



2015

CSR

OTP BANK ROMANIA  
CORPORATE SOCIAL  
RESPONSIBILITY  
REPORT



2015

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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 is highly committed to CSR, it reflects to our long term thinking, stakeholder engagement and value creation. I am glad to highlight the success of our "Right to Education" Foundation."

**László Diósi**

CEO, Chairman of the Management Board

A stylized, handwritten signature in blue ink, consisting of several fluid, overlapping strokes.

## WELCOME

Dear Reader,

I am glad to recommend you the 8th Corporate Responsibility Report of OTP Bank Romania.

2015 was a challenging year for us and I am proud that we closed it with some success stories. We not only achieved the best financial result in our history, but with Millennium Bank we also accomplished our first merger.

The acquisition of Millennium Bank was an important step towards our strategic goal: to become a member of the top 10 biggest banks in Romania. Our market share reached 2.28% and our branch network increased by 22%. The integration process required a special effort and engagement from our colleagues. From the technical point of view the process is completed, although the integration of different organisational cultures takes longer. We are fully engaged to operate in a cooperative environment and we are open to learn the good practices from our new colleagues. Our mid-term culture program is about to launch, in which we are going to focus on collaboration, learning and development as well as internal communication.

The other determining issue for OBR was the CHF conversion program in 2015. The significant increase of CHF exchange rate highly impacted our clients.

We were the first bank in Romania who offered a temporary solution for the clients concerned, and we were also among the firsts who provided the long term solution: offering a significant discount on the amount of debt and converting the loan into RON or EUR. 72% of the eligible clients made use of this opportunity and the discount granted to clients amounted approximately 63.5 million CHF.

I am convinced that our offer was among the best in the market and we could support our clients effectively.

Foundation year by year. Relying on a well-founded and at the same time innovative and unique method, we provide free of charge financial education trainings throughout the country for students. In 2015 almost 800 students benefited from the trainings and their enthusiastic feedbacks are our best inspiration.

We deepened the knowledge of our stakeholder's expectations regarding our CSR performance by a survey involving a wide range of stakeholders. The results, together with the managers' evaluation, served as a basis for determining the material sustainability issues for OBR. The report was adjusted to the newly explored expectations and as usual it is prepared in accordance with the GRI Guidelines. I hope you will find our report even more useful and interesting.



# ABOUT THIS REPORT

This CSR (Corporate Social Responsibility) report is in accordance with the GRI (Global Reporting Initiative) Guidelines. This is the first time we created our report in line with the G4 version of the Guidelines, fulfilling the 'Core' application level. Please find GRI index at page 48.



We determined the material aspects for OTP Bank Romania (OBR) involving our main stakeholders and our managers. We intended to explore the main stakeholder groups' expectations and opinion regarding OBR's CSR activity and performance by a dedicated survey. It involved the main stakeholder groups and the representatives of media. Besides, our managers rated the sustainability aspects taking into consideration the impacts. On the basis of the stakeholder views and the managers' evaluation, the following Aspects of G4 are material for OTP Bank Romania - in the order of their importance:

- Product and Service Labelling
- Anti-corruption
- Equal Remuneration for Women and Men (new Aspect – indicator covered from 2016 on)
- Marketing Communications
- Training and Education
- Customer Privacy (new Aspect – indicator covered from 2016 on)
- Diversity and Equal Opportunity
- Product Responsibility Compliance
- Non-discrimination
- Employee and Management Relations (new indicator)
- Investment (Human Rights) (new Aspect – indicator covered from 2016 on)
- Occupational Health and Safety
- Local Communities (new Aspect – indicator covered from 2016 on)
- Compliance
- Security Practices (new Aspect – partially covered indicator)
- Human Rights Assessment (new Aspect - indicator covered from 2016 on)
- Freedom of Association and Collective Bargaining (new Aspect – partially covered indicator)
- Employment
- Product Portfolio – sector specific (new indicator)
- Anti-competitive Behaviour
- Economic Performance
- Market Presence
- Environmental Compliance (new indicator)
- Energy

Both the managers and the external stakeholders expressed that Product Responsibility and compliance in all aspect are the most important sustainability fields for OTP Bank Romania, and that Labour issues have to play a key role also. For external stakeholders, human right issues proved to be very important and more significant than for managers. Managers evaluated Economic topics higher than external stakeholders, for whom this is the least important from sustainability point of view. Environmental topics are not really influencing sustainability performance neither for managers, nor for external stakeholders. The list of the material Aspects above is created by the two surveys' average. Economic and Environmental Aspects would be below the threshold, but we decided to cover 2-2 Aspects from both Category.

The new methodology we used to determine the material Aspects confirmed our thinking of CSR and reporting practice.



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

The report covers most of the material Aspects, but in case of some Aspects we need more time to gather adequate information on the indicator required by the GRI. We will provide information regarding these Aspects in our next CSR report. The Boundary is OTP Bank Romania for all Aspects.

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. 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.

We encourage the use of our homepage ([www.otpbank.ro](http://www.otpbank.ro)) and our previous reports for a deeper insight. We also draw your attention to our homepage dedicated to our efforts in financial literacy (<http://estedreptulmeu.ro>).

Reliability of data is ensured by the methodology of reporting and the SAP-based CSR database that is used within the entire OTP Group. We provide data for 2013, 2014 and 2015 to make information comparable and trends visible, whenever it is possible.

We hope to provide a comprehensive picture of our CSR activities and performance, but we are willing to develop further therefore, ask you to please take the time to share your thoughts with us and send us feedback to [csr@otpbank.ro](mailto:csr@otpbank.ro).

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# 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 economic performance in 2015



## 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.

Through the acquisition of Millennium Bank we made an important step towards our strategic goal: to be among the 10 largest banks in Romania. At the end of 2015, OBR's market share increased to 2.28% from 1.31% y/y and climbed to 12th position in the Romanian banking market.

We served 362,000 clients in 2015 (23% increase y/y) and we are accessible in the whole country through our 101 branches and by our user-friendly electronic channels (OTPdirekt).

We provide special financial services in Romania through our subsidiaries:

- *OTP Consulting Romania* offers project-focused consultancy services to local authorities and SMEs, primarily concerning EU Funds.
- *OTP Leasing Romania* offers car, commercial vehicles and equipment leasing products. In 2015 OTP Bank Romania took the control of the company by acquiring 60% of the company's share.
- *OTP Asset Management* offers innovative investment services.
- *OTP Factoring* supports clients in solving their financial problems represented by receivables portfolio management purchased from various banking and financial institutions and nonbank financial institutions.
- *OTP Advisors* provides direct, fast and tailor-made sale services to OTP Bank Romania's loan 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 has a stable background as a member of the OTP Group. OTP Group provides universal services in Hungary, Romania, Montenegro, Croatia, Bulgaria, Russia, Ukraine, Slovakia and Serbia, for 13.5 million clients, through a territorial network of 1,300 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 be acknowledged as a strong, stable and beneficial partner providing universal financial services. A partner that delivers efficient management, dynamic growth and strong social responsibility commitment.
- We consider that trust, dynamism, innovation, stability, client orientation, professionalism, flexibility, transparency, integrity are equally important.


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

### OTP BANK ROMANIA 2015

Branches	<b>101</b>
Employees*	<b>1210</b>
Number of clients	<b>362,000</b>
Total assets	<b>8.96 billion RON</b>
Market share	<b>4.6%</b>
Total amount of tax paid	<b>25.4 million RON</b>
Total cost of employee training	<b>1372 k RON</b>
Total amount of sponsorship	<b>635 k RON</b>
Proportion of branches made accessible	<b>99%</b>
Energy consumption per capita	<b>25.1 GJ</b>
CO2 emission per capita	<b>1.1 t</b>
Total paper used	<b>75 t</b>

 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	<b>1,328</b>
Employees	<b>35,835</b>
Total capitalization	<b>5.4 billion EUR</b>
Total assets	<b>154.9 billion RON</b>
Total amount of tax paid	<b>2.4 billion RON</b>
Total cost of employee training	<b>10.2 million RON</b>
Total amount of donation	<b>36.3 million RON</b>
Proportion of branches made accessible	<b>58%</b>
Energy consumption per capita	<b>27 GJ</b>
CO2 emission per capita	<b>1.13 t</b>
Total paper used	<b>4633 t</b>

IFRS data at December 31, 2015  
\* Total number of employees

# BEST BANK AWARD

We are proud of the prizes awarded to OBR in 2015

## THE BANK OF THE YEAR IN PRIVATE BANKING AND CORPORATE BANKING PRODUCT OF THE YEAR:

OTP Bank Romania's **significant achievements in financial and economic fields** were awarded on the Financial Market Magazine Awards Gala.

**INNOVATION IN BANKING:** EMFA, a not-for-profit association specialised in retail financial marketing, acknowledged the new possibility of **OTPdirekt**: clients can ask for real time support through the chat function. To simplify the process clients can share their screen with an OTP Bank consultant.



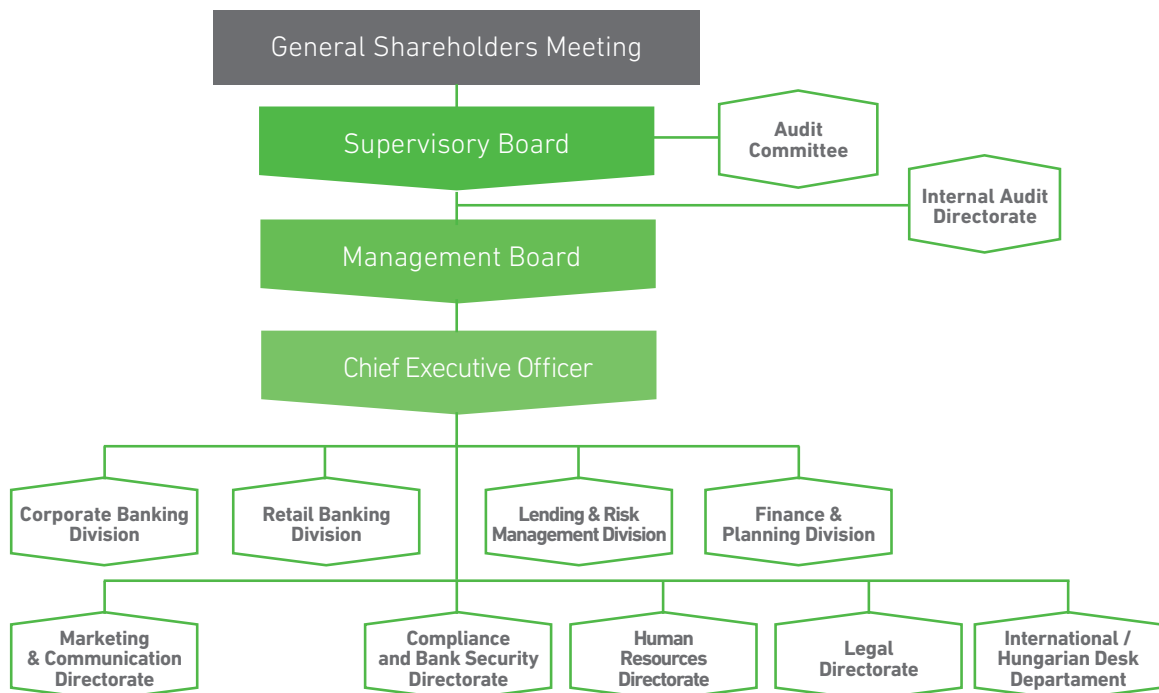
## Governance and organisational structure of OTP Bank Romania

OTP Bank Romania has a two tier corporate model. Besides the Supervisory Board and the Management Board, permanent committees are decision-preparing, decision-making, and advisory organisations of the bank. The competencies, functioning and structure of the Committees are established by the Management Board, except for the Audit Committee. The Audit Committee is established by the Supervisory Board. The main responsibilities of the Committees are the followings:

- **Audit Committee:** operates independently from the bank's management. It supervises the functioning of internal control and audit activity. It monitors the bank's compliance with the applicable legal provisions, Constitutive Deed, internal regulations and policies approved by Managing Bodies.
- **Risks Management Committee:** monitors the significant evolutions that might influence the bank's risk profile, develops risk management policies according to the law and to our internal regulations.
- **Asset-Liability Committee:** optimises the financing structure (liquidity, interest rate risk management, capital maintenance etc.) of the bank.
- **Product Development, Sales and Pricing Committee:** appraises and approves products, services and sales development strategies and proposals, and supervises the implementation processes.
- **Credits Committee:** approves the credit reports, overviews the working processes, monitors the adequate distribution of responsibilities within the lending activity.

- **Loans Monitoring Committee:** reviews and evaluates the problematic clients/ client groups and decides on the related Action Plan, decides upon the risk status of the clients. It also makes proposals for IFRS provisions and approves the provision amounts.
- **Loan Recovery Committee:** approves non-performing loan reports, monitors the Restructuring and Work-Out Directorates' performance on the disposed measures, approves proposals regarding the start of recovery procedures.
- **IT Development Committee:** analyses and decides on software and IT&C developments, technical solutions of products, procedures and projects, approves the Data Ownership scheme.
- **Ethical Committee:** gives opinions and recommendations on the application and development of the Code of Ethics, makes decisions regarding non-observance of Code of Ethics.
- **Business Development Committee:** prepares and approves the annual business strategy, monitors the strategic actions and projects, monitors the profitability of business lines. It analyses and proposes the general frame of personal performance management systems for persons involved in the sales process. Coordinates the marketing plan.

Several changes were made within the organisational structure of OTP Bank Romania in 2015. We reduced the number of divisions to four: the former IT and Logistics Division's units report to the Finance & Logistics Division (former Finance and Planning Division) through an executive director. Several new units and departments were set under the Divisions in order to have a more efficient structure.



## 1.2

### CSR at OTP Bank Romania

#### Our principles

Our approach to CSR remained unchanged in 2015: CSR is a business philosophy for OTP Bank, as it influences the decisions we make in many aspects of our company's life. We always keep in mind the social and environmental impacts when it comes to business operations or interactions with our stakeholders.

We are committed within our core business and beyond: we are connected with the communities we are part of, thus we have responsibilities for them.

We have prepared our stakeholder map in 2009, determining the parties we affect or who have an influence on the Bank; these are clients, employees, owner, suppliers, competitors, local governments, media and society. On the basis of the stakeholder map, we are engaged to the following stakeholder groups:

- clients,
- owners,
- employees,
- suppliers,
- society,
- environment.

We aim to balance the stakeholders' interests: in order to be a responsible bank, we have to be aware of our stakeholders' expectations and at the same time we need to keep them informed on our activity. We have a regular (at least monthly) contact with all the stakeholder groups, and have day-to-day contact with the primary stakeholders

(employees, clients, owners). Please find more information on our stakeholder engagement in the next chapters of the report. We are also working on receiving actual feedback on our activity, thus the stakeholder survey completed in 2016 provided useful information for us.

Our **CSR Policy** 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 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: supporting 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.

The 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 of the youth we are determined to put financial literacy into the centre of our CSR projects and strive to achieve distinct improvement. With this aim in mind we launched the "Right to Education" Foundation in the second half of 2014 and since that time it has achieved impressive results (please find more details in Chapter 2).



### 1.3

## OTP Bank Romania's financial performance in 2015

We are proud of 2015's financial results: OTP Bank Romania closed the year with a 26 million RON profit (109% increase compared to the previous year), and OTP Bank Romania was among the subsidiaries with the best financial results on OTP Group level. The main attributes of the better result were the increased income and the decreased risk costs.

#### Key macroeconomic factors influencing OTP Bank Romania's operations:

- Romania recorded a 3.8% GDP growth rate y-o-y in 2015. The main drivers of the increase were the households' consumption expenditures, while net exports had a negative contribution.
- We faced an improving labour market again in 2015: number of employed persons increased further, while growth rate of nominal wages accelerated. On the other hand, unemployment rate remained at 6.8%.
- National Bank of Romania continued to cut back the key monetary interest rate from 2.75% (December 2014) to 1.75% (December 2015), having an impact on the pricing of loans and deposits.
- The country's fiscal policy was marked by a turnaround, easing measures – such as VAT reductions and rise of wages – started at the end of 2015.





OTP Bank Romania's business strategy remained unchanged. We focussed on mass approach in retail segment, with personal loans in RON as the main hook for client acquisition. In SME (small and medium enterprises) segment our main target group was small and lower-medium clients, to whom we offered e-solutions and packages supported by consultancy and partnership. We kept our corporate banking focus on local medium sized companies and agricultural clients by setting new features to the financial solutions.

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

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

			2013	2014	2015
<b>I.</b>	<b>Generated direct economic value</b>	<b>= 1</b>	<b>264,020</b>	<b>285,210</b>	<b>437,400</b>
1.	Net income from sales	Interest income + non-interest income (incl. net fees) (adjusted)	264,020	285,210	437,400
<b>II.</b>	<b>Distributed economic value</b>	<b>= 2+3+4+5</b>	<b>194,230</b>	<b>186,400</b>	<b>277,460</b>
2.	Operating costs	Operating costs – Personnel expenses – Depreciation	87,820	80,250	144,410
3.	Employee wages and benefits	Personnel expenses – employer's contributions on wages	73,740	74,550	107,060
4.	Taxes paid	Total tax-payment liability (including employer's contribution on wages)	32,300	31,350	25,350
5.	Payments to equity investors	Divident	0	0	0
6.	Community investments	Donation and sponsorship	372	254	635
<b>III.</b>	<b>Retained earnings</b>	<b>= 1-(2+3+4+5)</b>	<b>69,790</b>	<b>98,810</b>	<b>159,950</b>

Please find a more detailed description of our financial performance in our 2015 Annual Report @ <http://www.otpbank.ro/en/about-us/otp-bank-romania/annual-reports/>

# 2

# FINANCIAL LITERACY

*"I gained a wealth of experience.... Now I have a clear picture of the country's economy, actually, I understand what real life is all about. It was a great experience for me."*

Marton Dezsi, participant of the educational camp in Sovata organized by the Right to Education Foundation.

2014 We said		2015 We did
Increasing financial awareness	✓	• We trained 784 students in 2015.
Searching for funding opportunities of the Right to Education Foundation and its programmes	✓	• We started to work with OTP Asset Management, managed to involve individual donations and won two grants.
Offering financial education for the 14-18 age group	✓	We offer the training modules for the 9-12 grades and prepared the modules for the 10-14 age group.
Implementing Erasmus+ programme	✓	The programme was implemented.
Implementing "Bethlen Gábor" Fund from Hungary	✓	The programme was implemented.
Implementing OTP Career Programme	✓	The programme was implemented.
FULFILLED            IMPLEMENTATION IS ON-GOING            NOT FULFILLED		

OTP Bank Romania is highly committed to the financial education of youngsters. We believe that education is the best investment for teenagers, thus we provide a unique, comprehensive and interactive financial education system for them.

Enhancing financial literacy is one of OTP Group's top community investment priorities. OTP Bank Romania launched its own "Right to Education" Foundation ("Dreptul la educatie") in 2014. The Foundation is supported by OTP Bank Romania and OTP Fáy András Foundation with an experience of over 20 years in this field. We are proud of using a unique methodology merging the world's best economic educational elements and means.

The Foundation aims to develop financial, economic and managerial skills among secondary school students through the educational brand of **OK Centre**. By the extension of our curricula we provide training modules for students between the ages 10-18. Different modules are prepared for each grades. All programs consist of modules of 4-6 hours; depending on the content and methodological approaches used by the trainers. Certifications are awarded to the participants when completing a module.

We believe in edutainment: teaching with entertainment, in a non-formal way, using interactive tools. Our curricula rely both on scientific basis and on practical examples and lifelike exercises. We provide a stimulating environment and use modern technology, our trainers are able to tackle various topics and present economic and financial concepts in the most appropriate language for the students. Trainings are available all over the country, throughout the year, free of charge.

In 2015 we improved our training modules:

- The content of the modules for grades 9-12 were re-adapted and updated.
- New modules were launched addressing pupils in grades 5-8 by introducing and explaining basic financial and banking concepts.
- A new module was created in partnership with OTP Asset Management dedicated to mutual funds.

# 784

784 PUPILS FROM 22 HIGH SCHOOLS OF 14 CITIES PARTICIPATED IN THE RIGHT TO EDUCATION FOUNDATION'S 59 TRAINING SESSIONS IN 2015. OUR 2 TRAINERS – ONE IN BUCHAREST AND ONE IN BRASOV – WERE TRAVELLING AROUND THE COUNTRY.

Feedbacks confirm our efforts:

- „I learnt things that my parents had not taught me about.“
- „I will recommend this programme to my friends who spend all their money.“
- „Now I understand why my parents work so much.“
- „I thought I was the best because I got money from my father. But now I know that I have a lot to learn...“

We organised the first free educational **camp** in the history of our Foundation, in Sovata. The 4 days camp was founded by the Hungarian "Bethlen Gábor" Fund. The 16 participants had the opportunity of learning and working in teams, they had financial contests within an inspirational and entertaining environment.

*"My favourite was the banking game. It was difficult at first. I started doing better by the third round. Even though I never won, I'm not sorry, that didn't put me off. Not only did I learn new stuff, but I also met new young people in my age, I was lucky enough to play every time with people I hadn't met before," Erika Klementina Jozsa*

*"I met different people and I got different information and experiences that I'll never forget and that already make me feel more knowledgeable. I hope it wasn't the last event of this sort. Thank you!" Boglarka Vass*

Funded by the Erasmus+ program we have started to carry out a research on the behaviour of the Romanian youth population regarding their **career choice**. According to the preliminary conclusions, youngsters between 14 and 19 are self-confident and think they take specific actions towards choosing a career, but they also need professional consultancy. 87% of participants are aware of their strong points which confirms youngsters' self-confidence. Regarding career choice, 76% of the young people get information on their own. Despite of this they need a better knowledge of possible information sources.

We created a quarterly **newsletter** to our partners including teachers and schools directors to keep them informed about our programs. We launched our renewed, dedicated website providing a detailed information of the activity of Right to Education Foundation.

# 13,500

WE LAUNCHED A NEW WEBSITE, FRESH AND USER FRIENDLY, WWW.ESTEDREPTULMEU.RO NOT TO MENTION THE ORGANIC GROWTH OF OUR FACEBOOK PAGE, THAT OVERPASSED 13,500 MEMBERS THIS YEAR.

Our Foundation, in partnership with OTP Bank Romania, participated for the second time at the national program „Learn more, be better” organized by the National Education Minister. Generically named „Școala Altfel”, the program lasted for a week and it was dedicated to non-formal activities. *"Thank you, OTP Bank Romania, for sustaining and promoting financial education among the pupils. I strongly believe that through this action you successfully guided our pupils' towards a responsible financial attitude," Director of Botosani High School.*

We continued to support the Penzidomar financial and economic contest of Sapientia University, in Miercurea Ciuc.

2016

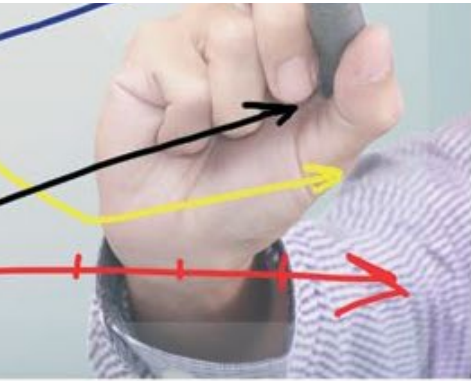
STRATEGIC OBJECTIVES




- Completing the Erasmus+ and OTP Career Programme
- Offering financial education continuously
- Increasing the number of partnerships with the local universities



# 3

## CLIENTS AND CORE BUSINESS



-  Serving our clients
-  Responsible product portfolio
-  Ethical Conduct of Business, Risk Management and Banking Security



## Our principles

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 **customer orientation** and **stability** are key factors in being a trusted financial provider. On the one hand, **ethical conduct** is our obligation, on the other, it is the expectation of our stakeholders.

Driven by an innovative, dynamic, responsible and highly professional approach, we strive to understand our clients' real 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.**



2014 We said	2015 We did
Analyse the products of Millennium Bank from risk point of view	✓ We analysed the products.
Integration of Millennium Bank portfolio	✓ We successfully integrated the portfolio into OBR's portfolio.
Keep on the focusing and product development in the agri business	✓ We improved our products and services and managed to achieve good business results.
Sustain infrastructure development by co-financing local authorities with EU funds, by granting investment loans, bridge loans for eligible expenses	✓ We granted new loans with this aim.
Revision of standard loans in SME segment in order to simplify and unify the eligibility criteria and collateral structure	✓ We implemented this goal.
Maintain the quality of the loan portfolio granted in CHF	✓ We successfully implemented our CHF conversion program.
Introduce the Code of Ethics of OTP Bank Hungary. Consequently, we intend to apply a risk based approach (e.g. PEP clients)	🔄 We started to elaborate the new Code of Ethics but the approval took place in 2016.
Implement the "Entrepreneur" project supporting business ideas and start-ups of youth	✓ We implemented the program with great success.

✓ FULFILLED    
 🔄 IMPLEMENTATION IS ON-GOING    
 ✗ NOT FULFILLED

### 3.1

## Serving our clients

### 3.1.1 Digital banking and branch network

Currently, client focus necessarily requires innovation and a fast broadening range of e-banking (OTPdirekt) solutions. Besides its comfort, e-channels provide access everywhere, thus our banking services are easily accessible in regions with less branch coverage. With client focus and innovation in mind, OBR launched its new website at the end of 2015. The website became more client friendly - as it is based on the clients' needs, it provides:

- easy access to information through an optimized content;
- multi-screen experience – as the site can be accessed on desktop, tablet and mobile phone.

The newly introduced functions enhance clients' experience:

- "smart widgets" facilitate access to the branch network, exchange rate information and online credit application;
- new calculators are set for packages;
- a direct connection is initiated by our colleagues when a dedicated form is completed at the banking products site.

We also offer new internet banking features:

- more details of payments and deposits, as well as working capital loan withdrawals are displayed;
- credit card transactions are synchronized with internet banking platform;
- card limits for ATM and POS can be modified through internet bank;
- multi account access and a joint option (two individuals are able to share the same account) is provided for legal entities;
- online resetting option offers the possibility of unlocking the access code online through a secure process;
- "live chat" provides real-time help and guidance for clients, who can also share their screen with our colleagues. Screen sharing makes the support faster and more effective and was used in more than 40% of the chat request cases. Our clients proved to be very satisfied with this award winning option;
- clients receive regular recommendations for safe use of internet banking in their Inbox.

We also kept our **SmartBank** up-to-date, as we set a new design for the application in 2015.

To provide a more appropriate support to our clients we extended our **call centre** service until 21:00. (Although



Millennium Bank used to operate a 24/7 call centre, as the number of calls after 21:00 were very low, we decided to extend our call centre until 21:00. Emergency card issues are directed to our external partner after working hours and on the weekends. In order to increase the efficiency of our services we set a target of 80/20: minimum 80% of the calls should be answered within 20 seconds.

Besides further improvements within our e-channels, we aim to launch an e-product project in 2016, to provide an even more convenient service to our clients by making a part of our portfolio available online.

We continuously encourage our clients to use e-channels and require electronic statements instead of paper based. Our efforts seem to be effective, our clients tend to use these options increasingly.

As a result of the Millennium Bank merger, OBR is accessible through a wider range of **branches**. With the new branches we retained the accessibility of our network: 99% of our branches is wheelchair accessible. Millennium Bank used to have a strong concentration in Bucharest, thus our network's density became higher in the capital. As the branch network of OBR and Millennium Bank was overlapping in some places, thus we decided to close branches on the basis of historical data, business potential of location and the level of operating costs. As of December 31, 2015, the Bank's network structure consisted of 101 branches (20% increase y/y), 153 ATMs and 2,768 point of sales (211% increase y/y) distributed in all counties of Romania. The design of former Millennium Bank branches will be changed in 2016.

101

101 BRANCHES

255,000

255,000 ELECTRONIC STATEMENTS  
GENERATED IN 2015

<sup>1</sup>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.

<sup>2</sup>Politically Exposed Persons, who generally present a higher risk for potential involvement in bribery and corruption.

### 3.1.2 Customer satisfaction survey

We continued to carry out the customer satisfaction surveys among our loan, Mentor and OTPdirekt clients aiming to improve customer satisfaction. We measured:

- the overall satisfaction with the bank;
- the level of satisfaction with the quality of products and services offered by the bank.

#### Key findings of the survey

- According to the survey results, the exploration process is very thorough in case of clients who applied for loan, but somewhat less thorough in case of Mentor and OTPdirekt clients. 96% of clients claimed that their needs were correctly identified.
- Clients who applied for a loan have a better perception about OTP Bank than clients in the two other groups.
- OTP Bank has a very good image with regard to the bank's and the employees' trustworthiness, customers' care and satisfaction and professionalism of its employees.
- Compared to the results of the previous years' surveys the above mentioned values seem to be stable.



90%

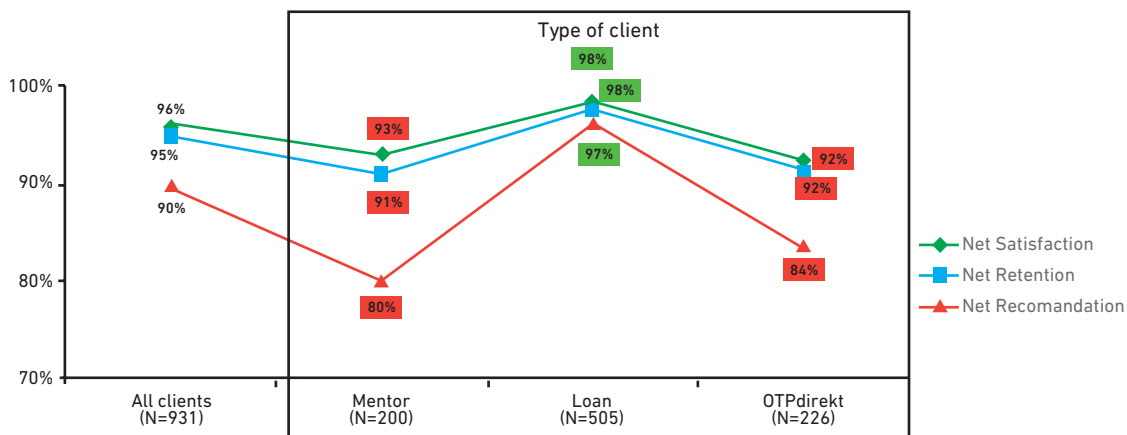
90% OF RESPONDENT CLIENTS WOULD RECOMMEND OBR

96%

96% OF THE CLIENTS ARE VERY SATISFIED OR SATISFIED WITH THE INTERACTION OF OTP BANK. THE MOST LIKED ASPECTS ARE THE KINDNESS OF THE COUNSELLOR, PROMPTNESS, EFFICIENCY AND THEIR CLEAR AND TRANSPARENT WAY TO COMMUNICATE WITH THE CUSTOMERS.

The net scores are:

- Net satisfaction: -> using the question "How satisfied were you in general with OTP Bank after this meeting?"
- Net retention: -> "Following this meeting will you remain the client of OTP Bank/ do you want to become a client of this bank?"
- Net recommendation: -> "Following this meeting will you recommend to others the services of OTP Bank?"



Base: all customers

## 3.2

### Responsible product portfolio

OTP Bank Romania has the possibility to encourage persons, communities or enterprises to a responsible financial management and sustainable consumption through its products and services. We act in compliance with the requirements of business ethics in designing all our products and providing all our services. At the same time, we have several products having environmental or social advantage (e.g. satisfying essential needs with preferential conditions). In this chapter we highlight these products, provide an overview of our corporate product portfolio and introduce our improvements towards becoming an even more client friendly service provider.

Regarding the Millennium Bank merger, our overarching goal was to provide clients a simple and effortless transition process, with a minimum impact to the current banking operations and outstanding contracts for products and services.

#### 3.2.1 Products and services for individual clients

##### Did you know?.

Through **OTP Mentor program** we provide a complete financial counselling program for our clients since 2011. OTP Mentor Program makes the difference between OTP Bank Romania and other financial institutions. Through a consultative approach, 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.

OTP Mentor enables us to support our clients in managing their money better. We inform and call their attention to possibilities to increase their funds. (OTP Mentor is available for SME clients as well.)

The online advisory platform: [www.dresoruldelei.ro](http://www.dresoruldelei.ro) (Romanian) or [www.penzidomar.ro](http://www.penzidomar.ro) (Hungarian) continued to promote the OTP Mentor concept to a wider audience, using a practical and easy to understand message in an innovative, interactive and friendly way. In 2015 we developed a mobile app providing tailored advices and tips for better management of finances.

With the OTP Mentor program we continued to focus on clients with saving/ investment potential and on clients with a higher-than-average monthly income. By the end of 2015 we had 5,571 eligible individual Mentor clients.

We continued the onboarding process through the OTP Mentor IT tool for all OTP Mentor clients. The constant



retention activities for deposit clients also continued in 2015: 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, retain the deposits and up-sell the client.

We continued to keep our focus on personal **loans** in 2015. We continued to offer Payment Protection Insurance (PPI) to personal loans in order to cover the following risks: death by accident and disease, total permanent disability, involuntary unemployment for six months. We also continued to apply the risk based pricing mechanism modified in the previous year providing different offers to clients based on their risk figures and other characteristics.

After re-entering the mortgage lending market in 2014, at the end of 2015 we decided to re-enter in the Prima Casa governmental program from 2016. The program provides advantageous loan for buying the first house.

We started a customer loyalty program by offering new product facilities in accessing new loan products; granting new loans for individuals with good credit history within the bank.

**5,571**

5,571 ELIGIBLE INDIVIDUAL MENTOR CLIENTS



### 3.2.2 Products and services for small and medium enterprises

We continued to express our commitment to SME sector by providing constant support and a wide range of products and services designed to meet customers' needs and expectations. We target lower middle and small business clients including agricultural clients and individual/family owned enterprises. In 2015, SME business line has registered a 44% growth in profitability, the total volume of new loans has increased by 50%, and 45% of the total OTP Bank Romania net fee income was generated by SME's.

Keeping the simple transition process for Millennium Bank clients in mind, our efforts were aimed at:

- maintaining the product features and functionalities according to the provisions of the contracts concluded with Millennium Bank;
- preserving the high quality of services and products and providing supplementary benefits;
- providing clients with all relevant information in terms of business relationship continuation;
- addressing all clients' issues and enquiries related to the transition process.

We continued the development of the **standard lending products**:

- we simplified and unified the eligibility criteria and the collateral structure to standard loans;
- in order to ensure a fast risk assumption decision, the revised product characteristics were applied in the dedicated flow based application.

The dedicated SME officer in a Bucharest branch – part of SME Corner pilot project – has proven to be valuable for our clients. The officer achieved outstanding business results and he was a key person within the migration process supporting both directly former Millennium Bank clients and our colleagues. Taking into consideration the favourable experiences and our goal to improve service quality for SME clients, we plan to launch **SME corners** in five more locations in 2016.

The **centralized processing point** for mass approach loans<sup>3</sup>, (introduced as a pilot in 2014) proved to be successful as well. This solution allows the branch relationship managers to focus more on advisory services, through Mentor program.

**45%**

45% OF THE TOTAL OBR NET FEE INCOME WAS GENERATED BY SMEs

<sup>3</sup>quick loans and credit cards

#### Did you know?

OTP Bank Romania offers **OTP Smart Start** package for start-ups and micro enterprises. The product represents a bundle of discounted banking products and services available based on low monthly subscription fee. The package can be obtained also through the dedicated website [www.smartimm.ro](http://www.smartimm.ro), created with the purpose of facilitating the easy opening of current accounts "in 30 minutes and 3 steps". Smart Start package proved to be successful in 2015 as well.

During 2015, OTP Bank Romania and OTP Bank Hungary finalized the negotiations with the European Investment Bank (EIB) in order to conclude a financing agreement for OTP Bank Romania of 25 million EUR. This will provide funding access to final beneficiaries (SMEs, Midcaps and public sector entities) for investment and working capital purposes. We plan to grant the loan from 2016 on.

As OTP Bank Romania strives to be as close to its clients as possible, we provide loans designed to finance projects from EU Funds. Considering the new Operational Programs for 2014-2020, we revised and modified our related lending products.

In line with our strategic goal, the support of **agriculture** was strengthened in 2015. We managed to increase volume of new loans by 75% in 2015 y/y. We provide complete solutions by offering simple and effective financial products and consultancy services tailored to the special needs. We continuously improve our product portfolio:

- The Standard Loan was launched for the acquisition of equipment for agriculture providing SME clients and private entrepreneurs a very competitive investment tool for future development.
- The loan for pre-financing APIA SAPS (Romanian Payments and Intervention Agency in Agriculture) subsidies was updated to comply with the most recent Romanian legislation and market conditions and to offer clients fast access to working capital funding.

**75%**

75% GROWTH OF VOLUME OF AGRIBUSINESS LOANS FOR SME CLIENTS

**3700 SME**

3700 SME CLIENTS ENROLLED IN SME MENTOR APPLICATION

### 3.2.3 Products and services for corporate clients

We focussed on local mid-sized companies with high business potential in 2015. We sustained our strategic approach towards agricultural clients.

Regarding **agri business** we focussed on revision of our product portfolio and on providing support to our clients:

- We signed new conventions and amendments to our existing conventions with APIA (subsidies for surfaces of agricultural lands, aids for animal welfare like pigs, cows, birds etc.) in order to pre-finance the subsidies from EU Funds;
- We revised the product "Acquisition of Agricultural land" in order to align with new law provisions;
- We provide six credit facilities with the guarantee of FGCR (The Rural Credit Guarantee Fund - NFI SA provides a financial instrument enabling the access of investors to credits and other financing instruments by financial guarantee granting).

OBR co-financed several projects with the EU, in order to support **local authorities** with development of infrastructure (road). In 2015 we financed 17 municipality driven infrastructure development, with the total volume of 62 million RON by the end of the year.

In 2015 we provided loans for **energy** related projects: 8 of these are focusing on renewable energy, with the total volume of 55 million RON at the end of the year, 36 new projects aim to improve energy efficiency with the total volume of 79 million RON.

**OTP Consulting Romania** also provides support for the use of EU Funds. The wide range of services cover financial advisory services, local development consultancy, trainings and technical assistance, business and treasury consulting as well as project management services for companies and local authorities.

In 2015 one of OTP Consulting Romania's most important projects was **Entrepreneur** – "Ideas and the Development of the Entrepreneurship in Bucharest-Ilfov and South-West Oltenia Regions", financed by the Human Resources Sectorial Operational Program. The project was implemented by the consortium of OTP Consulting Romania and Universitatea Politehnica from Bucharest and provided support for business ideas and start-ups owned by youngsters between the age of 18-25 years. The project provided entrepreneurship training and personal consultancy for 400 persons (260 students) by the experts. Out of 59 business ideas 40 were granted (17 university student entrepreneurs), which means 40 new registered companies and more than 80 jobs for young people. For the 40 companies financing agreements were also signed. The

project's dedicated website is [www.otpantreprenor.ro](http://www.otpantreprenor.ro). OTP Consulting completed another similar project: Integrated tourism human resource development in order to increase rural employment (2014 - 2015). The project was financed also by the Human Resources Sectorial Operational Program and reached 725 people. It provided different trainings for the participants in order to enhance their skills for employment and entrepreneurship.

**31m RON**

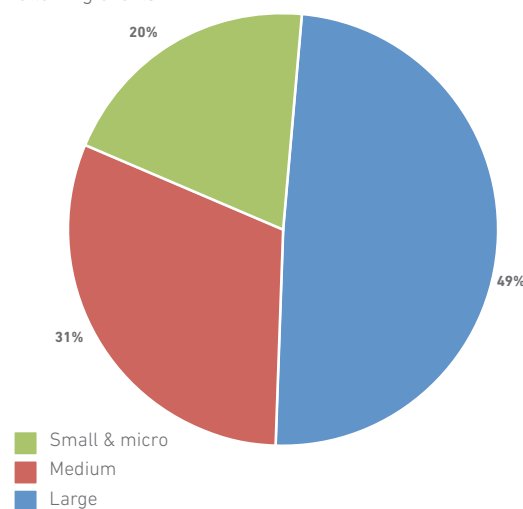
31 MILLION RON OF PRE-FINANCED SUBSIDIES WERE GRANTED TO CORPORATE CLIENTS

**134m RON**

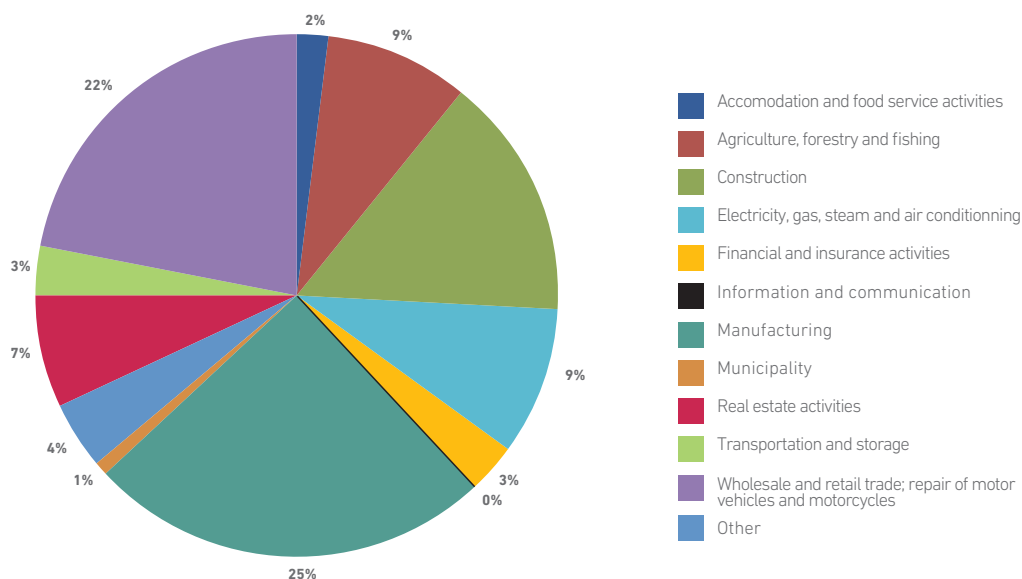
ENERGY EFFICIENCY AND RENEWABLE ENERGY RELATED LOANS WITH A TOTAL VOLUME OF 134 MILLION RON AT THE END OF 2015

### 3.2.4 Product portfolio

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



The share of small and micro companies increased by 8 ppt (percentage point), share of large companies increased by 5 ppt, while share of medium enterprises decreased by 13 ppt in 2015 (y/y).



Breakdown of our portfolio by sector shows an increase in wholesale and manufacturing on a y-o-y base.

Breakdown of portfolio by sector and company size:

Product Portfolio Assets by sector, within balance sheet, %, 2015.12.31	SME	Medium and large enterprises
Agriculture, forestry, fishing	5%	9%
Mining, quarrying	1%	0%
Light industry	23%	26%
Electricity, gas, steam and air conditioning supply	1%	8%
Water supply; sewerage, waste management and remediation activities	1%	0%
Construction industry	12%	14%
Wholesale and retail trade; repair of motor vehicles and motorcycles	36%	23%
Transportation and storage	6%	3%
Accommodation and food service activities	4%	3%
Information, communication	1%	1%
Financial and insurance activities	1%	3%
Real estate activities	2%	6%
Professional, scientific and technical activities	2%	3%
Administrative and support service activities	2%	1%
Public administration and defence; compulsory social security	0%	0%
Education	0%	0%
Human health and social work activities	1%	0%
Arts, entertainment and recreation	1%	0%
Other services	0%	0%
Household employment activity, product manufacturing	0%	0%
Organisation outside the area	0%	0%
<b>Total (million RON)</b>	<b>1885</b>	<b>839</b>

Sectors are in accordance with the ISIC sector classification, company size is in line with the legal requirements.

### 3.3

## Ethical Conduct of Business, 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 an important role in informing the citizens on the economic reality and changes. Our doors are always open; either it is an off-record conversation that we do regularly or a press conference. In 2015 the hottest topics were CHF loans and implementation of loan conversion (please find OTP Bank Romania's response in Risk Management chapter).

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, the Mures County Chamber of Commerce and Industry, the Hungarian Business Association in Romania and the American Chamber of Commerce 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. 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, that is mandatory to be issued: "Standard information at European level for the loans granted to consumers". Credit contracts are explained, negotiated and personalized for corporate clients. 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.

### 3.3.2 Business Ethics and Compliance

To ensure the protection of customers' interests and fair, ethical and transparent operations, we place emphasis on compliance with legal provisions and even beyond, with the requirements of business ethics. We proceed in line with business ethics requirements in all aspects.



Our **Code of Ethics** is available on our website ([www.otpbank.ro/en/code-of-ethics](http://www.otpbank.ro/en/code-of-ethics)). Among others, the Code of Ethics prescribes fair business practices, an avoidance of conflict of interest and corruption, commitment to free and fair market conditions facilitating competition. The Code also declares respect and providing equal opportunities with the aim of creating a working environment where individual differences are accepted and appreciated. Besides the description of our values and commitments, possible ways and channels of reporting an ethical issue were introduced. Our new Code of Ethics was approved by the Supervisory Board (preliminary approval of the Management Board) at the very end of 2015. Also at the end of 2015, all the employees and members of governance bodies had to complete the training on the new Code of Ethics and sign it. Business partners were informed about the new document.

The bank's independent compliance and legal organisations support compliance with the Code of Ethics, the prevention of deviations from the law, the bank's internal regulations and behavioural rules, and, increasingly emphatically in the recent period, the protection of consumers. To identify risks of discrimination we regularly verify the declared data based on the declaration of Code of Ethics. In 2015 we received one complaint regarding discrimination, but the investigation of state authorities has not finished yet.

We want to make sure both our employees and clients are aware of the risks, proper use and benefits of products, and make decisions based on all **necessary information**. In line with our values we are straightforward with our clients and regularly organize specialized trainings and assess knowledge of our front-office colleagues. Our efforts to enhance financial literacy support clients on the long term – a more responsible decision can be made with a better understanding of financial issues.

In 2015 we had to cope with an increased number of **complaints** due to two important changes:

- the exchange rate of RON/CHF increased significantly due to the decision of the National Bank of Switzerland to drop fixed exchange rate of CHF, thus instalments of CHF loans raised notably;
- Millennium Bank products had to be transferred to

OTP Bank Romania products and in several cases clients either did not get familiar with the new products or were not satisfied with the new offer.

Therefore, the main reasons for complaints were related to:

- loans / mortgage loans
  - high CHF exchange rate caused difficulties in reimbursement; thus more clients asked for renegotiation of the contracts;
  - abusive clauses on interest and fees applied before OUG (Emergency Government Ordinance) 50/2010.
- credit cards
  - Millennium Bank clients received their first statements with delays after transferring the portfolio;

- the new format of the statement was not easy to understand to Millennium Bank clients;
- some card functionalities were not the same as in Millennium Bank, thus they were unfamiliar to clients.
- current accounts: some of the Millennium Bank clients were not aware of having current accounts, thus of its fees and commissions.

In spite of the increased number of complaints, compensation paid for legitimate complaints decreased significantly in 2015 y/y.

Compensations paid to customers	2013	2014	2015
Compensation paid for legitimate complaints	128 cases 616,030 RON	105 cases 865,000 RON	171 cases 180,000 RON

In 2015, 25 proceedings of authorities were closed against OTP Bank Romania, all initiated for the breaching consumer protection rules. In five cases the procedures were closed with acquittal; in five cases with non-financial sanctions; 11 cases were converted into court procedures, and in case of four proceedings the bank was forced to pay a total fine of 11,000 RON.

### 3.3.3 CHF Conversion Program

The unexpected evolution of CHF exchange rate was one of the biggest challenges for OTP Bank Romania in 2015. OTP Bank Romania was the first bank in Romania to offer temporary solution to CHF loan clients in order to ease the burden of the significantly increased monthly instalments. We offered a reduction of interest rates for clients having variable interest rate loans up to 1.5 ppt for a three month period, and this period could be prolonged afterwards. Clients should have applied for this option, and almost 38% of the CHF loans made use of this possibility. By the end of the year, 22 million RON risk cost was saved due to higher willingness to pay within this client group.

In December 2015, we launched the CHF mortgage loans conversion program. The program aimed to provide a long term solution based on a significant discount on the loan balance and the conversion transaction into RON or EUR. Our program was in line with the guidance of the National Bank of Romania regarding management of CHF loans, and represented one of the most competitive solutions on the market. The solutions were customized for each client, in accordance with the loan's specifications, the granting year, the initial interest rate, the client's credit history and his current needs. Our clients could benefit from a discount of 17.5% - 25% of the loans balance.

The program addressed to all of the 10,500 clients with mortgage backed CHF loans, originated by OTP Bank Romania. In order to access the program, the clients should have less than 90 days delays of the monthly reimbursements. The CHF conversion program was successfully implemented in 2016, and by the time of the CSR report writing it is known

that more than 7,000 clients' loan was converted (72% of eligible clients). The discount granted to clients amounted approximately 63.5 million CHF.

In defining the contractual terms, OTP Bank Romania took into account the feedbacks received from clients and representatives of specific associations. The contractual clauses clarified that, in case of approval of the legislative initiative regarding the loans mandatory conversion, the bank applies a compensation mechanism for the amounts voluntary granted as discount: if the potential solution of state authorities exceeds the discounts offered by OTP Bank Romania, the bank will bear the difference in favour of its clients; otherwise, the contractual clauses will remain unchanged. In this manner, OTP Bank Romania assures its clients to benefit from the most advantageous offer.

**22 m RON**

22 MILLION RON SAVING ON RISK COSTS DUE TO CHF LOANS INTEREST RATE REDUCTIONS;

**63.5 m CHF**

63.5 MILLION CHF DISCOUNT GRANTED FOR CLIENTS WITHIN THE CHF LOAN CONVERSION PROGRAM.

### 3.3.4 Risk management

OTP Bank Romania reinforced its position as a solid and stable bank in 2015. We are convinced that our **strict and conservative lending policy** plays a major role in the stability of the bank. We have a responsibility towards depositors and borrowers alike: lending promotes economic development, individual progress and achievement of goals; however, reckless lending can jeopardise depositors' money and may also create a heavy long-term burden for borrowers through excessive debt.

In order to handle risks affecting our activity we continuously develop our risk management system and review our processes regularly. As a result of continuous monitoring of the quality and evolution of the loan portfolio we provide monthly and quarterly presentations for the Risk Management Committee and to the Bank's Directorate. In 2015 our focus was on:

- preventing problems faced by borrowers e.g. CHF exchange rate evolution, improving our soft collection activities further with a special attention to CHF loans and early indicators considering personal loan quality;
- to respond and mitigate the risks identified during 2014, our main risk related procedures like the Lending Norm for Individuals, Internal Capital Adequacy Assessment and the Risk Strategy were updated and improved according to the NBR requirements;
- analysing both the products and methods of Millennium Bank from risk point of view, in order to adopt good

practices. We developed a new scorecard for personal loans using a common database for OTP Bank Romania and Millennium Bank.

We 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 keep a stable quality of our retail loan portfolio. CPP did not stop after the CHF conversion program.

OTP Bank Romania concentrated its efforts in the direction of clients, willing to pay the monthly instalments; the focus was to recover the highest amounts possible from monthly instalments. We succeeded to involve and support clients open for our help. In the majority of the cases suspension of monthly instalments (payment reduction) tool was used.

As of December 2015, 0.7% of personal loan portfolio was restructured, while 2.3% of total consolidated mortgage based loans were included in active CPP. Almost 2% of total loans granted to individuals were restructured as of the end of the year (this data reinforced the trend of the previous two years and shows a decrease compared to 2014 – 3.1%). The volume of mortgage loans within the CPP slightly increased by volumes in the fourth quarter of the year, after the Millennium Bank integration.

Distribution of mortgage loans and personal loans active in CPP in December 2015:

	Mortgage loans	Personal loans
Restructuring activity y/y (RON equiv. volumes)	-1%	+27%
% of no outstanding payments	69% (+1 ppt y/y)	50% (-17 ppt y/y)
% of less than 15 days overdue	12% (+5 ppt y/y)	24% (+6 ppt y/y)

Per total (active and exited loans), CPP saved until now a loan portfolio of 6.6 million RON from delays, while a portfolio of 3.7 million RON has a less than 30 days overdue.

The figures above – similarly to the previous years – show that 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 2015 – the figures changed slightly compared to the previous year:

	Mortgage loans	Personal loans	Personal loans with mortgage
Default rate (as per volume)	47%	68%	42%
Restored to payments without overdues (as per volume)	29%	16%	33%
Under 30 days past due	12%	7%	15%



Default rate of loans exited from CPP as of end of 2015 – the figures changed slightly compared to the previous year:

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 of the SME portfolio volume registered a decrease from 20% to 14%; in case of corporate clients it decreased to 13% from 20% by the end of 2015.

During 2015, the overall volume of non-performing loans (NPL) volume increased by 229 million RON compared to the end of 2014. The significant growth was a consequence of the Millennium Bank merger and the repatriation of mortgage loans portfolios from OTP Bank Hungary and OTP Financing Solutions B.V. (SPV)<sup>4</sup>. NPL ratio was 16.7% at the end of 2015 and registered a modest decrease of 1.12 ppt compared to the previous year. Split of the main categories are the following:

- consumer loans: NPL volume increased by 41.6 million RON (+3.3 ppt y-o-y),
- mortgage backed loans: NPL volume increased by 152.8 million RON (-0.3 ppt y-o-y),
- SME loans: NPL volume increased by 15.9 million RON (-5.6 ppt y-o-y),
- Corporate: NPL volume increased by 19.4 million RON (-2.9 ppt y-o-y).

We use "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. OBR intends to comply with the legal regulations but to a certain extent further environmental data are required in a number of cases and are taken into consideration. Non-compliance triggers penalties or blocking of the facility, depending on the relevant structure in place.

Regarding **operational risk**, we initiated the AMA approval process in 2014, but due to the Millennium Bank merger the

approval was postponed by the supervisory authority. In 2015 we continued the preparation for the use of the new method regarding calculation of capital requirement for operational risk. We created a methodology for calculating the provision for litigations, as well as for the reputational risk, and we made further developments regarding assessment of risks of outsourced activities. In 2015 the most frequently emerged operational risks were credit related risks, though the number of fraud events did not change significantly. Preventive

### 3.3.5 Banking security

High quality banking services need sound security. To comply with the highest standards and expectations we improve our practices constantly. Our new Internal Norm of Banking Security was approved and applied in 2015. Afterwards the Bank Security Regulation for Territorial Units was also updated and signed by the directors of the territorial units.

Ensuring **IT security** is one of the greatest challenges nowadays, thus the internal norm on information security requirements to service providers of OBR and a procedure on implementing additional security measures for OTPdirekt in crisis situations were put into force. We implemented several solutions to prevent IT attacks and incidents (e.g.: new intrusion detection system). Besides regular activities we applied specific measures to secure network interconnection and data takeover regarding the Millennium Bank integration. We managed to avoid security incidents during the migration.

In 2015, we placed emphasis on control missions and measures, as well as on trainings in the branch network. As a result, the number of banking security events decreased further at the territorial units, and they became more conscious regarding prevention and providing information about fraud incidents to Compliance and Bank Security Directorate.

<sup>4</sup> Part of the CHF mortgage loan portfolio, originated by OTP Bank Romania, was previously transferred to these companies as a pre-requisite of the launching of the conversion program the entire loan portfolio held by the SPV and some of the loans held by OTP Bank Plc, were purchased back by OTP Bank Romania.

Regarding **anti-money laundering (AML)** we initiated activities aiming awareness rising of employees about the issue and OBR's efforts:

- AML policies and procedures were reviewed including due diligence measures for PEP and adapting the risk based approach in the AML policies;
- A training program – primarily aiming front-office colleagues – was conducted;
- IT systems were adopted.

In the last quarter of 2015 several banks have been the target of ATM attacks in Romania. The fraudsters tried to open the ATMs and to connect different equipments in order to steal money.

We filed criminal complaints regarding these incidents in all the cases. The number of ATM attacks did not change significantly compared to the previous year.

**Personal data protection** is managed by Compliance and Bank Security Directorate and by Legal Directorate. Our goal is to prevent unauthorized persons' access to bank secrets and to prevent unauthorized information flow. An incentive mechanism was established for employees reporting possible non-compliance situations generating a potential risk for the bank.

The bank rely on external **security** service providers to act as security guards. In their actions and practices the security guards comply with the security policy of the bank. According to the legal provisions the activity of security guards has to be assured and registered on a daily basis. Any non-conformance within the service providing should be reported by the branch manager.

## 2016

## STRATEGIC OBJECTIVES

Redesign of the former Millennium Bank branches

Implementation of e-products project: provide e-loan, e-account and SME loans online

Improvements of e-channels

Involving former Millennium Bank clients into the customer satisfaction survey

Re-entering into Prima Casa program

Launch of SME corners in 5 more locations

Building strategic partnerships with SMEs to adopt good practices and improvements in their businesses

Further optimising of SME lending: further streamline of loan approvals, implementation and monitoring of flow

Support the development of infrastructure by financing local authorities, through EU funds

Introduction of behavioural scoring for a better management of individual clients

Approval of Code of Ethics

Control missions in units regarding conflict of interest

Implementation of an advanced control system regarding the loan portfolio of former Millennium Bank






Implementation of AMA





# 4

# EMPLOYEES

-  Staffing
-  Professional development
-  Performance evaluation
-  Remuneration
-  Internal communication



## 4. EMPLOYEES

### Our principles

We are aware of the importance and the wide impacts of the HR management on the bank's performance. Our staff has a key role in representing our values and commitment to ethical behaviour towards the clients. Talented and devoted staff is essential to achieve our business goals both on the short and long term. We have responsibility towards our employees by providing secure jobs and 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 trainings for our employees based on performance and competence assessment;
- offering opportunities for internal promotions and 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 buildings, internal competitions;
- acknowledging performance and commitment.

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

In 2015, our biggest challenge from the HR's point was the successful management of the merger with the Millennium Bank, all the tasks and goals were set accordingly. As a part of the merger we conducted a personnel assessment for Millennium Bank employees. We placed a great emphasis on the communication, we trained the Millennium Bank employees and we had to do all the related administrative work. By the end of the year we successfully closed the process.

2014 We said		2015 We did	
Implementation of the merger with Millennium Bank	✓	We successfully implemented the merger.	
Reintroduction of meal tickets to head quarter employees	✓	We introduced the meal tickets to all of our employees.	

✓ FULFILLED

🔄 IMPLEMENTATION IS ON-GOING

✗ NOT FULFILLED

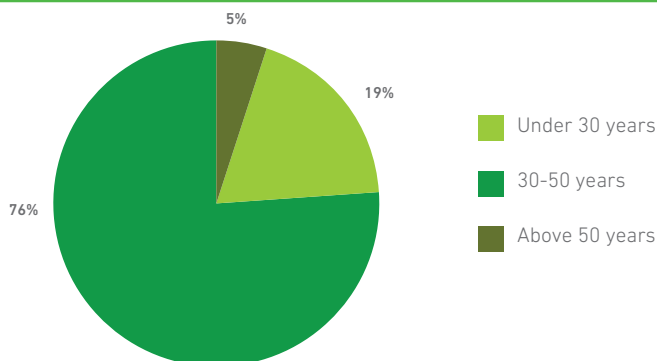
## Staffing

As a result of the merger OTP Bank Romania's headcount increased by 24% compared to the previous year. At the beginning of the integration OTP Bank Romania and Millennium Bank had 1342 FTEs (full-time employees) which was reduced by the end of the merger to 1152 FTEs (14% decrease). After the personnel assessment, we provided the most appropriate job for Millennium Bank employees, staff of the closed branches were transferred to other units, similarly as head office colleagues.

We provided a higher severance pay to the layoffs than required by law and according to our evaluation there was no need to offer outplacement program.

Employee headcount data number of persons, 31 December	2013			2014			2015		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Full-time employees	300	669	969	292	668	960	359	842	1201
Part-time employees	8	17	25	6	6	12	2	7	9
<b>Total number of employees</b>	<b>308</b>	<b>686</b>	<b>994</b>	<b>298</b>	<b>674</b>	<b>972</b>	<b>361</b>	<b>849</b>	<b>1210</b>
Percentage of employees with a fixed-term employment contract	2%	5%	4%	2%	5%	5%	4%	8%	6%
Percentage of male	-	-	31%	-	-	31%	-	-	30%
Percentage of female	-	-	69%	-	-	69%	-	-	70%

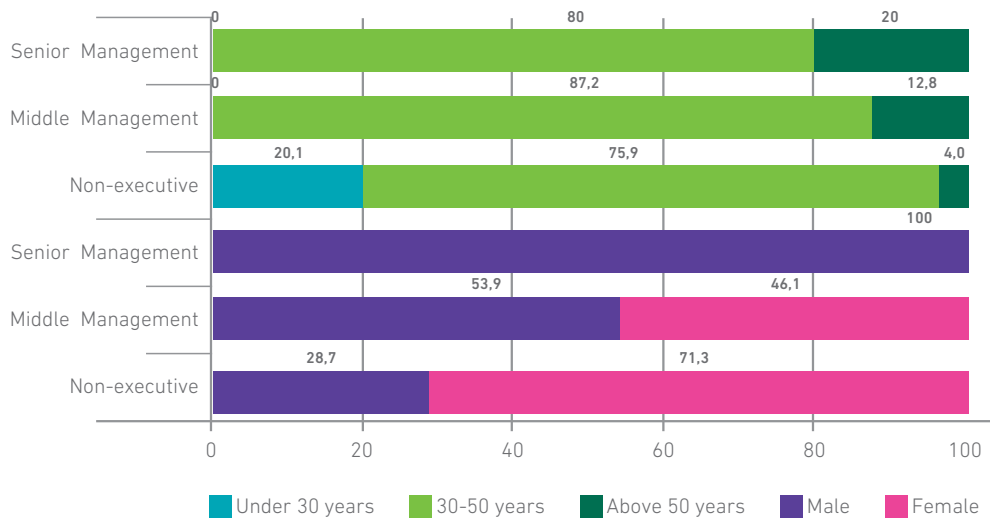
## BREAKDOWN OF EMPLOYEES BY AGE GROUP, 2015



Our staff became older in 2015, percentage of employees under 30 decreased by 36 ppt.

## BREAKDOWN OF POSITION BY AGE GROUP AND GENDER

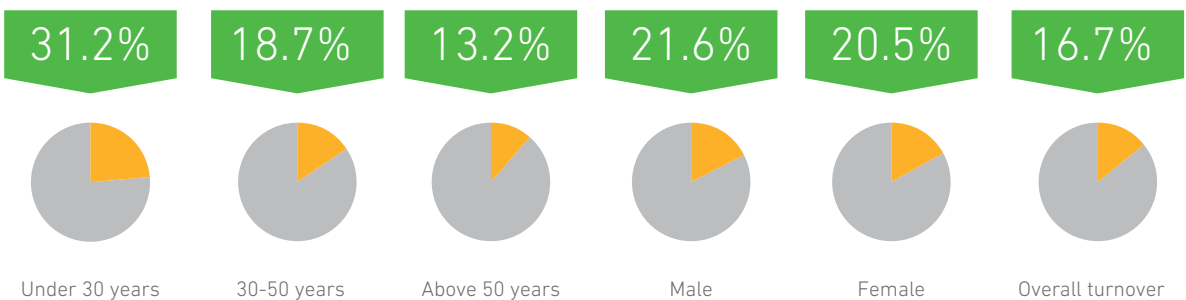
31.12.2015



Equal opportunities are ensured by hiring without giving preference to locals. However most of the employees are from the local community. The proportion of locals within the senior management is 20%<sup>5</sup>.

## PERCENTAGE OF EMPLOYEE TURNOVER BY AGE GROUP AND GENDER

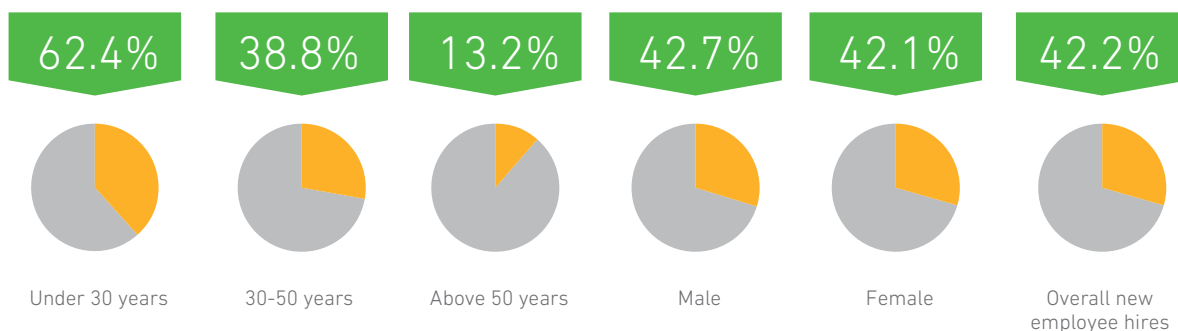
31.12.2015



<sup>5</sup> Local is defined as Romanian citizens, senior management is defined as the CEO and the Deputy CEOs.

## PERCENTAGE OF NEW EMPLOYEE HIRES BY AGE GROUP AND GENDER

31.12.2015



We have been providing an internship program to university students for years. In 2015, we have broadened our cooperation and have signed partnership agreements with two Universities: Alexandru Ioan Cuza University, Iasi and Academy of Economical Studies, Bucharest<sup>6</sup>. Out of 136 applicants we hosted 119 interns, which is a significant increase compared to the previous year (27 interns in 2014). After the placements, 11 of the interns were hired, the most since the beginning of our program.

**24%**

24% INCREASE OF HEADCOUNT IN 2015

**119**

119 HOSTED INTERNS AND 11 NEW HIRES IN 2015

### Professional development

For high-standard and customer-oriented service and the efficient operation of the bank, training of our staff is particularly important. Due to the merger, our trainings focused on our internal processes:

- To enhance sales force for former Millennium Bank employees, we designed and conducted training sessions for understanding of work flows, regulations, administration and monitoring;
- We continued to have one-on-one trainings in branches with low performance by the regional trainers;
- We developed an improvement program for branches with low performance.

**1.4 m RON**

1.4 MILLION RON SPENT ON TRAININGS

Hours of in-class training per employee	In-house						External					
	2013		2014		2015		2013		2014		2015	
Senior management	7.7		73.6		2		41.9		156.8		12.8	
Middle management	18.1		48.3		3.7		83.3		129.7		38.5	
Non-executive	16.1		22.5		8.9		6.2		5.8		0.7	
Average	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
	14.1	17.1	16.0	27.1	11.5	7.5	9.4	9.1	12.9	8.8	2.2	1.8

<sup>6</sup> Besides we have a partnership with Partium Oradea, Sapientia Miercurea Ciuc, Babes-Bolyai Cluj and Universitatea de Vest Timisoara as well.

## Performance evaluation

Committed to equal opportunities and performance, we conducted personnel assessment for all of the Millennium Bank's directors and managers, including branch and agency managers in order to provide the most appropriate job to the colleagues (OBR's staff evaluation took place within the frame of the introduction of performance management system in 2013).

### Did you know?

Our tradition is 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 newsletter, the OTP Magazin. We post a special message on our intranet platform. We honour loyalty by loyalty diplomas each month for colleagues celebrating their anniversary of working at OTP Bank Romania, we have approximately 80 colleagues every month to grant. Around 20 diplomas are handed over at the Christmas party to our colleagues, honouring outstanding commitment to team work, exemplary motivation and pro-active attitude combined with professionalism.

## Remuneration

Our remuneration policy (Compensation & Benefit Policy) and system relies on equality in base-pay, performance evaluation and transparency. **Performance ratings** are closely related to the performance management system. In 2015, we included the annual 13th salary into the monthly salary. In case of dismissal, severance pay is provided depending on the former performance. The limit of compensation package was reduced to three months (from 3+1 months). We introduced meal tickets for all of our employees.

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 vouchers, bank sector benefits, retirement benefits equalling at least two months basic salary,
- **benefits in special cases** like child birth, marriage, a family member's death, death of an employee.

The merger process required an extra effort from many of our colleagues, overtime was in all cases appreciated and paid accordingly.

We maintained the **medical services** for our colleagues. 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 head quarter staff.

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



Absenteeism caused by illness or accident	2013			2014			2015		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Sick leave (number of working days)	6,747	15,201	21,984	7,082	15,237	22,319	6,689	14,722	21,411
Rate of absenteeism	9.4%	9.6%	9.5%	10.2%	22.0%	9.9%	7.99%	17.6%	7.6%

One accident occurred to a female employee in 2015 and also in 2014. No accidents occurred in 2013. No fatalities occurred within the last three years.

Preferential holidays are available in our accommodation facilities for years. In 2015 we provided this opportunity in Constanta, 91 employees benefited of preferential holidays.

## Internal communication

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

### Did you know?

We launched Engage+, the integrated platform for internal communication in 2012. It shapes the business aims and corporate values to drive performance and gather a consistent community of professionals. Its three pillars focus on performance and business issues (Perform), on personal improvement (Grow) and on community building and free-time activities (Care). Since 2012 the platform was enhanced in many ways, e.g. personal and two-way communication was strengthened, but it managed to preserve its initial popularity among our colleagues and remained an important source of information.

To broaden our colleagues' information, we introduced a new section within the system in 2015, the most important information regarding the project phases of the merger and Q&A is included.

In 2015, we conducted a survey regarding our internal communication system to evaluate its efficiency and identify the triggers. The survey addressed all employees and 40% of our colleagues completed it.

The results are impressive:

- 98% of the respondents are informed on the company's activities through the internal communication team, proving its effectiveness;
- 2/3 of the respondents did not mention any other subjects that could be covered in the messages transmitted via email. The others would include information and news of the banking sector and recommendation on leisure activities and internal information;
- 88.4% of respondents read Blog CEO on Engage+.

The survey serves as a basis for further improvement both in the ways of communication (channels, style, etc.) and on the topics to be covered.

Due to the merger, teambuilding activities were significantly reduced in 2015. As an exception, a team-building event of the Finance and Planning Directorate involved 71 colleagues and the main objective was to integrate the new members of the team and to encourage collaboration.

Our cooperation and relationship with the trade union remained unchanged in 2015. We held an election for employee representatives at the end of the year: one of the newly elected representatives is a former Millennium Bank employee.

**98%**

98% OF THE RESPONDENTS ARE INFORMED ON THE COMPANY'S ACTIVITIES THROUGH THE INTERNAL COMMUNICATION TEAM

## 2015

## STRATEGIC PLANS

- Redesign of Talent Management Program
- Beginning of the implementation of the company culture program with a focus on improving collaboration, communication, and learning and development
- Targeted activities to increase employer branding
- Teambuilding activities to facilitate the integration of Millennium Bank employees



5

# COMMUNITIES



OTP Equal Opportunity Program



OTP Community Building Program



OTP Sport Program



### Our principles

We strive to work together and support the communities we are part of. As a responsible and active citizen, OTP Bank Romania invests in communities' well-being through sponsorships. Through money or in-kind sponsorship of particular events and initiatives we express and strengthen our commitment to our values. We focus on long term projects and cooperation.

Our stable sponsorship policy focuses on the following fields:

■ **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 organisations. We attempt to help these groups by improving their life quality and by integrating them in the society.

■ **OTP Community Building Program:** supports events, programs that reinforce communities and contribute to the preservation of cultural heritage and further cultural development.

■ **OTP Sport Program:** promotes sports organisations, competitions and leisure activities that require physical and mental stamina, concentration, tactical skills and accurate team work.

Our most significant community investment is the Right to Education Foundation, please find more details on its activity in Chapter 2.

**Volunteer work** is another way of help that provides mutual benefits for the recipients and the givers as well. Volunteering is a tradition at OTP Bank Romania, which we are proud of and strive to encourage continuously.

2014 We said	2015 We did
Improvement of our dedicated website to financial education, <a href="http://www.estedreptulmeu.ro">www.estedreptulmeu.ro</a>	We implemented the improvement (see more in chapter 2).
<p>✓ FULFILLED      🔄 IMPLEMENTATION IS ON-GOING      ✗ NOT FULFILLED</p>	

## Volunteering

OTP Bank Romania runs regular volunteering programmes:

- We organized 'Donate Blood! Save Lives!' event in partnership with Centre of Sangvin Transfusions at our headquarter in Bucharest in 2015 as well. 60 of our colleagues donated blood.
- We continued to carry out an internal campaign promoting the possibility to have 2% of personal income tax to the non-governmental sector. In 2015, around 200 employees offered their tax to the Right to Education Foundation.

## Sponsorship

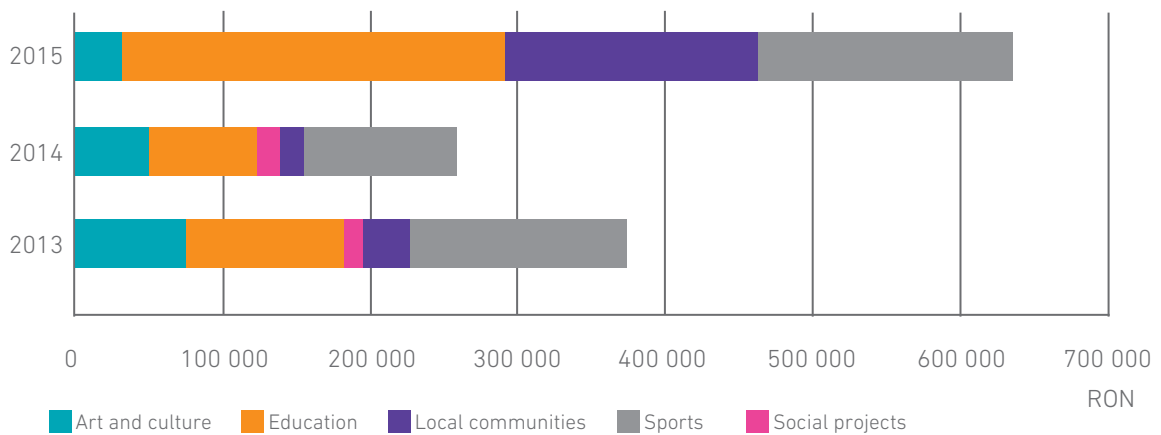
We managed to increase our budget of sponsorship significantly compared to the previous years. The three most important fields of sponsorship was education, local communities and sports, where we continued our long term relationships.

The main beneficiaries and activities with a social advantage, we supported in 2015, were:

- Pro Oeconomica Association: contribution to the Global Entrepreneurship Monitor for Romania international research.
- Association of Hungarian Business in Romania, Timisoara: our contribution supported a conference of the association.
- Ciuc Museum, Miercurea Ciuc: supporting the daily activity of the museum.
- Tamási Áron Theatre: support of Reflex 2015 Festival.
- Handball Club Odorheiu Secuiesc: support of the daily activity of the club.

OTP Bank Romania helps the ones in need as well: we bought 500 DVDs of Andre Rieu live concert in Bucharest; the income of these DVDs were donated to the victims of Bucharest's Colectiv Club fire tragedy and their families. We offered the DVDs as Christmas presents to our most important partners.

## AMOUNT OF SPONSORSHIP BY CATEGORY, 2012-2015



**635,000 RON**

635,000 RON SPONSORSHIP

OTP Bank Romania has been a partner of the International **Save the Children** Service, a non-governmental Organization in Romania, for more than 10 years. The organization is based on the voluntary activities of its members, developing actions in the benefit of children in need. The programs developed in the last years were mostly focused on the areas of health and social-education. Other programs included English

trainings, painting classes and special events. Such an event was held with the occasion of Child's International Day, when various activities were organized, like sports competitions, cultural and artistic actions, creative competitions, concerts and painting trainings. Besides the above programs, the association offers psychological counseling and guiding in various cases for people in difficulty.



# 6

# ENVIRONMENT



Energy



Business travel



Waste



Printing and Paper



## 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.

Although no major investment could be implemented in 2015, our environmental performance shows good figures. The main reasons for postponing the investments were: decreasing costs is of great importance for years, and tasks related to the Millennium Bank acquisition required a lot of energy.



## Energy

OBR's energy consumption increased only by 4% compared to 2014, to 29,900 GJ in total in 2015. Taking into consideration that due to the Millennium Bank acquisition both the number of our branches and the headcount increased, we consider this as a significant result. Our electricity supplier ensures that a significant ratio of our consumption derives from renewable resources.

**Business travel** is a significant portion of our environmental impact. Kilometres run by the vehicle fleet increased by 10%.

Number of business flights continued to decrease and fell by more than 50% compared to 2014, as we used the videoconference infrastructure to the fullest possible.

Energy consumption	Total (1,000 GJ)			Per employee (GJ)		
	2013	2014	2015	2013	2014	2015
Electricity	20.7	15.5	17.3	20.6	16.0	14.5
Natural gas	11.4	9.2	8.5	11.3	9.4	7.1
District heating	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Vehicle fuel	4.1	4.0	4.2	4.1	4.1	3.5

The chart shows an estimation of energy consumption.

**15%**

15% DECREASE IN ENERGY CONSUMPTION PER EMPLOYEE



### Printing and paper

Due to the integration process with the Millennium Bank and to the CHF conversion program no decrease could be realized in the paper consumption and use of cartridges. However, 3% is only a slight increase consumption compared to the previous year. Regarding printer cartridges the increase was more significant. We continuously encouraged our clients to use electronic statements, thus the rate of e-statements increased by 6%.

### Waste

We did not change our waste management: besides the headquarters, Bucharest branches are involved into centralized waste paper collection. The weight of selectively collected paper increased slightly compared to the previous years (to 12 tons). Cartridges are recycled for years everywhere due to our participation in Xerox Green World Alliance. Besides 2.5 tons of IT equipment was recycled by Greentronics in 2015. Paper and PET bottles are sorted at our headquarter offices.

#### Did you know?

We started a campaign at the beginning of 2012 that is still in place. The aim is to encourage environmental responsibility and healthy way of living among our employees. We placed stickers at the most accessed areas, both in the headquarter, and in the branches. We promote energy, paper and water saving, as well as physical activities (recommending the use of stairs instead of the elevator).

### Procurement

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

Used materials	2013	2014	2015
Paper (tons)	83	73	75
Printer cartridges (kgs)	667	534	1906

6

# GRI INDEX





No. of Indicator	Description of Indicator	Page	Comments
<b>Strategy and Analysis</b>			
G4-1	Statement from the most senior decision maker of the organisation about the relevance of sustainability to the organisation and its strategy	7	
<b>Organisational Profile</b>			
G4-3	Name of the organisation	back-cover	
G4-4	Primary brands, products and services	website	<a href="http://www.otpbank.ro/ro/persoane-fizice">http://www.otpbank.ro/ro/persoane-fizice</a> <a href="http://www.otpbank.ro/ro/pfa">http://www.otpbank.ro/ro/pfa</a> <a href="http://www.otpbank.ro/ro/imm">http://www.otpbank.ro/ro/imm</a> <a href="http://www.otpbank.ro/ro/corporatii">http://www.otpbank.ro/ro/corporatii</a>
G4-5	Location of organisation's headquarters	back-cover	
G4-6	Number of countries where the organisation operates and name of countries		Romania
G4-7	Nature of ownership and legal form	11	See the Annual report @ <a href="https://www.otpbank.ro/assets/pdf/rapoarte/2016-09-08-Raport_anual_2015_EN.pdf">https://www.otpbank.ro/assets/pdf/rapoarte/2016-09-08-Raport_anual_2015_EN.pdf</a>
G4-8	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	website	See the Annual report @ <a href="https://www.otpbank.ro/assets/pdf/rapoarte/2016-09-08-Raport_anual_2015_EN.pdf">https://www.otpbank.ro/assets/pdf/rapoarte/2016-09-08-Raport_anual_2015_EN.pdf</a>
G4-9	Scale of the reporting organisation	12	
G4-10	Total number of employees by contract, employment type, region and gender	35	
G4-11	Percentage of total employees covered by collective bargaining agreements		100%
G4-12	Description of the organisation's supply chain	47	
G4-13	Significant changes during the reporting period	11	
<b>Commitments to External Initiatives</b>			
G4-14	Explanation of whether and how the precautionary approach or principle is addressed by the organisation	31	
G4-15	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses		There are no such initiatives.
G4-16	Memberships in associations (such as industry associations) and/or national/international advocacy organisations	28	
<b>Identified Material Aspects and Boundaries</b>			
G4-17	Entities included in the organisations financial statements		
G4-18	Process for defining the report content and the Aspect Boundaries, how the organisation has implemented the Reporting Principles for Defining Report Content	8	
G4-19	List of all material Aspects identified in the process for defining report content	9	
G4-20	Aspect Boundary within the organisation	9	
G4-21	Aspect Boundary outside the organisation	9	
G4-22	Effect of any restatements of information provided in previous reports, and the reasons for such restatements		No restatements was necessary.
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	9	

No. of Indicator	Description of Indicator	Page	Comments
<b>Stakeholder Engagement</b>			
G4-24	List of stakeholder groups engaged by the organisation	15	
G4-25	Basis for identification and selection of stakeholders with whom to engage	15	
	Reporting cycle.		
G4-26	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	15, 28, 40	
G4-27	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	28, 40	OTP Bank Romania SA
<b>Report Profile</b>			
G4-28	Reporting period (such as fiscal or calendar year) for information provided		Calendar year 2015
G4-29	Date of most recent previous report		We published our last report in 2015 covering the year 2014. <a href="https://www.otpbank.ro/assets/pdf/rapoarte/raport-CSR-2014.pdf">https://www.otpbank.ro/assets/pdf/rapoarte/raport-CSR-2014.pdf</a>
G4-30	Reporting cycle		Annual
G4-31	Contact point for questions regarding the report or its contents	9	
G4-32	Table identifying the location of the Standard Disclosures in the report.	49	We also use the table for disclosing information.
G4-33	Policy and current practice with regard to seeking external assurance for the report		The report is not assured externally.
<b>Governance</b>			
G4-34	Governance structure of the organisation, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts	14	
<b>Ethics and Integrity</b>			
G4-56	The organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics		Code of Ethics, Organisational and Operational Regulation, Group Management Regulation, Collective Bargaining Agreement
<b>Economic Performance</b>		website, 16, 42	See the Annual Report. (link above)
EC1	Direct economic value generated and distributed	17	
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.
<b>Market Presence</b>		36	
EC6	Proportion of senior management hired from the local community at significant locations of operation	36	
<b>Energy</b>		45	
EN3	Energy consumption within the organisation	46	
<b>Environmental Compliance</b>		28	
EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	29	
<b>Employment</b>		34; 35	
LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	36	
LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	38	

No. of Indicator	Description of Indicator	Page	Comments
<b>Labour/Management Relations</b>		34; 40	
LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements		20 working days, it is specified within the collective bargaining agreement
<b>Occupational Health and Safety</b>		38	
LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related	39	
<b>Training and Education</b>		34; 37	
LA9	Average hours of training per year per employee by employee category	37	
LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.		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.
<b>Diversity and Equal Opportunity</b>		28; 35; 38	
LA12	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	36	
<b>Equal Remuneration for Women and Men</b>		38	
LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation		We do not have adequate data, thus we undertake to report this data from the next year on.
<b>Investment</b>		28	
HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening		We do not have adequate data, thus we undertake to report this data from the next year on.
<b>Non-discrimination</b>		28	
HR3	Total number of incidents of discrimination and corrective actions taken.	28	
<b>Freedom of Association and Collective Bargaining</b>		40	
HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights.		Regarding OBR these rights are ensured. We do not have adequate data for the suppliers, thus we undertake to report this data from the next year on.
<b>Security Practices</b>		32	
HR7	Percentage of security personnel trained in the organisation's human rights policies or procedures that are relevant to operations.		We do not have adequate data, thus we undertake to report this data from the next year on.
<b>Assessment</b>			
HR9	Total number and percentage of operations that have been subject to human rights reviews or impact		We do not have adequate data, thus we undertake to report this data from the next year on.

No. of Indicator	Description of Indicator	Page	Comments
<b>Local communities</b>		22; 42	
FS13	Access points in low-populated or economically disadvantaged areas by type (ATM, branches with full range of services etc.).		We do not have adequate data, thus we undertake to report this data from the next year on.
<b>Corruption</b>		28	Donations may only be provided in accordance with the applicable statutory and internal regulatory documents.
S05	Confirmed incidents of corruption and actions taken		No such incidents have occurred.
<b>Anti-Competitive Behaviour</b>		28	
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.
<b>Compliance</b>		28	
S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	29	
<b>Product and Service Labeling</b>		18; 21; 28	
PR5	Results of surveys measuring customer satisfaction.	23	
<b>Marketing Communications</b>		28	
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	28	No non-compliance occurred.
<b>Customer Privacy</b>		32	
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.		We do not have adequate data, thus we undertake to report this data from the next year on.
<b>Compliance</b>		28	
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	29	
<b>Product Portfolio</b>		31	
FS6	Percentage of the portfolio for business lines by specific region, size (micro/sme/large) and by sector	27	

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