



2014

CSR

OTP BANK ROMANIA
CORPORATE SOCIAL
RESPONSIBILITY
REPORT



2014

CSR

CORPORATE SOCIAL
RESPONSIBILITY
REPORT

LEGEND

CONVENTIONS



for customers



for investors
and analysts



for households
interested readers



for employees

The financial programs for public education



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„OTP Bank Romania plans to continue its strategy as an universal Bank and to strengthen its client orientation by providing advisory services and faster response to clients through lean operations.

CSR is in the heart of OTP Bank Romania's operation. It reflects our long term thinking, stakeholder engagement and value creation.”

László Diósi

CEO, Chairman of the Management Board

WELCOME

Dear Reader,

This is our 6th Corporate Social Responsibility (CSR) report, which is in accordance with the GRI standards and the OTP Group's CSR reports and which reflects our commitment to corporate responsibility.

The consolidation of the Romanian financial sector was a hot issue in 2014. OTP Bank Romania acquired Millennium Bank, which brings us closer to fulfilling our strategic objective, entering the top 10 banks in the country. As the deal was completed in January 2015, the financial results reported by OTP Bank Romania at the end of 2014 (and in this Report) do not include the volumes and performance achieved by Millennium Bank.

I am aware that the acquisition of Millennium Bank takes pressure on all employees involved. We give fully equal opportunities and possibilities to Millennium Bank's employees in order to have the most talented, customer oriented team by the end of the merge. Our plan is to maintain our financial services at the highest quality, so that our clients can continue to rely on OTP Bank Romania for every financial need they might have.

While non-performing (and FX) loans continue to be a sensitive issue of the market, the Romanian economy is in a promising shape: the stable GDP growth rate, the decreasing budget deficit, and a low public debt is favourable in an European scale. OTP Bank Romania succeeded in preserving the quality of the loan portfolio and keeping the ratio of DPD90+ loans stable at a relatively modest level.

2014 was the second consecutive year when OTP Bank Romania was ranked first among the most solid foreign banks in Romania in terms of capitalization, according to data disclosed by the European Banking Authority following the stress test conducted every year by the European Central Bank. Let me highlight that while we could keep the stability of the bank at an outstanding level, OTP Bank Romania increased the corporate loans by 18% y/y, and thus supported the boost of the local economy.

In addition we are investing in e-channels which we view as an increasingly important channel to our clients.

After the years of the highly successful "Right to Read" campaign, we launched an even bigger project: our own Foundation, "Right to Education", with the aim of supporting and enhancing financial awareness among highschool students. In just a few months, the Foundation provided free financial education trainings with interactive tools for 780 highschool students in Romania.

Kind regards,

László Diósi
CEO, Chairman of the Management Board





ABOUT THIS REPORT

This CSR report is in accordance with the application level "B" of G3.1 Guidelines of GRI (Global Reporting Initiative), the most commonly used sustainability reporting guideline. Please find GRI index at page 49.

2014

CSR

This CSR report covers all significant issues of the economic, social and environmental performance of OTP Bank Romania in 2014.

Besides achievements and results, we present challenges 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 with the key departments from CSR point of view;
 - interview with OTP Bank Hungary's senior country manager;
 - information provided through SAP-based CSR database.

Collection of information was followed by its evaluation taking into consideration the GRI expectations (principles and performance indicators), our CSR policy, 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 highlight our efforts to enhance the financial awareness of the youth.

1 WE ENCOURAGE THE USE OF OUR HOMEPAGE (WWW.OTPBANK.RO) AND OUR PREVIOUS REPORTS FOR A DEEPER INSIGHT.

2 RELIABILITY OF DATA IS ENSURED BY THE METHODOLOGY OF REPORTING AND THE SAP-BASED CSR DATABASE THAT IS USED WITHIN THE ENTIRE OTP GROUP.

3 WHERE AVAILABLE, WE PROVIDE DATA FOR 2012, 2013 AND 2014 TO MAKE INFORMATION COMPARABLE AND TRENDS VISIBLE.

We hope to provide a comprehensive picture of our CSR activities and performance. We are willing to develop further (e.g. implementation of GRI G4) therefore, we ask you to please take the time to share your thoughts with us and send us feedback to csr@otpbank.ro. Thank you!



1

OTP BANK ROMANIA AND CORPORATE SOCIAL RESPONSIBILITY

OTP Bank Romania is a medium-sized universal bank, a subsidiary of OTP Bank, the largest independent banking group in Central and Eastern Europe.



Who we are



CSR at OTP Bank Romania



OTP Bank Romania's financial performance in 2014



„I am glad that the 10th anniversary of OTP Bank’s presence in the Romanian market was such a successful year. Favourable macroeconomic developments and positive achievements of internal strategic improvements enhanced one another. We realized profit versus the loss of 2013, which demonstrates a significant turnaround.”

László Diósi
CEO, Chairman of the Management Board

1.1

Who we are

We offer a wide range of high quality financial products and complete banking services to all types of clients, from individuals to large companies.

We celebrated the 10th anniversary on the Romanian market, thus we changed our message towards our stakeholders: “We have been building trust for 10 years” (to our employees) and “We have been trusting each other for 10 years” (to our external stakeholders).

We served approximately 300,000 clients in 2014 and we are accessible in the whole country through our 84 branches and by the user-friendly electronic channels (OTPdirekt).

We provide special financial services in Romania through our subsidiaries:

- › *OTP Asset Management*, which offers innovative investment services;
- › *OTP Consulting Romania*, which offers project-focused consultancy services, primarily concerning EU Funds;
- › *OTP Leasing Romania*, which offers car and equipment leasing products;
- › *OTP Real Estate Services*, which promotes real estates, property management and utilization of real estates, as well as other indirectly related real estate activities;
- › *OTP Factoring*, which 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*, which offers direct sales services for the lending products of OTP Bank, having a young and

dynamic team, permanently prepared to offer prompt solutions adapted to our client’s needs.

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 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, for more than 13 million customers, through a territorial network of 1,500 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 do our best to offer our clients flexible, dynamic, innovative and client-centred services.
- › We consider trust, dynamism, innovation, integrity, stability, professionalism, flexibility, transparency and client orientation are equally important.

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

OTP BANK ROMANIA 2014


Branches	84
Employees*	994
Number of clients	311,000
Total assets	4.56 billion RON
Market share	1.3%
Total amount of tax paid	32.3 million RON
Total cost of employee training	1.51 million RON
Total amount of sponsorship	0.37 million RON
Proportion of branches made accessible	100%
Energy consumption per capita	36.0 GJ
CO2emission per capita	1.6 t
Total paper used	83 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)

 CKB Montenegro (2006)

 DSK Bank, Bulgaria (2003)

OTP GROUP

Branches	1,524
Employees	48,104
Total capitalization	3.4 billion EUR
Total assets	156.2 billion RON
Total amount of tax paid	2.4 billion RON
Total cost of employee training	11 million RON
Total amount of donation	~21.1 million RON
Proportion of branches made accessible	50%
Energy consumption per capita	23.4 GJ
CO2 emission per capita	0.96 t
Total paper used	5,085 t

IFRS data at December 31, 2014
* Total number of employees

BEST BANK AWARD

We are proud of the prizes gained in 2014

BEST DEVELOPMENT OF DEPOSIT PRODUCTS RANGE:

OTP Bank Romania and OTP Asset Management were awarded for [OTP Sincron](#) at the Piața Financiară Magazine Awards Gala. OTP Sincron is an innovative product, defined by two complementary components, deposit and investments fund.

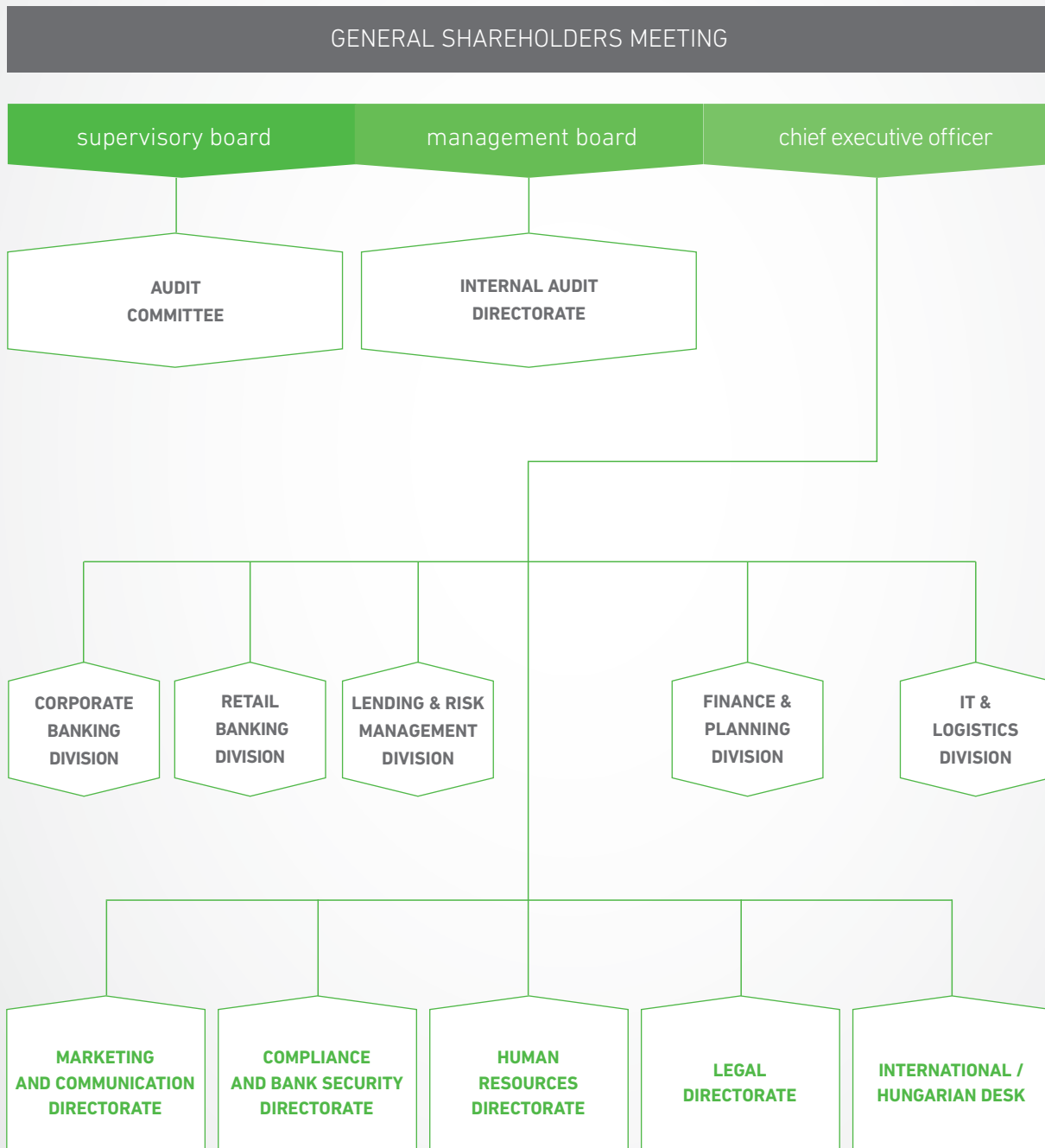
THE CREDIT CARD WITH THE UTMOST VALUABLE ADDITIONAL BENEFITS: we were awarded by FinMedia within Cards Gala for the [only credit card in Romania with zero interest rate](#) and 6 installments for any payment, at any merchant in the country or abroad, including utility providers and online payments.

USER-FRIENDLY INTERNET AND MOBILE BANKING APPLICATION: FinMedia awarded the Bank for the new [OTPdirekt banking interface](#) and [OTPdirekt Smartbank application](#).



Organisational structure of OTP Bank Romania

In order to increase efficiency, we have changed the organisational structure of OTP Bank Romania by reducing the number of the divisions and CEO direct report Directorates at the end of 2014. Following the Group model we integrated the Financial Market Division into the Corporate Division; at the same time, Banking Security Directorate merged with Compliance Directorate and became Compliance and Bank Security Directorate.



1.2

CSR at OTP Bank Romania

Our principles

Our approach to CSR (corporate social responsibility) remained unchanged in 2014: we are fully committed to acting as a responsible institutional citizen and member of the business environment. 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 to include more and more social and environmental aspects into our policies as well as into our daily 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 the 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 fulfill 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;
- 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.

Marketing & Communication Directorate is responsible for the coordination of the dedicated CSR projects within the organisation.

Reacting to the claims of the society and especially to those of the youth, we are determined to put financial literature into the centre of our CSR programmes and strive to achieve distinct improvement. With this aim in mind we launched the “Right to Education” Foundation in the second half of 2014. In less than a year, it started to fulfill its mission with impressive results.



1.3

OTP Bank Romania's financial performance in 2014

2014 was closed with an operating profit of 141.2 million RON, demonstrating significant improvement compared to the previous year.

Key macroeconomic factors influencing OTP Bank Romania's operations:

- ▶ Romania recorded a growth rate of 2.8% of GDP in 2014, following 2013's 3.4%. The consumption expenditure of households grew by 4.5%, which is a sign of healthy economic growth;
- ▶ Romania's general government deficit narrowed to 1.5%, down from 2.2% (ESA terms) a year earlier, while the country's public debt remained slightly below 40%;
- ▶ Unemployment rate bounced back in 2014, to 6.8% from 7.1% the previous year, and total number of employed grew at a faster pace;
- ▶ National Bank of Romania repeatedly cut back the key monetary interest rate from 4.00% at the end of 2013 to 2.75% till the end of 2014, which pushed downwards RON pricing, both loans and deposits. The rate of minimum mandatory reserves was reduced from 12% to 10% for RON and from 18% to 14% for EUR reserves.

OTP Bank Romania maintained its strategy on retail segment. Attention was given to maintaining the level of liabilities, in order to have good liquidity and stability at the bank level, within optimal costs. In 2014 OTP Bank Romania increased total customer deposits by 4% while market non-governmental deposits went up by 8%. We also increased the total loan volume by 4% in 2014 while market non-governmental loans decreased by 3% in 2014 y/y. The most noticeable increase in OTP Bank Romania loans was recorded for the corporate segment where loans grew by 18% y/y.

An important challenge of the year was maintaining the quality of loan portfolio through collection tasks for sales force and strengthening of risk management. We continued the Client Protection Program and were able to help clients reducing their overdue amounts. We managed to stabilize the quality of loan portfolio, while percentage of non-performing loans remained flat compared to the base year.

Generated and distributed direct economic value of OTP Bank Romania (based on the consolidated, audited, IFRS profit and loss statement, thousand RON)

		2012	2013	2014
I. Generated direct economic value	= 1	212,700	264,020	285,210
1. Net income from sales	Interest income + non-interest income (incl. net fees) (adjusted)	212,700	264,020	285,210
II. Distributed economic value	= 2+3+4+5	178,900	194,230	186,400
2. Operating costs	Operating costs – Personnel expenses – Depreciation	94,400	87,820	80,250
3. Employee wages and benefits	Personnel expenses – employer's contributions on wages	77,300	73,740	74,550
4. Taxes paid	Total tax-payment liability (including employer's contribution on wages)	6,500	32,300	31,350
5. Payments to equity investors	Divident	0	0	0
6. Community investments	Donation and sponsorship	705	372	254
III. Retained earnings	= 1-(2+3+4+5)	33,800	69,790	98,810

At the end of 2014 OTP Bank Romania's market share according to assets increased to 1.31% from 1.28% at the end of 2013. The bank ranked 15th according to assets coming up from 18th position in 2013.

The acquisition of Millennium Bank Romania, former member of Banco Comercial Portugues, was a key moment of 2014. As a result of the acquisition, the market share of OTP Bank Romania is expected to rise to approximately 2% and the newly merged bank is expected to move up to the 13th place amongst the top of banks present in Romania. Millennium Bank became part of OTP Group in January, 2015, therefore the performance reported by OTP Bank Romania at the end of 2014 does not include Millennium Bank's results.



2

FINANCIAL LITERATURE

„Youngsters need to learn the value of money and the way financial resources serve their goals. The economic context and recent studies reveal a lower education level in Romania than the European margin, which validates the necessity of investments in the financial education of the new generation. It is a mission that we all have the duty to embrace.”

László Diósi

President of “Right to Education” Foundation



2013 We said	2014 We did
Registration of "Right to Education" Foundation and offering trainings	We registered the Foundation and it is in the centre of our CSR activities.
FULFILLED	IMPLEMENTATION IS ON-GOING
NOT FULFILLED	

Enhancing financial literature is one of OTP Group's top community investment priorities, and OTP Fáy András Foundation in Hungary has an experience of over 20 years in this field. After finishing the thorough professional preparation, OTP Bank Romania launched its own "Right to Education" Foundation ("Dreptul la educatie") in 2014. The Foundation is endorsed both by OTP Group and OTP Bank Romania, and by OTP Fáy András Foundation.

The Foundation aims to **develop financial, economic and managerial skills among secondary school students** through the educational brand of OK Center. Features that make OK Center's trainings unique:

- Financial, economic and management curricula relying on scientific bases;
- Practical examples and lifelike exercises;
- Unique methodology merging the world's best economic educational elements and means. We believe in edutainment: teaching with entertainment, in a non-formal way, using interactive tools;
- Constantly updated content and program development by creating an inter-related, successive system of modules. The pedagogical methods used are based on interaction and combine concepts from psychology, communication and marketing. For each grade, different modules are prepared. All programs consist of modules of 4-6 hours; their number depends on the content and methodological approaches used by the trainers;
- Stimulating environment, using modern technology;
- Employment of experts with unique qualifications;
- Trainings are available all over the country, throughout the year;
- Trainings are free.

According to the feedbacks received from the participants of the trainings, we succeeded to meet the expectations. At the end of 50 training sessions (780 participants), organized in 12 cities from 8 counties, students made the following ranking regarding their expectations on the courses: to learn

something new in the financial field, while having fun; to manage their pocket money; to freely express their opinions and communicate openly; to build a dialogue with the trainer; to work in teams. As a conclusion, the teenagers evaluated the training session as an experience that supports their personal and professional development.

The questionnaire regarding the satisfaction degree of the participants reveals an excellent grade (4.7 on a scale from 1 to 5). "I gained new knowledge (about the Stock Exchange, about PayPass, about liquid assets etc.) but most importantly, I attended a personal development session. It opened my eyes to new horizons – those of the businessmen's world, of the banking and financial framework. I knew that the economy is the central axis in a country's gearing, but I never had the opportunity to learn more about the field. Until now. Maybe, who knows, I will work in the financial-banking field", says Vicențiu-Eduard Dine, a tenth grade student at "St. Sava" Highschool - Bucharest.

Besides operating the OK Center in Bucharest, "Right to Education" Foundation continued the previous activity of OTP Bank Romania in enhancing financial awareness by organising the "Dresorul de lei"¹ contest for the third time and other interactive programs for youngsters.

780

FINANCIAL EDUCATION TRAINING IN 20 HIGHSCHOOLS OF 12 CITIES FOR 780 STUDENTS IN THE SCHOOL YEAR 2014-2015 (163 PUPILS WERE TRAINED IN THE CALENDAR YEAR OF 2014).

13,000

13,000 MEMBERS OF THE FACEBOOK PAGE OF "RIGHT TO EDUCATION".

2015	OBJECTIVES AND PLANS
	<ul style="list-style-type: none"> ➤ Increasing financial awareness ➤ Searching for funding opportunities of the Right to Education Foundation and its programmes ➤ Offering financial education for the 14-18 age group ➤ Implementing Erasmus+ programme ➤ Implementing "Bethlen Gábor" Fund from Hungary ➤ Implementing OTP Career Programme <p>¹The contest is promoted on OTP Bank Romania's online advisory platform www.dresoruldelei.ro (Romanian) or www.penzidomar.ro (Hungarian).</p>

3

CLIENTS AND CORE BUSINESS



Serving our clients



Responsible product portfolio



Transparency, risk management and banking security



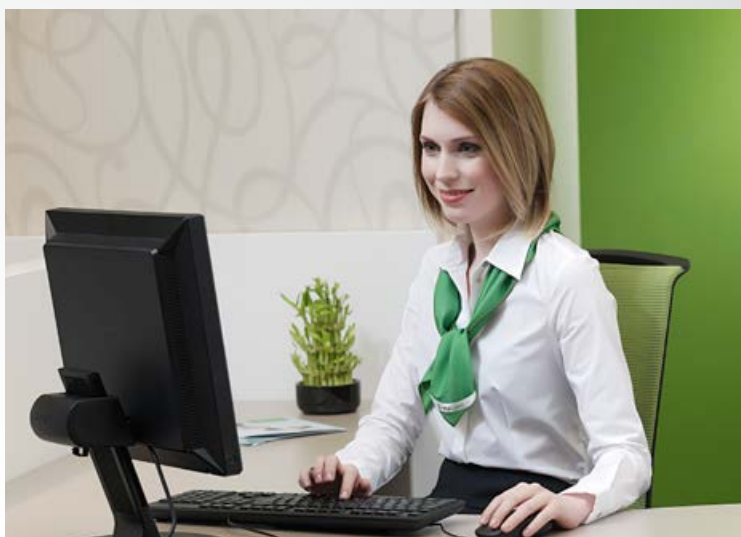
Our principles

The basis and most important aspect of our CSR approach 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.

Driven by a responsible, committed and highly professional approach, we strive to understand our clients' current needs and daily realities, and to act as a reliable financial advisor. OTP Bank Romania offers financial products and services that comply with the highest quality standards.

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

- maintaining stable business operation;
- responsible lending;
- encouraging savings through attractive deposit collection;
- offering a wide range of products and services responsibly, supporting our clients' financial aims;
- risk management and security;
- transparent pricing, transparent and open communication regarding our operation, services and performance;
- maintaining our excellent service quality and innovative approach.



OTP Mentor, SME Corner, Agri Guide, Standard loans for SMEs, Client Protection Program

2013 We said		2014 We did	
Launch a new Savings package campaign	✓	We launched the campaign.	
Extensive use of OTP Mentor Application	✓	We managed to extend the use of OTP Mentor.	
Improve the quality of transactional services	✓	We implemented developments regarding OTPdirekt channels.	
Recalibrate current account and attached services	✓	We implemented the recalibration.	
Develop POS package with commercial activities	✓	We introduced POS package.	
Introduce standardized lending products	✓	We launched 4 types of loan products for SME clients.	
Keep on the focus and product development in the agri business	✓	We continued the improvement of products and related services.	
Finance local governments' infrastructure development projects	✓	We financed 6 municipality projects in 2014.	
Raise internet banking penetration among individual clients	✓	We managed to raise penetration.	
Maintenance of existing loan portfolio	✓	DPD 90+ loan volumes were almost stable	
Development of new products with improved risk profile	✓	We reviewed risk based pricing matrix for personal loans and adjusted by targeting higher income clients.	
Improvement of self-assessment procedures	🔄	We improved self-assessment procedures	

✓ FULFILLED 🔄 IMPLEMENTATION IS ON-GOING ✗ NOT FULFILLED

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

3.1.1 Digital banking and branch network

We are committed to innovation and to e-banking, in correspondance with the increasing demand of Romanian population to use internet banking. OTPdirekt is a high quality service package, fitting perfectly the modern lifestyle and expectations. OTPdirekt includes three transactional channels (Internet Banking, Contact Center and SmartBank) and an informational one (SMS Alerts).

We placed emphasis on the development of mobile application and internet banking platform in 2014:

- ▶ upgrading the mobile application, SmartBank, with the subsequent facilities: opening and closing term deposits and intra-banking foreign payments. Both of the new possibilities were used more by individual clients;
- ▶ account statement and payment proof improvements on internet banking platform: including the reference to their validity without OTP Bank's stamp (366 thousand account statements and 111 thousand payments proof were generated). The queries are mainly used by legal entity clients.

Our clients tend to use e-channels more and more:

- ▶ 63% of individual and 72% of legal entities OTPdirekt clients used the service during 2014;
- ▶ transactions made by individual clients through OTPdirekt increased, reaching over 60%;
- ▶ during 2014, 390 thousand electronic statements were issued on internet banking by individuals and legal entities, 9% more than those issued on the counter.



We maintained our branch network. As of December 31, 2014, the bank's network structure comprised 84 branches, 122 ATMs and 1,311 points of sales distributed in all counties of Romania. Number of points of sales increased by 10% during the reporting period. Our network will broaden through Millennium Bank's acquisition, though its territorial units have a strong concentration in Bucharest.



OF INDIVIDUAL CLIENTS HAD ACCESS TO TRANSACTIONAL OTPDIREKT SERVICES



OF LEGAL ENTITY CLIENTS HAD ACCESS TO TRANSACTIONAL OTPDIREKT SERVICES



ELECTRONIC STATEMENTS ISSUED ON INTERNET BANKING IN 2014

3.1.2 Customer satisfaction survey

We continued to carry out customer satisfaction surveys in 2014 (that we began in 2012) among our clients 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 offered by the bank.

Key findings of the survey:

- › overall results show high similarity with those of the previous years, though net recommendation of OTP Mentor increased by 9%, while net recommendation in case of loans decreased by 6%;
- › there are no significant regional differences among clients' responses.



21%

21% OF THE CLIENTS ARE SATISFIED. THE MOST LIKED ASPECTS OF THE INTERACTION ARE THE KINDNESS OF THE COUNSELLOR, HIS/ HER PROMPTNESS, EFFICIENCY AND THE CLEARNESS OF THE COMMUNICATION

98%

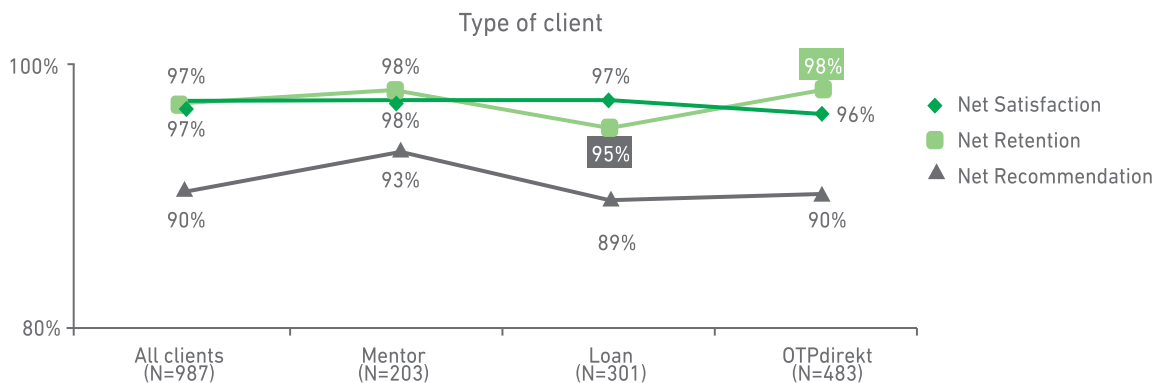
98% OF RESPONDENT CLIENTS WERE SATISFIED WITH THE INTERACTION WITH OTP BANK ROMANIA

98%

98% OF THE CUSTOMERS CLAIMED THAT THEIR NEEDS WERE CORRECTLY IDENTIFIED

77%

77% OF THE CLIENTS ARE VERY SATISFIED WITH THE INTERACTION WITH OTP BANK ROMANIA



Base: all customers

3.2

Responsible product portfolio

In this chapter we highlight products that own environmental or social advantage (e.g. satisfying essential needs with preferential conditions).

3.2.1 Products and services for individual clients

OTP Mentor Program makes the difference between OTP Bank Romania and other financial institutions for three years; through Mentor, we 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. Through OTP Mentor we support our clients to manage their money better. We inform and raise our clients' attention to possibilities to increase their funds.

By the end of 2014, the number of eligible Mentor clients increased by almost 30% y/y. An important KPI in Mentor activity, which indicates the excellent results in this area, is the increase of the cross-sell ratio among Mentor clients: the cross-sell ratio is 63% higher in the case of Mentor clients, than in the case of standard clients. We continued the onboarding process through Mentor IT tool, for all new clients, which generated a 100% improvement in cross-sell ratio for new customers y/y.

Mentor concept also focuses on the clients' savings and investments needs, through a consultative sales and investment advisory approach. In this context, the increase of the penetration rate of the investment funds and the clients' portfolio diversification is a very important goal of Mentor activity. By the end of 2014, 13% of Mentor clients' liabilities at OTP Bank Romania were invested in the investment funds (compared to 8% in the case of standard clients).

Through Mentor IT Application, constant retention activities for deposit clients were continued in 2014: at the beginning of each month, we created leads for clients with deposits, which expired that specific month, and the branch employees were responsible for contacting the client and retaining the deposits. As a result of the dedicated campaign in Mentor IT tool, OTP Saving package sales increased considerably.

The on-line advisory platform www.dresoruldelei.ro (Romanian) or www.penzidomar.ro (Hungarian) continues to promote OTP Mentor concept to a wider audience, using a practical and easy to understand message in an innovative, interactive and friendly form.



Liabilities

In order to attract clients, we concentrated on packages in 2014. To be in line with the trend of the Romanian savings market, OTP Bank Romania has periodically updated the pricing conditions for the liabilities products and launched several campaigns e.g.:

- OTP Savings package campaign dedicated to existing clients;
- Salary package, with an initial bonus for clients whose income is transferred to OTP Bank Romania.

Loans

The main focus continued to be set on personal loans in 2014, adapting to the market demands and as OTP Bank Romania was still targeting higher margin loans correlated with RON liabilities. At the same time, we continued to offer successful products with additional elements of responsibility (e.g. personal loan with Payment Protection Insurance, innovative personal loan offer where the interest rate of each 10th installment is zero, if there is no overdue).

Responding to our strategic priority to increase the number of clients transferring their income to OTP Bank Romania, we improved the personal loan for clients who receive their income through the bank, offering a welcome bonus.

We launched a mortgage loan in RON with new pricing scheme and with different discounts being applicable for clients with willingness to fulfill certain criteria. At the same time, we introduced mortgage loan "commodity" concept with competitive LTV conditions for certain cities with high liquidity residential markets.

11,739

CLIENTS SERVED WITHIN THE MENTOR PROGRAM

3.2.2 Products and services for small and medium enterprises

We consider SMEs (small and medium enterprises) crucial both to our operation and to sustainability aspects. We continued to express our commitment to SME sector by providing constant support and developing a wide range of products and services designed to meet customers' needs and expectations.

Profitability of SME business line increased considerably, triggered mainly by effective risk management and implementation of the improved and cross-sell/up-sell concept.

The total liabilities generated by the SME segment increased by 47% in 2014, and at the same time 40% of the total OTP Bank Romania's net income fee was generated by SMEs, confirming the strategic importance of this segment.

Our success was driven by the development of SME products and the increased efficiency of processes. We switched to standardized approach and simplified and decreased the number of documents requested to clients to provide faster solutions:

- › standard loans were introduced for different purposes (credit line, cash loan, free purpose loan and investment loan) with a maximum amount of EUR 200,000;
- › SME packages offer was recalibrated: with Exclusive option we offer an extra Private Banking package for premium clients; we enhanced the advantages of Efficient and Complete options by discounts;
- › OTP POS package was developed and launched to provide retailers an attractive alternative meeting all transactional needs with competitive pricing conditions;
- › we launched a pilot SME corner in Bucharest Branch, comprising dedicated infrastructure, an SME Officer devoted to serving the SME clients from operational point of view in order to increase the quality of services provided;
- › also as a pilot, a centralized processing point for mass approach loans (quick loans and credit cards) was set in the Head Office, to enhance business generation potential of the branches and third parties and allow regional managers to focus on small and medium clients, where the need for advisory services is more visible and important.

2,000

MORE THAN 2,000 NEW CLIENTS ACQUIRED; HOWEVER, AS A RESULT OF THE DATABASE CLEANUP, THE TOTAL NUMBER OF CLIENTS DECREASED DURING THE YEAR

We have been participating in the Government Guarantee Program for SME, in partnership with the National Guarantee Fund for SME. The Program's main objective is to ensure the SMEs access to funding through a credit line for working capital guaranteed by the state up to maximum 50% from the loan amount with a maximum value of 5 million RON/SME.

OTP Bank Romania's strategical goal is to become a bank close to the farmers, offering clients advice in preparing the documentation necessary to access loans and a quick response. Our interest was intensified for agribusiness and thus we analysed and monitored the products available on the market and modified our product portfolio tailored to the real needs of farmers (loan for pre-financing loan for beneficiaries of the Measure 215; pre-financing loan for subsidies for current activities by PNDC, loan for pre-financing SAPS grants, loans to purchase agricultural land). The development of our product portfolio was successful: the number of agri-clients increased while our portfolio enhanced significantly as well.

480

SMARTSTART PACKAGES WERE SOLD TO START-UPS AND MICRO-COMPANIES

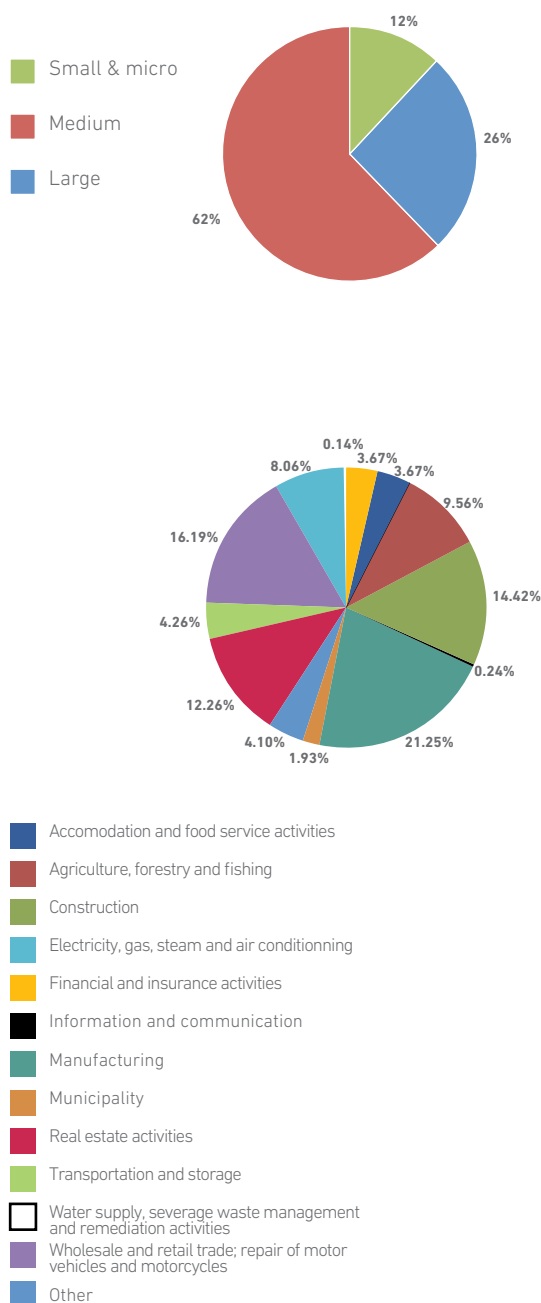
2,120

SMARTBUSINESS PACKAGES WERE SOLD

3.2.3 Products and services for corporate clients

Maintaining the excellent tailor made service, strengthening the client acquisition process and boosting lending in RON were our top priorities regarding corporate clients for 2014. Both number of clients and loan exposure increased in 2014 y/y. OTP Bank Romania loans achieved the most noticeable increase in the corporate segment by 18% compared to the previous year.

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



Our focus was on supporting agri business by providing dedicated tools:

- › Agri Guide was developed to bring together theoretical and practical aspects for tailored business conducted with clients classified as agribusiness, according to NACE. Designed as an accessible guide, it highlights a number of important elements recommended to be taken into account during the analysis process of clients, in order to develop a healthy and profitable Agribusiness client portfolio;
- › an agri market research was prepared, investigating both on regional and county-wide level. The research will be updated every time it is necessary;
- › new conventions and amendment to existing conventions (subsidies for surfaces of agricultural lands, aids for animal welfare like pigs, cows, birds etc.) were signed with APIA in order to pre-finance the subsidies/aids of EU Funds;
- › in order to identify the potential creditable projects we made a last review of the companies' list that may be eligible for financing from EU Funds in National Program for Rural Development 2007-2013.

We offer dedicated products to use EU Funds, supporting the development of eligible projects by granting additional loans.

- › OTP Bank Romania co-financed several projects with the EU, in order to support local authorities with modernisation of roads, sewage systems, education, rain water collection systems. Total volume of the projects covered 10 million RON, and was implemented by Comuna Tetchea, Comuna Valea Lunga, Primaria Comuna Corbeanca, Comuna Farau, Comuna Lazura, Comuna Joseni. Besides, a loan of 44 million RON was granted for infrastructure development to a private company;
- › our bank has a partnership with FGCR (The Rural Credit Guarantee Fund), and we have in balance a number of 8 credit facilities with the guarantee of the Fund. We expect that our partnership will mean an advantage to our agribusiness clients and will use the opportunity to strengthen their collaterals by the FGCR;
- › OTP Consulting Romania also provides support for the use of EU Funds, by project management and preparation works. The company had 52 contracts signed in 2014, covering the fields of support for small businesses, social infrastructure, urban development, agriculture, tourism transportation infrastructure, wasted water. The project of the consortium of OTP Consulting Romania and Universitatea Politehnica from Bucharest was granted by the European Social Fund. The "Entrepreneur – Ideas and the Development of the Entrepreneurship in Bucharest-Ilfov and Souht-West Oltenia Regions" will provide support for business ideas and start-ups owned by youngsters between the age of 18-25. The project will be implemented in 2015.

OTP Bank Romania is involved in financing the use of renewable energy resources: in 2014, 5 projects were granted, aiming to construct photovoltaic plants. The total volume of the projects was 28 million RON.

28mRON

PHOTOVOLTALIC PLANTS TOTALLING 28 MILLION RON

925

CORPORATE CLIENTS MANAGED IN 2014 (9% INCREASE COMPARED TO 2013)

18%

INCREASE OF CORPORATE LOANS Y/Y



3.3

Transparency, risk management and banking security

3.3.1 Transparency

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

- › We consider and treat the media as partners who have important role in informing the citizens about economic reality and changes. Our doors are always open; either it is an off-the-record conversation that we do regularly or a press conference. Keeping the 10th years anniversary in mind, we emphasized alliance, strategic partnership, engagement and professionalism, financial expertise and customized solutions, and responsibility through our media appearance.
- › OTP Bank Romania is an active member of the Romanian Banking Association, the Bank Deposit Guarantee Fund, the Carpathia Romanian – Hungarian Chamber of Commerce and Industry and the Hungarian Business Association in Romania. Consequently, we regularly give feedback and contribute to public policy changes.
- › We ensure a transparent pricing policy to our clients. This means that interest rates are upfront, and include all costs without any hidden commissions.
- › Besides, we want to make sure both our employees and clients are aware of the risks, proper use and benefits of products, and make decision based on all necessary information. In line with our values we are straightforward with our clients.
- › In order to ensure a proper understanding of products and services, we organized a specialized training to our employees who are in contact with individual clients in 2014 as well. We introduced a test for assessing the knowledge of sales network staff regarding the most important products and services.
- › We have been using “Framework Contract for Services and banking products” since 2013. The contract was invented as a result of Simplicity project aiming the simplification of documentation handed to the clients. It includes the current account, the bank card and OTPdirekt specifications.



- › OTP Bank Romania informs all the credit clients according to the national and European legislation regarding the risks of the loan through the dedicated form, 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. The key aspects and the 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 a transaction. During the process, our employees act as financial and business consultants.

In 2014 the National Authority of Consumer Protection requested the modification of credit agreements concluded before 2009. Specification of the fixed margin of interest rate reported at the time of concluding the contract is expected. All of the 68 legal proceedings closed in 2014 and related to consumer protection were caused by this expectation. Out of the 68 cases, 8 litigation processes resulted in fines totalling 25,000 RON. Besides these cases, 3 legal other proceedings were closed during the year, all conducted by supervisory authority; one proceeding resulted in fine, with an amount of 4,000 RON.

We continued the developments of handling clients' complaints in 2014:

- › a new form of filing complaints was introduced;
- › a summary of the process of handling clients' complaints was published on our website;
- › the mandatory content elements of written answers were finalized;
- › employees of the territorial units completed general trainings and tests on handling clients' complaints.

The most common types of complaint were related to the abusive terms of loans, decrease of interest rates and the commissions of loans. The significant increase of compensation paid to clients compared to the previous year is a result of the above mentioned modification of the National Authority of Consumer Protection's expectation.

Compensations paid to customers	2012	2013	2014
Compensation paid for legitimate complaints	82 cases 800 RON	128 cases 616,030 RON	105 cases 865,000 RON

3.3.2 Risk management

OTP Bank Romania preserved its stable position in 2014. The capital adequacy ratio stood at 12.7% at the end of the year, the same as the year before. The portfolio quality demonstrates favourable developments: the DPD 90+ loan volumes changed modestly.

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

We actively continued to offer the tools of our comprehensive Client Protection Program (CPP) in order to help individual clients with reimbursement difficulties in repaying the monthly instalments without accumulating huge penalties and consequently to prevent the increase of overdue loans and thus to keep a stable quality of the retail loan portfolio. OTP Bank Romania concentrated its efforts in the direction of those clients that are willing to pay the monthly instalments; our focus was to recover the highest amounts possible from monthly instalments. We succeeded to involve and support clients open for our help.

As of 2014:

- › CPP usage decreased significantly: 3.1% of total loans granted to individuals were restructured as of end of the year (which is 45% less than the percentage registered as of end of 2013);
- › we faced an increasing number of clients requesting CPP tools in case of personal loan, similarly as in the previous year, but the overall figure is still quite low if we consider the continuous slight sliding of new files towards inferior buckets including default.

Distribution of mortgage loans, personal loans and personal loan with mortgage still active in CPP in December 2014:

	Mortgage loans	Personal loans	Personal loans with mortgage
Restructuring activity y/y (RON equiv. volumes)	-40%	+60%	-35%
% of no outstanding payments	68% (-1% y/y)	67% (-129% y/y)	61% (-7% y/y)
% of less than 15 days overdue	7% (-6% y/y)	18% (+4% y/y)	15% (+4% y/y)

The highest newly restructured volumes were registered in the first quarter of 2014. The most commonly used client protection program tool was suspension again. Per total (active and exited loans in all three categories), CPP saved until now a loan portfolio of 451 million RON from delays, while a portfolio of 173 million RON is in delay below 30 days.

The figures above show us that although we work hard to resolve our clients' payment difficulties, there is still space for the improvement of CPP and for extension of its usage.

Default rate of loans exited from CPP as of end of 2014 – the figures changed slightly compared to the previous year:

	Mortgage loans	Personal loans	Personal loans with mortgage
Default rate (as per volume)	43%	70%	42%
Restored to payments without overdues (as per volume)	36%	13%	33%
Under 30 days past due	12%	9%	15%

In case of SME 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. The restructuring rate calculated based on

the SME portfolio volume registered a slight increase from 17.54% to 19.54%. In 2014, loans of 13 corporate clients were restructured, with a total amount of 63.6 million RON.



451 mRON

451 MILLION RON OF INDIVIDUAL LOAN PORTFOLIO WAS SAVED FROM DELAYS THROUGH CLIENT PROTECTION PROGRAM

During 2014 the overall volume of non-performing loans (NPL) decreased by 4.9 million RON compared to the previous year, reaching a ratio of 17.8% (+0.2% y-o-y). Split on the main categories are the following:

- › consumer loans: NPL volume increased by 45 million RON (+4,6% y-o-y);
- › mortgage backed loans: NPL volume increased by 13 million RON (+1.2% y-o-y);
- › SME loans: NPL volume decreased by 37 million RON (-1,8% y-o-y);
- › Corporate loans: NPL volume decreased by RON 25.5 mil (-3.3% y-o-y).

In order to handle risks affecting our activity we continuously develop our risk management system and review our processes regularly (e.g.: implementation of an agent monitoring tool to monitor non-performing consumer loans for total and for direct sales agents, limiting the access to CHF loans, setting targets for consumer loans, improved soft collection activities, reviewed risk based pricing matrix for personal loans to adjust targeting higher income clients, having better risk characteristics).

We use "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. Taking into consideration that the facility from EBRD funds is fully reimbursed, we made a simplified report for 2014, and from 2015 on, we intend not to publish the report. By the end of 2014, 2 loans were financed by EBRD loans both classified within the medium environmental risk category; the total client exposure was 1.7 million EUR.

Formally, OTP Bank Romania intends to comply with the legal regulations; but, to a certain extent, further environmental data are required in several cases and taken into consideration.

Regarding operational risk, we initiated the AMA approval process at the supervisory authority, a big step in managing operational risk. We also completed the self-assessment process regarding operational risks, thus being able to determine possible operational risks and their features. In 2014, the most frequently emerged operational risks were loans contracts related risks.

OTP Bank Romania complied with the international standards of "know your customer" and applied the requirements of the specific regulations.



3.3.3 Banking security

Banking Security Directorate and Compliance Directorate had merged in 2014 aiming to provide an even more effective organizational framework for these activities.

In 2014 we performed control missions throughout the organization regarding banking security and employees were trained regarding security instructions and anti-fraud activities. Professional skills development of employees of Compliance and Bank Security Directorate and sustained efforts on preventing extraordinary events, as well as strict compliance of regulations, resulted in 2014 success:

- › number of banking security events decreased at the territorial units;
- › territorial units became more conscious regarding prevention and providing information about fraud incidents to Compliance and Bank Security Directorate.

In the last quarter of 2014 several banks in Romania have been the target of ATMs attacks. Matching keys were used to open "ATM Service Partition" of OTP Bank Romania ATMs network during the night. We filed criminal complaints regarding these incidents, and a workgroup was set up within the bank to handle the issue; besides this, we improved the security level of the machines.

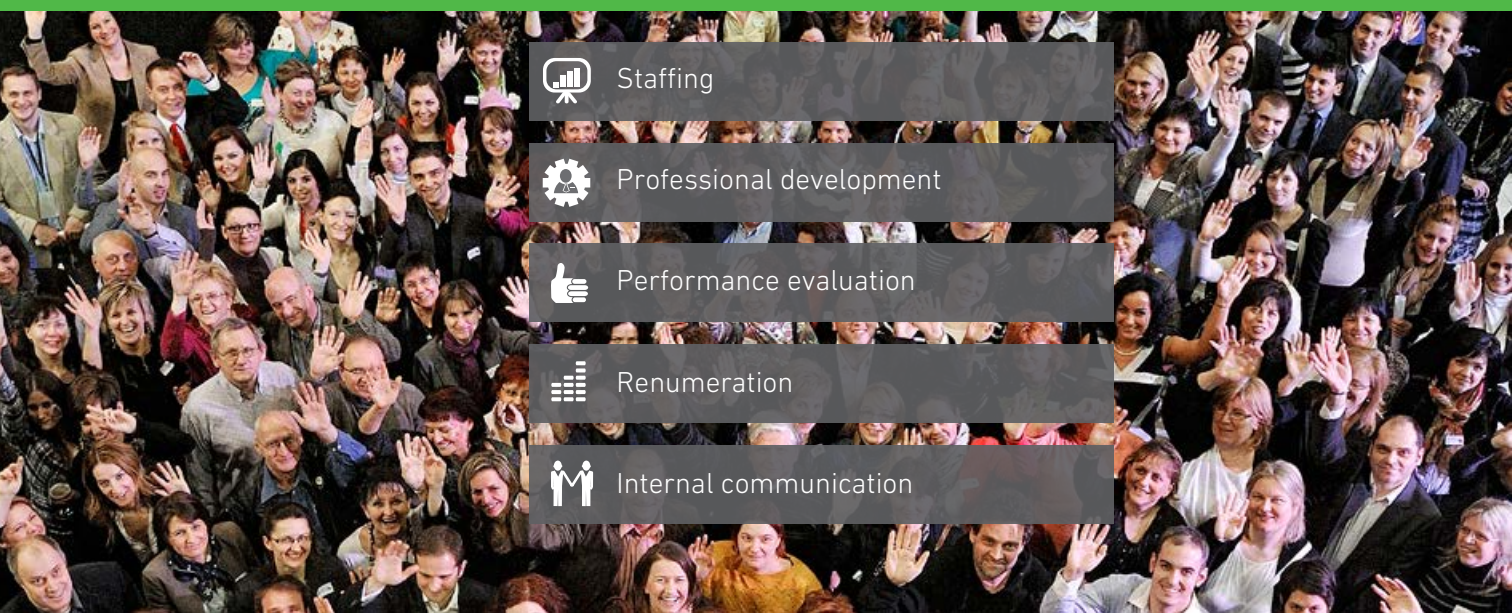
2015

OBJECTIVES AND PLANS

Analyze the products of Millennium Bank from risk point of view
Integration of Millennium Bank portfolio
Keep the focus and product development in the agribusiness
Sustain infrastructure development by co-financing local authorities with EU funds, by granting investment loans, bridge loans for eligible expenses
Revision of standard loans in SME segment in order to simplify and unify the eligibility criteria and collateral structure
Maintain the quality of the loan portfolio granted in CHF
Introduce the Code of Ethics of OTP Bank Hungary. Consequently, we intend to apply a risk based approach (e.g PEP clients)
Implement the "Entrepreneur" project supporting business ideas and start-ups of youth
Raise internet banking penetration among individual clients

4

EMPLOYEES



Staffing



Professional development



Performance evaluation



Renumeration



Internal communication

4. EMPLOYEES

Our principles

We are aware of the importance and the wide impact of the HR management on the bank's performance. Our staff transmits our values and our commitment to ethical behaviour towards the clients. Talented and devoted staff is essential to achieving our business goals both on the short and long term. We have a responsibility towards our employees by securing jobs and providing reasonable remuneration.

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 sound and personal integration program for new hires;
- › offering training for our employees based on performance and competence assessment;
- › offering opportunity for internal promotions;
- › offering opportunity for internal movements;
- › encouraging the talents within the bank.












We maintain successful workplace cooperation and appropriate employee relationships by:

- › continuous and consistent information regarding business and beyond;
- › internal events, team building, internal competitions;
- › acknowledging performance and commitment.

Within our capacities, we support our employees' health and recreation.

Trainings, Integrated platform for administration, Integration process, Internship

2013 We said	2014 We did
Evaluation of Leader Light Program	 We continued Leader Light Program by training the managers.
Finishing team formation project support for head office directorates	 We covered most of the employees targeted by the program.
Introduction of assessment centre for identifying training needs of employees with poor results	 We introduced the assessment, however the follow-up and continuous operation will take place after the merge with Millennium Bank.
Finalizing the use of integrated platform for performance management system, training administration and talent management	 We finalized the use of the platform.
Defining personal development plan for the CEO direct directorates talent pool participants	 The program is postponed, taking into consideration the merge with Millennium Bank.
Conduct a survey regarding Engage+ among employees	 We conducted the survey and the results are impressive.

 FULFILLED
  IMPLEMENTATION IS ON-GOING
  NOT FULFILLED



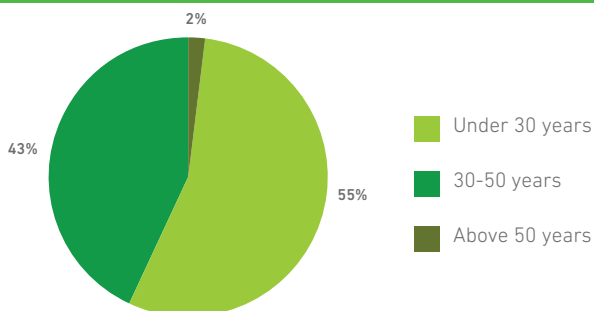
Staffing

As a result of the mergers and optimization within the banking sector in Romania, employment trends of the previous years continued: general employment decreased as several financial institutions reduced their headcount in 2014.

OTP Bank Romania managed to protect most of its employees, though our headcount also continued to decrease slightly (by 2.2% y/y). Headcount optimization remained the focus both in the head office and within the branch network.

Employee headcount data number of persons, December 31	2012	2013		2014			
	Total	Male	Female	Total	Male	Female	Total
Full-time employees	1,033	300	669	969	292	668	960
Part-time employees	1	8	17	25	6	6	12
Total number of employees	1,034	308	686	994	298	674	972
Percentage of employees with a fixed-term employment contract	3%	2%	5%	4%	2%	5%	5%
Percentage of male	29%	-	-	31%	-	-	31%
Percentage of female	71%	-	-	69%	-	-	69%

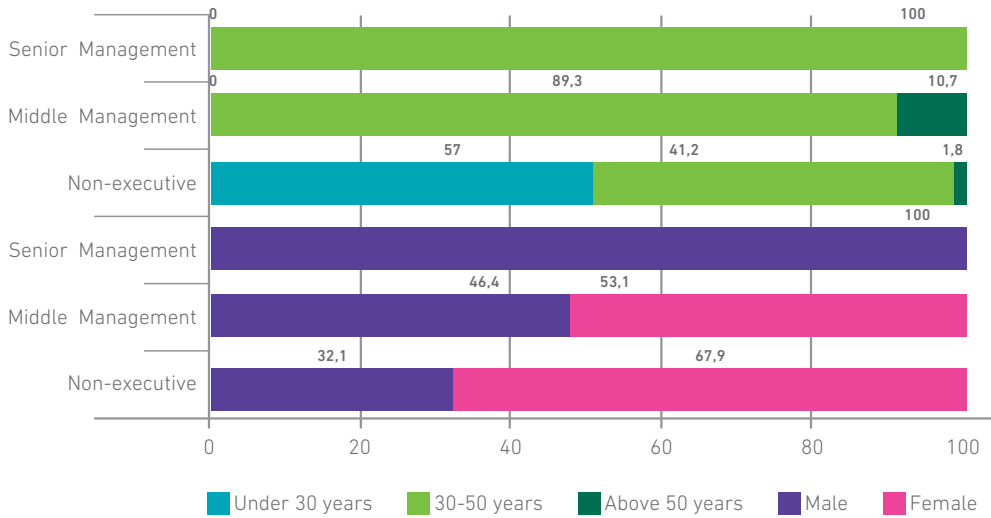
BREAKDOWN OF EMPLOYEES BY AGE GROUP, 2014



Our staff became younger in 2014, percentage of employees under 30 increased by 27%.

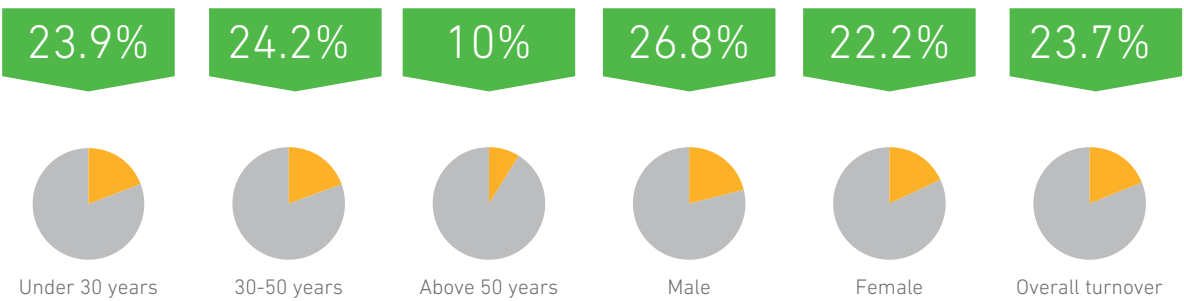
BREAKDOWN OF POSITION BY AGE GROUP AND GENDER

31.12.2014



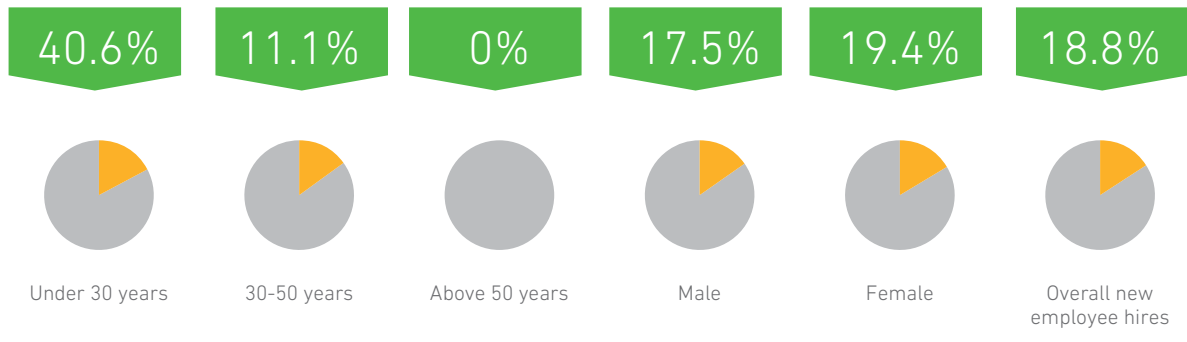
PERCENTAGE OF EMPLOYEE TURNOVER BY AGE GROUP AND GENDER

31.12.2014



PERCENTAGE OF NEW EMPLOYEE HIRES BY AGE GROUP AND GENDER

31.12.2014



We are committed to the professional education of the youth, thus providing them the possibility to gain on the job experience. We launched a new internship procedure in 2013, and succeeded in enhancing the attractiveness of the program in 2014: application number increased compared to 2013, and we hired 5 interns.

Professional development

We invested in trainings considerably in 2014. The average training hours increased by 33%, to 34 hours a year per employee compared to 2013. We intend to support our business strategy to the fullest possible extent. Thus we focused on:

- › trainings facilitating sales force both in-class (e.g. SME Consultative Selling Skills) and on the job (e.g. monthly visit including trainings and coaching on systems, processes, regulations by Regional Trainers for branches);
- › for branch managers, Leader Light program was continued with the aim of developing their managerial skills on the basis of the formerly performed assessments;
- › introduction program for all new hires got in force (the courses include specific situations from the real life and from our bank's practice with customized movies).

163

163 APPLICATIONS FOR INTERNS POSITIONS AND 27 HOSTED INTERNS

1.7mRON

1.7 MILLION RON FOR TRAINING

Internal

External

Hours of in-class training per employee	Internal			External					
	2012	2013		2014		2014			
Senior management	24.6	7.7		73.6		156.8			
Middle management	0.7	18.1		48.3		129.7			
Non-executive	0.9	16.1		22.5		5.8			
Average	1.1	Male	Female	Male	Female	Male	Female		
		14.1	17.1	16.0	27.1	9.4	9.1	12.9	8.8

Performance evaluation

Our greatest challenge is to smooth the merger with Millennium Bank. To become a more efficient bank and to take advantage of the acquisition, rationalization on headcount will be unavoidable; at the same time we are willing to provide equal opportunity and to work with the best ones. Committed to equal opportunities and performance, personnel assessment for all of Millennium Bank's directors and managers, including branch and agency managers, was conducted (OTP Bank Romania's staff evaluation took place within the frame of the introduction of performance management system in 2013).

We introduced the new integrated platform for sustaining performance management system, training administration and talent management. The system eased and made both processes and reporting faster. Our colleagues have the opportunity to track their team's performance on a user-friendly and professional platform.

We retained our tradition to honour our employees' commitment and high achievements by awards. Being proud of our employees with outperforming sales results we highlight the best individual and team contributors in a dedicated section of our online internal newsletter, OTP Magazin. We post a special message on our intranet platform. We honour loyalty by diplomas each month for colleagues celebrating their anniversary of working at OTP Bank Romania, we have approximately 80 colleagues every month to greet. Around 20 diplomas are handed over at the Christmas party to our colleagues, honouring outstanding commitment to team work, exemplary motivation and proactive attitude combined with professionalism.

Remuneration

Major principles and practices of our Remuneration and Benefits Policy remained unchanged in 2014. Performance ratings are closely related to the performance management system, and our policy provides transparency and equality in base-pay. In case of dismissal caused by the organizational restructuring, severance pay is provided depending on the former performance. For headquarters employees we intend to reintroduce meal tickets by the beginning of 2015.

OTP Bank Romania provides the same benefits to full-time employees and temporary or part-time employees:

- › regular benefits like life insurance, medical services, meal or meal vouchers, banking sector benefits, retirement benefits equalling at least 2 months basic salary;
- › benefits in special cases like child birth, marriage, a family member's death, death of an employee.

We maintained the medical services for our colleagues, a great feat amidst cost cuttings. 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 own health and accident insurance, discounts are available at dental and medical clinics, besides, we provide discount for 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 headquarters staff.

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

Preferential holidays are available in our accommodation facilities for years. In 2014 we provided this opportunity in Constanta.

Number of employees benefiting from preferential holidays	2014	
	Branches	Head Office
Constanta - individually	39	45
Constanta - team building	9	70



Absenteeism caused by illness or accident	2012	2013			2014		
		Male	Female	Total	Male	Female	Total
Sick leave (number of working days)	30,442	6,747	15,201	21,984	7,082	15,237	22,319
Rate of absenteeism	12.5%	9.4%	9.6%	9.5%	10.2%	22.0%	9.9%

One accident occurred to a female employee in 2014. No accidents occurred in 2012 and in 2013. No fatalities occurred in the last three years.

Internal communication

We intended to reinforce the 10th anniversary of OTP Bank on the Romanian market to our colleagues, thus transmitted the slogan: "We have been building trust for 10 years".

OTP Bank Romania traditionally places great emphasis on internal communication, focusing on accessible, informative and inclusive information. The main channels of internal communication are e-mail, intranet (Engage+), OTP Magazin, management meetings and informal meetings.

In 2014 we conducted an internal communication audit among our managers (with more than 150 respondents):

- › results are impressive, the overall satisfaction regarding internal communication increased further to 99.38%;
- › according to the results the most preferred channel of internal communication is email, and 99% of the respondents like both the approach and the content of the messages all the time or most of the time;
- › 78% of the respondents are very satisfied or satisfied with the content and approach of Engage+. The most visited pages on Intranet portal were internal regulations and business applications;
- › almost 99% of the respondents read our internal newsletter, OTP Magazin. The most popular sections are *OTP Bank News*, *Who we are and what we do*, *Chatting with and Press Talk*;
- › 73% answered that he/she is familiar with the CSR activities of OTP Bank Romania, and 80% volunteered at least one time.



99% OF THE RESPONDENTS ARE SATISFIED WITH INTERNAL COMMUNICATION

2015

OBJECTIVES AND PLANS

- › Implementation of the merger with Millennium Bank
- › Reintroduction of meal tickets to headquarters employees

5

COMMUNITIES





Our principles

In line with our commitment to support the community, we launched the "Right to Education" Foundation at the end of 2014. Besides the projects implemented by the foundation, we continued to help the communities we are part of by:

- › volunteer work: a way of helping that provides mutual benefits for the recipients and the givers as well;
- › sponsorship: through money or in-kind 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.

Our sponsorship policy is stable, and focuses on the following fields:

- › Give Chance: OTP Equal Opportunity Program aims to support disadvantaged groups, who need to overcome a drawback – mental or physical handicap, lacking resources to obtain proper education – and also to support children and youth organizations. We attempt to help these groups by improving their life quality and by integrating them in the society;
- › Reinforce Communities: OTP Community Building Program supports events, programs that reinforce communities and contribute to the preservation of cultural heritage and further cultural development;
- › Support Sports: OTP Sport Program promotes sports organizations, competitions and leisure activities that require physical and mental stamina, concentration, tactical skills and accurate team work.

Internal Fair Maintenance of strategic sponsorship activities

2013 We said

Improvement of our CSR dedicated website, www.estedreptulmeu.ro

2014 We did

✘ We switched our focus to Right to Education Foundation and its website (www.okcenter.ro).

✓ FULFILLED 🔄 IMPLEMENTATION IS ON-GOING ✘ NOT FULFILLED

Volunteering

Volunteering is a tradition at OTP Bank Romania. We strive to support and implement our employees' own initiatives. In 2014 we continued our programmes:

- we organized the "Donate Blood! Save Lives!" event in partnership with Centre of Sangvin Transfusions at our headquarters in Bucharest. 48 of our colleagues gave a total of 24 litres of blood, helping 144 people altogether;
- we carried out an internal campaign promoting the possibility of personal income tax of 2% to be directed to the non-governmental sector; we offered all the relevant information (including promoting the Right to Education Foundation) and provided the necessary forms during the two months of the campaign;
- we organised internal fairs on special occasions (Easter, 1-8 March, Christmas) where the products to buy were created by people living with disadvantages.

Sponsorship

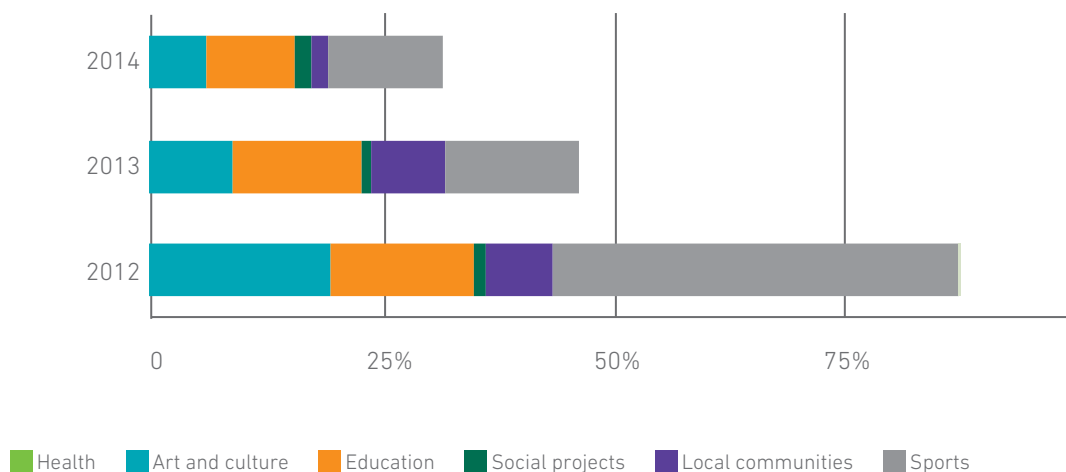
Following the strict budget control and cost cutting we had to decrease the budget of sponsorship further compared to the previous years (32% y/y). Committed to long term relationships, we supported organizations and initiatives we consider strategic. The rate of support among the different fields changed only small-scale compared to 2013.

In 2014 the main projects and events we supported remained:

- Miercurea-Ciuc Sport Club: support of the hockey club;
- YouthBank: support of the YouthBank project in Sf. Georghe and Odorheiu Secuiesc. YouthBank provides every year the opportunity for about 15 youngsters aged between 15 and 20 from each town where the program is implemented, to create, promote and transparently administrate a special fund in order to finance projects implemented by highschool students;
- Ciuc Museum and Miko Ferenc Association: support of the exhibition History of Miko Citadel in the light of archaeological discoveries and other activities and exhibitions;
- Pro Oeconomica Association: contribution to the international research study Global Entrepreneurship Monitor for Romania and to the Case Studies Days in Cluj.

Furthermore, OTP Bank Romania donated IT equipments (PCs and multifunctional printers) to 8 NGOs and 3 schools from the country.

AMOUNT OF SPONSORSHIP BY CATEGORY, 2012-2014







6

ENVIRONMENT



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, waste management and rationalization of business travel. Reducing our energy, water, paper consumption is also important for saving costs. No major investment could be implemented in 2014 because of two main reasons: decreasing costs is of great importance for years, and tasks related to Millennium Bank's acquisition forced us to postpone investments.



Energy

Mainly due to the weather conditions OTP Bank Romania's energy consumption decreased by 25%, to 28,700 GJ in total in 2014. Our electricity supplier ensures that a significant ratio of our consumption derives from renewable resources.

Business travel

It is a significant portion of our environmental impact. We managed not to increase the kilometers run by the vehicle fleet, thus the related CO2 emission also did not change significantly.

Number of business flights continued to decrease and fell by more than 20% compared to 2013, as we used the videoconference infrastructure to the fullest possible. The related CO2 emission fell equally. Millennium Bank's acquisition required more visits to Budapest, but besides that, most of the flights took place within Romania.

Energy consumption	Total (1,000 GJ)			Per employee (GJ)		
	2012	2013	2014	2012	2013	2014
Electricity	19.4	20.7	15.5	18.5	20.6	16.0
Natural gas	11.5	11.4	9.2	11.0	11.3	9.4
District heating	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Vehicle fuel	4.5	4.1	4.0	4.3	4.1	4.1

The chart shows an estimation of energy consumption.

CO2 emissions, tons		2012	2013	2014
Direct	Vehicle emissions	295	268	277
	Air travel related	159	42	33
	Resulting from natural gas consumption	562	634	512
Indirect	Resulting from electricity consumption	594	633	474
Total		1,610	1,577	1,296
Per employee		1.53	1.57	1.33

9,000 GJ

SAVED MORE THAN 9,000 GJ BY DECREASING OTP BANK ROMANIA'S ENERGY CONSUMPTION, THAT MEANS ABOUT 130 PERSONS ENERGY CONSUMPTION PER YEAR.



Printing and paper

We made further progress towards a paperless office. OTP Bank Romania managed to decrease its paper consumption by 12% and its use of cartridge by 20% compared to 2013. The success is mainly due to the stricter control of printing, the bank introduced the user authentication both for prints and copies.

Waste

We made a further step towards environmentally conscious waste management: besides the headquarters, Bucharest branches were involved into centralized waste paper collection. The weight of selectively collected paper increased more than tenfold (to 10.5 tons). Cartridges are recycled for years everywhere due to our participation in Xerox Green World Alliance. Paper and PET bottles are sorted at our headquarters offices.

Our continuous cooperation with Greentronics allows us to collect electronic waste and used batteries throughout the bank and send them to be recycled. 100 pieces of computers were scrapped out of 1,400 in 2014.

Procurement

Our procurement policy remained unchanged within the reporting period. Procurement of OTP Bank Romania is centralized at bank level. Even though Investment Committee of OTP Bank Hungary decides on high value investments and several parts of IT procurement, this is controlled by direct or indirect means (e.g. special regulations, prices valid at OTP Group level). The most determining factor when selecting a product or service is price-quality ratio.

Used materials	2012	2013	2014
Paper (tons)	77	83	73
Printer cartridges (kgs)	424	667	534

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GRI INDEX



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.

No. 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.	7.	
1.2	Description of key impacts, risks, and opportunities.	7., 16., 19., 21., 31., 34., 40., 42.	
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.	14.	
2.4	Location of organisation's headquarters.	back-cover	
2.5	Number of countries where the organisation operates		Romania
2.6	Nature of ownership and legal form.	back-cover	

No. of Indicator	Description of Indicator	Page	Comments
2.7	Market served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	website	See the Annual report @ http://www.otpbank.ro/en/about-us/otp-bank-romania/annual-reports/
2.8	Scale of the reporting organisation.	12.	
2.9	Significant changes during the reporting period.	website	See the Annual report (link above)
2.10	Awards received in the reporting period.	13.	
Report Parameters			
3.1	Reporting period for information provided.		Calendar year 2014
3.2	Date of most recent previous report.		We published our last report in 2013. http://www.otpbank.ro/export/sites/default/ro/despre-noi/responsabilitate-sociala/raport-CSR-2013.pdf
3.3	Reporting cycle.		Annual
3.4	Contact point for questions regarding the report or its contents.	9.	
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.	9.	
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement.		Modification in data gathering, or correction of information if they proved to be incorrect afterwards.
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.	50-54.	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.	40. 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 Code of Ethics.

No. of Indicator	Description of Indicator	Page	Comments
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.
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 Ethics, 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.	15.	The Management Board ensures the management function within the Bank, by fulfilling all the necessary and useful actions for the achievement of the Bank's activity object, excepting for those that according to the law falls within the competence of the Supervisory Board and of the General Shareholders Meeting.
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	15.	The Supervisory Board ensures the supervision function within the Bank, by exercising the permanent control over the Management Board, and also on compliance of its activities with approved strategies and policies.
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation.	website	
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 http://www.otpbank.ro/en/about-us/social-responsibility/annual-reports.html
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	40. 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.	16.	
EC4	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.
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/

No. of Indicator	Description of Indicator	Page	Comments
Environmental Performance Indicators			
Management Approach		46.	
Energy			
EN3	Direct energy consumption by primary energy source	47.	
EN4	Indirect energy consumption by primary source	47.	
Emissions, Effluents and Waste			
EN16	Total direct and indirect greenhouse gas emissions by weight	47.	
Labour Practices and Decent Work Performance Indicators			
Management Approach		33.	
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.	36-37.	
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.		
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.	39.	
LA8	Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	39.	
Training and Education			
LA10	Average hours of training per year per employee by employee category.	37.	
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	37.	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.
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.	
Human Rights Performance Indicators			
Management Approach		33.	
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.

Nr. of Indicator	Description of Indicator	Page	Comments
Society Performance indicators			
Management Approach		28-29.	
Corruption			
S02	Percentage and total number of business units analyzed for risks related to corruption..	31.	
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.	29.	
Product Responsibility Performance Indicators			
Management Approach		21.	
Product and Service Labeling			
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	23.	
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.	29.	
Financial Services Sector Supplementary Performance Indicators			
FS2	Procedures for assessing and screening environmental and social risks in business lines.	30.	
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.	24-29.	
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.	24-29.	
FS15	Policies for the fair design and sale of financial products and services.	21. website	See CSR report 2009 for details. (Link above)
FS16	Initiatives to enhance financial literacy by type of beneficiary.	18-19.	

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