS OF IN-CLASS TRAINING PER EMPLOYEE

	In-House			External		
	2010	2011	2012	2010	2011	2012
Senior management	21.7	20	24.6	73.3	60	24.7
Middle management	1.0	1.1	0.7	2.9	3.4	1.7
Non-executive	0.1	0.2	0.9	0.8	0.9	0.5
Average	0.4	0.4	1.1	1.6	1.6	0.8

According to our plans, we redefined the integration procedure for new entries. In the next year, we plan to create a more deep procedure for the network. Due to the favourable turnover data, the project was not considered as high priority in 2012.





Internal communication

We are convinced of the importance of an open, accessible, informative and inclusive internal communication.

Launching Engage+ was the most important achievement related to internal communication, in 2012. We designed an integrated platform in line with the business objectives and corporate values, in order to drive performance and create consistent professionals community.

Engage+ has 3 main pillars:

- **Perform:** it intends to drive and appreciate performance, thus it promotes sales competitions, champions section, management meetings – giving status on financial results and emphasizing the forthcoming goals, OTP Café – informal meeting with the managers, etc.
- **Grow:** it encourages and promotes personal, professional improvement, providing information for new entries, possible trainings, and vacancies.
- **Care:** it strives to develop the personal side, by contents on hobbies, needs, passions, offering workshops for personal improvement (presentation skills etc.), encouraging volunteer activities and catalogue of discounts offered especially for OTP Bank employees.

Though Engage+ was introduced on December 20, by the end of the year, almost all of our colleagues (980 unique users, 18,322 hits) visited it. By the time of the report writing, we are aware that attendance was growing further. Feedback of our colleagues are mainly positive, 75% evaluated Engage+ as excellent or above average.

In 2013, we plan to exploit the possibility of interactive communication more and we intend to have a CEO blog initiated by László Diósi. 4.4 We plan to conduct the employees' opinion survey on Engage+.

Besides Engage+, the main channels of internal communication remained:

- Management letters in which the CEO informs our staff on the strategic directions and values of the bank,
- Monthly magazine with community news, sponsorship news, e.g. new events in the Right to Read program.

We pay attention to greet our colleagues: from Internal Communication e-mail account we send anniversary greetings; and on behalf of the CEO, we offer a printed loyalty message for those who work with us for more than a year, thanking them for their support and wishing them a good collaboration for the future.

OUR GOALS

2013

Apply an outplacement consultant to make reemployment easier for our colleagues.

Behaviour assessment and team formation optimization.

Create a formal new internship procedure.

Elaborate a pilot project for talent management.

Regarding trainings:

- continue the follow up of the trainings,
- redesign the consultative selling skills training for new hires,
- visit monthly the branches with low performance performed by regional trainers,
- improve managerial skills of branch managers and agent managers

Employees' opinion survey through intranet.

Create a deeper integration procedure for the network.

Enhance Engage+: making it more interactive, starting a CEO blog





4

communities



OUR PRINCIPLES

We strive to work together and support the communities we are part of by

- volunteer work: volunteering is a way of help that provides mutual benefits for the recipients and the givers as well;
- sponsorship: through sponsorship of particular events and initiatives we can express and strengthen our commitment to our determined values.

We focus on long term projects and cooperation.

We did not change our sponsorship policy, and fields of support remained the same, as well:

- OTP Equal Opportunity Program aims to support disadvantaged groups, with a special focus on children, as we are aware that there is no other way one can support a society's growth than supporting the development of its children.
- OTP Community Building Program supports events, programs that reinforce communities and strengthen our relationship with the local authorities and groups, contribute to the preservation of cultural heritage and further cultural development.
- OTP Sport Program promotes sports activities and healthy lifestyle, as it is written in the Latin philosophy: "Mens sana in corpore sano", a healthy mind in a healthy body.



OUTSTANDING ACHIEVEMENTS 2012

Continue the Right to Read programme

Increase the amount of sponsorship

Widespread volunteer activities

OUR UNDERTAKINGS		2011	OUR ACHIEVEMENTS		2012
Continue the Right to Read programme	✓		The programme was continued, with extended partnerships.		
Increase participation of employees in volunteer activities in their spare time.	✓		310 employees took part in volunteer activities, in 2012.		
Continue cooperation with schools.	✓		We continued and developed our cooperation.		
Continue blood donations.	✓		Blood donation has tradition at OTP Bank.		
Keep about the same level of sponsorship.	✓		We increased the amount of sponsorship by 20%.		
✓ COMPLETED ↻ UNDERWAY ✗ NOT ATTAINED					

Right to Read

Right to Read is our national CSR programme by which we aim to make a significant impact.

The development and literacy of the future generation is essential everywhere, but even more crucial for the improvement of the disadvantaged rural areas. Even though reading plays an unquestionable important role in this process, a large number of children do not have the opportunity to read books because of their poor domestic circumstances and because schools do not have libraries or own only a limited collection of books. These fundamental problems have been the main driving forces to launch and continue our Right to Read campaign.

The Right to Read programme runs for three years now, with proven results and numerous awards as appreciation. The impact of the campaign went beyond any initial objective. Since the beginning of the campaign:

92,100 books donated

- ▶ Right to Read reached and equipped with libraries 143 schools, selected based on the recommendations received from the campaign supporters.
- ▶ 29,000 children from the rural environment, from more than 40 Romanian counties, benefit from new books.
- ▶ Donations reached 92,100 books.



Right to Read's appearance and performance in the social media, in 2012:

- Facebook fan page of the campaign reached almost 23,500 fans.
- At least once a week, different contents are posted on the page's wall. Messages such as information regarding the campaign status, photos, movies and quotes about books and lecture were posted for getting the fans directly involved in the campaign.
- We were also able to inform the communities of Romanians from Italy, United Kingdom, Germany, Spain and France (top 5 countries with fans) about the campaign.
- Insights speak from themselves: more than 2,724 weekly total reach, each new post on the wall reached more than 3,000 people with a virility (the percentage of people who have created a story from your page post out of the total number of unique people who have seen it) of almost 22.51%.

We not only donated books, but also involved the public by encouraging donations through the media. At least partly as a result of our efforts, the issue came up and reached a significant change in the society. We also welcome other organisations to follow us on the way to support children's reading.

In 2012, Right to Read focused on strong partnerships, continued equipping disadvantaged schools from rural areas and engaged supporters through the campaign's dedicated Facebook page.

We have continued the partnership with the Humanitas Bookstore.

- Book-collecting boxes were placed in OTP Bank's Branches and offices, Humanitas book shops and at the Gaudeamus book fair.
- Direct mails were sent to 22,700 subscribers during the 4 days of Gaudeamus fair – the newsletter included a Right to Read banner.
- Right to Read had a press ad in Humanitas' booklet – printed in 3,000 copies for Gaudeamus book fair in 2012.

Another strategic partnership was developed with Bookland Road Show fair.

- Right to Read was present in 33 cities and reached 968,700 visitors.
- The partnership with Bookland increased the campaign visibility:

Right to Read logo was included on www.book-land.ro and in the weekly newsletter.

The DM reached 134,780 subscribers.

150,000 co-branded bookmarks and 150,000 dedicated flyers were given to visitors.



AWARDS

Right to Read was awarded the **Oskar prize** by **Capital** weekly magazine for the results of the campaign, in 2012 again.



Volunteering

We involve our colleagues in different volunteer activities such as collecting donations (food or other primary goods, toys, etc.), practical help or money. We strive to support and implement our employees' own initiatives. We carried out an internal campaign promoting the 2% of the personal income tax can be directed to the non-governmental sector.

The most significant programs to which our employees contributed in 2012 were:

- Right to Read campaign;
- Donate Blood! Save Lives! - in partnership with Centre of Sanguine Transfusions Bucharest;
- Donation of clothes, toys, books, food, on Easter occasion for Mia's Children Association;
- Internal donation campaign for one of our colleagues whose child had serious medical problems.

Collaboration with schools

We continued and developed our cooperation with high schools and universities and hosted students for their compulsory traineeship. Altogether (on top of the Iskola project), we hosted 35 interns.

We also continued the collaborations regarding high school scholarships: awarding pupils with scholarships to enter universities. More than 250 pupils and students were contacted due to the programme.

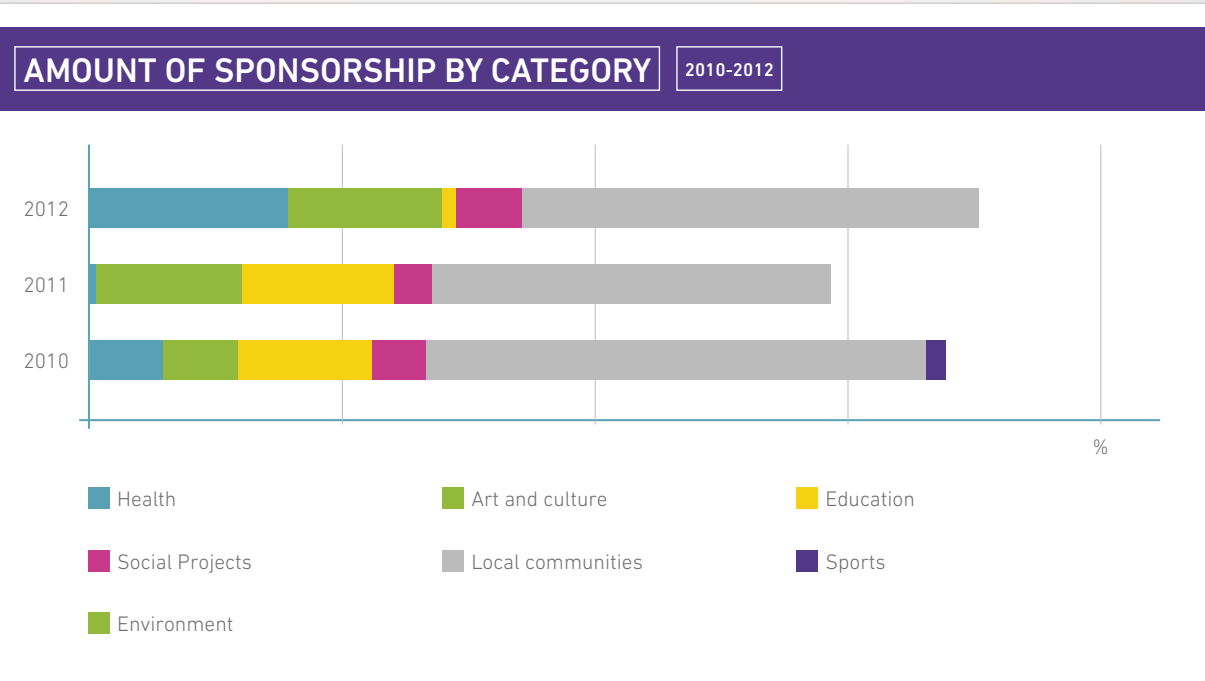
310

310 employees (30%) took part in voluntary activity.



Sponsorship

We increased the budget of sponsorship, in 2012, by 20% compared to 2011. Art and culture gained more support in 2012 as well and we increased spending on local communities. The rate of support varies according to current needs and requests.



OUR GOALS 2013

Despite our budget limitations, we plan to continue the same social projects as in 2012.

A large, stylized leaf graphic with a white vein pattern on a light green background, positioned in the upper right quadrant of the page.

environment

5



OUR PRINCIPLES

We care about the environment; we strive to operate our offices in an environmentally friendly way. Being an office-based business our focus is on energy consumption, the use of electronic devices and paper, and waste generation. Reducing our energy, water, paper consumption is also important for saving costs. Decreasing costs was of great importance in 2012, thus no major investment could be implemented.

We did not change our procurement policy within the reporting period. We relied on centralised purchase and the most determining factors when selecting a product or service were quality and cost.

For environmental initiatives in our core activities, please see Chapter 2.

OUTSTANDING ACHIEVEMENTS

2012

Internal campaign promoting environment protection

Run of company vehicle fleet decreased significantly

OUR UNDERTAKINGS

2011

OUR RESULTS

2012

Install night time backup light system in further 5 branches.

✗

The task was postponed since in 2014 all logo lighting will be changed due to the new OTP Group design.

Set new video conference rooms

✗

The project was cancelled.

✓ COMPLETED

🔄 UNDERWAY

✗ NOT ATTAINED



Internal campaign

At the beginning of the year, we implemented a campaign among our employees aiming to encourage environmental responsibility and healthy way of living. We placed a number of key messages on stickers to the most accessed areas both in the headquarter and in the branches. Some of the messages we used:

- It's not enough to leave me in stand-by mode. Turn me off and be part of preserving the electric energy!
- You just missed the change to something for your health, as well as for the well-being of the planet. Next time, use the stairs!
- Turn off the water when you don't need it. Choose to care about the planet resources.
- Use it with respect for the planet, as well as for the electric energy that it needs to run.

Though we did not have the chance to measure the impact of the campaign, we are aware that our colleagues noticed the messages and their feedback given was positive.

Energy

In 2012, we did not implement any energy saving investment, though we make use of the advantages of the former investments and up-to-date technologies. We set up a new cooperation with an energy expert company, aiming to explore further energy saving opportunities and green energy investment.

Business travel is a significant portion of our environmental impact. In 2012, we managed to decrease the kilometres run by the vehicle fleet, by almost 20%. Travelling of the senior management shrank significantly.

Though we strive to use the video conference infrastructure as frequently as possible, the number of flights increased further, by almost 25%, compared to 2011. The growth was due to the increased number of workout meetings. As in the previous years, most of the flights took place between Bucharest and Budapest, or within Romania.

ENERGY CONSUMPTION

	Total (1000 GJ)			Per employee (GJ)		
	2010	2011	2012	2010	2011	2012
Electricity	17.5	19.4	19.4	15.8	17.8	18.5
Natural gas	3.1	n.a.	11.5	2.8	n.a.	11.0
District heating	26.7	n.a.	n.a.	24.1	n.a.	n.a.
Wood for heating	0.3	0	0	0.3	n.a.	0
Vehicle fuel	5.3	5.5	4.5	4.8	5.1	4.3

The chart shows an estimation of energy consumption.

CO2 EMISSIONS, TONS

		2010	2011	2012
Direct	Vehicle emissions	330	360	295
	Air travel related	91	120	159
	Resulting from electricity consumption	535	594	594
Indirect	Resulting from natural gas consumption	150	n.a.	562
	Resulting from paper usage	50	54*	46
	Resulting from district heating*	1346	n.a.	n.a.
Total		2502	n.a.	n.a.
Per employee		2.26	n.a.	n.a.

*Corrected data.

Printing and paper

In 2012, we managed to decrease printing and use of paper further due to the formerly initiatives:

- the cooperation with Xerox that aims to reduce the number of printers and copiers in the bank;
- Managed Print Services that aims a stricter monitoring on paper orders.

USED MATERIALS

	2010	2011	2012
Paper (tons)	83*	90	77
Printer cartridges (kgs)	786*	434	424

Water

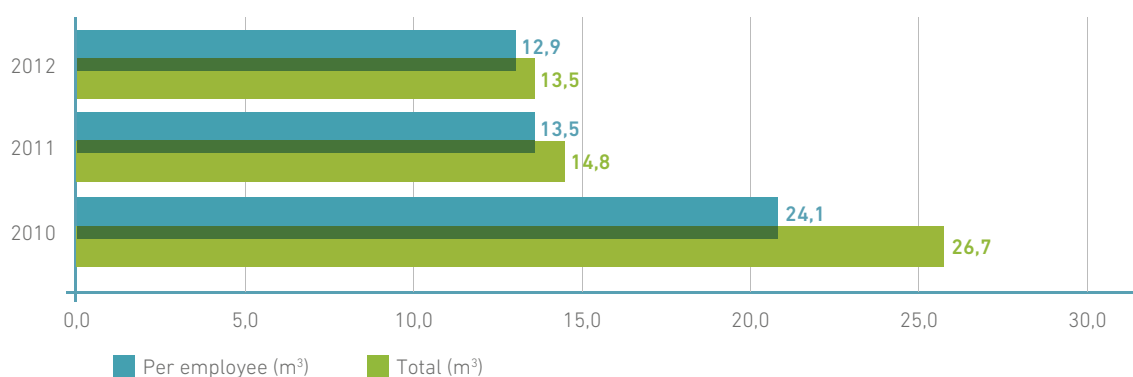
Water consumption is not very significant at OTP Bank Romania, although we are glad to be able to further decrease our consumption. The considerable decrease is mainly due to administrative reasons: in 2010 the invoice also included consumption for previous periods.

Waste

Paper, electronic devices, PET bottles are sorted wherever possible. Cartridges are now recycled everywhere. Our continuous cooperation with Greentronics allows us to collect electronic waste and used batteries throughout the bank sent to be recycled.

WATER CONSUMPTION

2010-2012



OUR GOALS

2013

Install night time backup light system in further 5 branches.

Possible use of renewable energy resources depending on the results of the study examining the investment opportunities.



data

6

The practice of reporting and the contents of this Report are in line with GRI . Based on our research, the scope of information presented in the Report conforms to the criteria of the B+ level application of GRI.

DETERMINATION OF APPLICATION LEVEL AS PER THE GRI G3.1 GUIDELINES

Application level / Reporting criteria	C	C+	B	B+	A	A+
G3 profile disclosures	1.1; 2.1-2.10; 3.1-3.8; 3.10-3.12; 4.1-4.4; 4.14-4.15	Report Externally Assured	Full presentation	Report Externally Assured	Full presentation	Report Externally Assured
Management approach disclosures	Not required		Report on all indicator categories		Report on all indicator categories	
Performance indicators	Report on a minimum of 10 indicators, including at least one indicator from each of the following categories: social, economic and environmental		At least 20 indicators, including at least one from every category		All basic indicators	

The table below shows where information expected by the GRI G3.1 Guidelines can be found within the CSR report.

Nr. of Indicator	Description of Indicator	Page	Comments
Strategy and Analysis			
1.1	Statement from the most senior decision maker of the organisation about the relevance of sustainability to the organisation and its strategy	5	
1.2	Description of key impacts, risks, and opportunities.		
Organisational Profile			
2.1	Name of the organisation	back cover	
2.2	Primary brands, products and/or 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/
2.3	Operational structure of the organisation, including main divisions	13	
2.4	Location of organisation's headquarter	back-cover	
2.5	Number of countries where the organisation operates		Romania
2.6	Nature of ownership and legal form		
2.7	Market served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	website	See the Annual report @ http://www.otpbank.ro/export/sites/default/ro/despre-noi/otpbank-romania/raport-anual/Raport_OTP_2012.pdf
2.8	Scale of the reporting organisation		
2.9	Significant changes during the reporting period	website	See the Annual report (link above)
2.10	Awards received in the reporting period	45	



Nr. of Indicator	Description of Indicator	Page	Comments
Report Parameters			
3.1	Reporting period for information provided		Calendar year 2012
3.2	Date of most recent previous report		We published our last report in 2011. http://www.otpbank.ro/export/sites/default/ro/despre-noi/responsabilitate-sociala/raport-CSR-2011.pdf
3.3	Reporting cycle		Annual
3.4	Contact point for questions regarding the report or its contents		
3.5	Process for defining report content	9	
3.6	Boundary of the report		OTP Bank Romania SA
3.7	State any specific limitations on the scope or boundary of the report		No supplier is covered by the report.
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations		No subsidiary is covered by the report.
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report		
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement		To make the reader able to gain a whole picture regarding the performance of OTP Bank Romania by using this single report.
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report		There was no change in the boundary.
3.12	Table identifying the location of the Standard Disclosures in the report.		We also use the table for disclosing information.
3.13	Policy and current practice with regard to seeking external assurance for the report		The report is not assured externally.
Governance, Commitments, and Engagement			
4.1	Governance structure of the organisation	website	http://www.otpbank.ro/en/about-us/otp-bank-romania/management/
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	website	http://www.otpbank.ro/en/about-us/otp-bank-romania/management/
4.3	For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members	website	http://www.otpbank.ro/en/about-us/otp-bank-romania/management/
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	website	See the Annual Report. (link above)
4.5	Linkage between compensation for members of the highest governance body	website	See the Annual Report. (link above)
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided		Compliance with the Ethical Declaration.
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental and social topics		No such strictly set criteria, primarily management and bank sector experience and qualification is required.

Nr. of Indicator	Description of Indicator	Page	Comments
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation		Code of Conduct, Organisational and Operational Regulation, Group Management Regulation, Collective Bargaining Agreement
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles		
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance		
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation	website	See CSR report 2009 @ http://www.otpbank.ro/export/sites/default/ro/despre-noi/responsabilitate-sociala/raport-CSR-otpgroup-2009.pdf
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses		There are no such initiatives.
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organisations		OTP Bank Romania is a member of professional – business and banking – associations and local chambers of commerce and industry.
4.14	List of stakeholder groups engaged by the organisation	website	See CSR Report 2009
4.15	Basis for identification and selection of stakeholders with whom to engage	website	See CSR report 2009 (link above)
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	website	See in the CSR report of 2009 (link above)
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting	website	See in the CSR report of 2009 (link above)
Economic Performance indicators			
Management Approach		website	See the Annual Report. (link above)
EC1	Direct economic value generated and distributed	15	
EC4	Significant financial assistance received from government		OTP Bank Romania has not received such assistance in the reporting period.
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	website	Equal opportunities are ensured by hiring without giving preference to locals. However most of the employees are from the local community. Information regarding the senior management can be found on our website. http://www.otpbank.ro/en/about-us/otp-bank-romania/management/



Nr. of Indicator	Description of Indicator	Page	Comments
Environmental Performance Indicators			
Management Approach			
Energy			
EN3	Direct energy consumption by primary energy source	50	
EN4	Indirect energy consumption by primary source	50	
Water			
EN8	Total water withdrawal by source	51	
Emissions, Effluents and Waste			
EN16	Total direct and indirect greenhouse gas emissions by weight	50	
EN21	Total water discharge by quality and destination	51	Same as EN8.
Labour Practices and Decent Work Performance Indicators			
Management Approach ??			
Employment			
LA1	Total workforce by employment type, employment contract, and region	35	
LA2	Total number and rate of employee turnover by age group, gender, and region	35	
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations		There are no benefits that cannot be granted to temporary or part-time workers.
Labour/Management Relations			
LA4	Percentage of employees covered by collective bargaining agreements		100%
Occupational Health and Safety			
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region	38	
LA8	Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	38	
Training and Education			
LA10	Average hours of training per year per employee by employee category	39	
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	38	In-house training courses, financial support for external education, provision of study leave with guaranteed retention of job, further training course for those who would like to continue working for longer, and a severance package taking into account the length of employment. assistance (e.g. training, counselling) on transitioning to a non-working life is provided.
Diversity and Equal Opportunity			
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	36	

Nr. of Indicator	Description of Indicator	Page	Comments
Human Rights Performance Indicators			
	Management Approach		
	Non-discrimination		
HR4	Total number of incidents of discrimination and actions taken		No such incidents have occurred.
	Child Labour		
HR6	Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour		The bank does not use child labour.
HR7	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures taken to contribute to the elimination of forced or compulsory labour		The bank does not use forced labour.
Society Performance indicators			
	Management Approach		
	Corruption		
S02	Percentage and total number of business units analyzed for risks related to corruption.	30	
	Public Policy		
S06	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country		In accordance with our sponsorship policy we exclude political parties and organisations from sponsorship.
	Anti-Competitive Behaviour		
S07	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes		There was no such legal action against the bank.
	Compliance		
S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	28	
Product Responsibility Performance Indicators			
	Management Approach		
	Product and Service Labelling		
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.		
	Marketing Communications		
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes		No non-compliance occurred.
	Compliance		
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	28	
Financial Services Sector Supplementary Performance Indicators			
FS2	Procedures for assessing and screening environmental and social risks in business lines	29	
website	For additional information see CSR report 2009 for details. (Link above)		
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	23	
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	27	
FS15	Policies for the fair design and sale of financial products and services.	website	See CSR report 2009 for details. (Link above)
FS16	Initiatives to enhance financial literacy by type of beneficiary.	18	



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