



2008

corporate social responsibility report



otpbank



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Az OTP Group in numbers

12 million

customers in the Central and Eastern European region

1573

branches in the OTP Group as a whole

HUF 99.3 billion

in trademark value represented by OTP Bank, which according to the European Brand Institution is Hungary's most valuable trademark

53 + 1

children's areas in branches in Hungary and Romania

35 367

full and part-time employees in the Central and Eastern European region

1070

tons of paper waste collected selectively at OTP Bank

support for some 300

voluntary initiatives in Hungary

More than HUF 400 million

spent every year on training employees at OTP Bank

10 000

students provided with specialist financial literature free-of-charge, through the OTP Fáy András Foundation

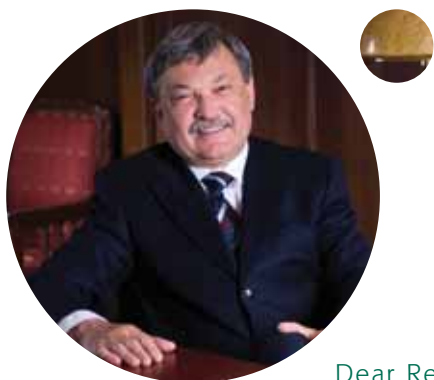
16%

of OTP Bank's 1 346 employees have given blood

1.

place in the eFestival Hungary 2008 competition in the e-learning category, for our CSR training course

Introduction by the Chairman



Dear Reader,

This is the second year in which OTP Bank has published its Corporate Social Responsibility Report, in which we give an account of the steps taken by Hungary's largest credit institution over the past year to establish CSR practices that are in keeping with the expectations of customers, investors and society as a whole.

In 2009, OTP Bank celebrates its 60th anniversary. Over the past six decades we have successfully adapted to constant changes in our economic and social environment. However, the financial and economic crisis that began to emerge in 2008 presented all companies, especially financial service providers, with a new set of challenges. Under these circumstances the Bank's several decades of reliable operation, its stable liquidity position and capital strength take on greater importance than ever. Sustainability and compliance with the applicable regulations and ethical standards constitute the basis for balanced business operations and company administration.

Maintaining the trust of our customers, and achieving profitable and transparent operation, both continue to be priority tasks. Since 2007 the Bank has operated a credit protection program, under which it works together with customers to offer solutions that address their individual circumstances. In difficult times such as these, an even greater emphasis is placed on providing customers and shareholders with responsible, prudent, accurate and authoritative information on which to base their decisions – a responsibility that the Bank takes very seriously. We apply strict cost management policies and lending procedures, to safeguard the interests of our customers, our deposit-holders.

Our activities focus on reinforcing the trust placed in us by our customers, and developing our products and services. Besides establishing banking procedures that account for customers' individual circumstances, we have also given priority to improving the standard of service. Together with this, we devote attention to special customer groups and products. The Bank Group has assumed an active role in

helping companies gain access to EU funding, and we have developed a special account-management package that caters to the needs of non-profit organisations.

The dedication of our employees, and the ways that we assist in their development, are important factors. Our remuneration system continues to be highly performance-based. We have commenced the selection of talented employees and the group-wide adoption of a career management program serving their professional development.

Among the programs aimed at supporting internal operations, we have placed particular emphasis on shaping the attitudes of our employees. Using e-learning tools we have provided them with a basic grounding in the theory of corporate social responsibility, the company's initiatives and the role of individual responsibility in this process. We have launched internal campaigns to encourage the environmentally friendly use of work equipment, and to promote energy efficiency.

One of the most important measures to reduce our environmental footprint was the drafting of an Environmental Policy through which, beyond fulfilling the minimum statutory requirements, we can encourage our staff to take environmental issues into account. Besides this, we were among the first in Hungary to offer electronic bank statements, and we regard promoting the use of these among our customers as an important task for the year ahead.

In our sponsorship activities, in a continuation of the practice of previous years we have promoted lasting cooperation and the implementation of programs that create real value, in the spirit of equal opportunities and community-building.

In the long-term our objective is to incrementally extend the CSR activities associated with our core operations to the international subsidiaries as well. As a part of this process, the Bulgarian DSK Bank was the first of our foreign subsidiaries to publish its own corporate social responsibility report. Our Social Responsibility Report is centred on the issues that most concern our stakeholders in relation to the company's operation and its CSR activities. We have aimed to prepare a summary that is comprehensible and understandable to the broadest cross-section of society.

We strive to ensure that the corporate social responsibility programs launched by OTP Bank in recent years will be worthy of the financial institution's 60-year history and its importance as a financial institution.

Dr. Csányi Sándor
Chairman&CEO

1. The OTP Group



Who are we?

The OTP Group is the largest independent banking group in Central and Eastern Europe, offering universal financial services with a retail focus in eight other countries in the region besides Hungary. The group's ability to cater for both 'traditional' and more contemporary financial requirements is supported by a wide range of specialist subsidiaries.

Our mission is to provide our retail, corporate and municipal customers with a comprehensive range of excellent-quality financial services. Besides offering what can be regarded as 'traditional' banking services, working together with our subsidiaries we also cater to more contemporary, special financial requirements (e.g. vehicle financing, self care, investment funds, home-purchase savings schemes), and also offer a range of auxiliary services.

In 2008 our almost 30,000 employees assisted in fulfilling the financial needs and objectives of nearly 12 million customers, through approximately 1,600 branches, our network of sales partners, and the electronic banking channels.

The best banks of Central and Eastern Europe

International journal Global Finance named OTP Bank the best bank in Hungary for the 12th time.

In a survey by Euromoney OTP Bank was voted "Best Bank" in the Central and Eastern European region, besides which it was also awarded the title of "Hungary's Best Bank".

In 2008 the British magazine Finance Central Europe chose DSK Bank as the best bank in Bulgaria for the third consecutive year.

In a survey by the business journal InvestGazete, the Ukrainian CJSC OTP Bank was voted as the best financial-sector company among Ukraine's 100 best corporations.

What has happened in the past year?

In 2008 the Bank Group's profit grew in line with the preliminary forecast, and expansion of the group continued, with the inclusion in the OTP Group of the Rostov-based DNB Bank. Meanwhile the sale of OTP Garancia Insurance and its subsidiaries marked the first stage in a long-term cooperative partnership with the Groupama Group.

Over the course of the year, concurrently with a continuation of the subsidiaries' integration and the more widespread adoption of the new corporate image, in our efforts to maximise shareholder value we adopted a new approach in respect of our subsidiaries, differentiating between our strategic markets and what we regard as our portfolio investments in geographic terms. We define our strategic markets as those large markets with outstanding growth potential in which the Bank possesses the appropriate infrastructure and a sufficient market share in the strategically important segments. In the second half of the year the Bank Group, in response to the critical changes in the macroeconomic environment and the unforeseeable challenges ahead, concentrated its efforts on maintaining **stability** and the **confidence of its customers**.

An excellent showing in the Accountability Rating Survey*

In 2008 OTP Bank came first among financial-sector companies in the Accountability Rating Hungary Survey. Taking 6th place in the overall ranking, the bank also jumped the highest number of places in comparison to the previous year. OTP Bank achieved a total score of 49.8 points. With a score of 26 points DSK Bank came 3rd in the Bulgarian ranking, which also represented 1st place within the financial sector.

**The Accountability Rating is prepared according to an internationally accepted methodology, and is a measure of the importance that the biggest companies in a given country attribute to effectively managing their social, economic and environmental challenges.*

The international bank group

OTP Group

Branches	1.619
Employees	29.747
Number of clients	~12 mn
Total assets	HUF 9,397 bn

OTP Core* (Hungary)

Branches	403
Employees	8.366
Number of clients	~4,76 mn
Total assets	HUF 4,964 bn
Market share**	23,9%

OTP banka Hrvatska (Croatia)

Branches	105
Employees	1.034
Number of clients	~447 000
Total assets	HUF 463 bn
Market share	3,5%

CKB (Montenegro)

Branches	40
Employees	472
Number of clients	~303 000
Mérlegfőösszeg	HUF 308 bn
Market share	34,1%

OTP Banka Slovensko (Slovakia)

Branches	89
Employees	739
Number of clients	~188 000
Total assets	HUF 429 bn
Market share	2,7%

CJSC OTP Bank (Ukraine)

Branches	229
Employees	4.816
Number of clients	~238 000
Total assets	HUF 847 bn
Market share	3,8%

OTP Bank Russia (Russia)

Branches***	174
Employees	7.803
Number of clients	~2,82 mn
Total assets	HUF 529 bn
Market share	~0,3%



Audited IFRS data as at 31 December 2008

* OTP Core: OTP Bank, OTP Mortgage Bank, OTP Building Society, OTP Factoring

** aggregated market share of domestic Group Members in the credit institutions system

*** Including 46 branches of DNB

OTP banka Srbija (Serbia)

Branches	95
Employees	1.141
Total assets	HUF 143 bn
Market share	2,5%

DSK Csoport (Bulgaria)

Branches	379
Employees	4.279
Number of clients	~2,94 mn
Total assets	HUF 1.172 bn
Market share	12,7%

OTP Banka Romania (Romania)

Branches	107
Employees	1.097
Number of clients	~178 000
Total assets	HUF 368 bn
Market share	1,2%

OTP Mortgage Bank

Number of employees	42
Number of customers ¹	~354 000
Total assets	HUF 1.606 bn

OTP Garancia Insurance²

Number of employees	2.499
Number of customers	~1,2 mn
Total assets	HUF 235 bn

OTP Building Society

Number of employees	14
Number of customers	~700 000 ³
Total assets	HUF 167 bn

TradeNova

Number of employees	10
Number of customers	8
Total assets	HUF 22 bn

OTP Flat Lease

Number of employees	25
Number of customers	2.149
Total assets	HUF 32 bn

OTP Real Estate.

Number of employees	88
Number of customers	551
Total assets	HUF 17 bn

OTP Factoring

Number of employees	121
Number of customers	572 000
Total assets	HUF 22 bn

OTP Fund Management

Number of employees	35
Number of customers	Indirect
Total assets	HUF 10 bn

OTP Life Annuity

Number of employees	22
Number of customers	1.888
Total assets	HUF 8 bn

OTP Real Estate Fund Management

Number of employees	14
Number of customers	Indirect
Total assets	HUF 1.195 bn

OTP Travel

Number of employees	88
Number of customers	~5.000
Total assets	HUF 545 bn

OTP Hungaro-Projekt Kft.

Number of employees	15
Number of customers	135
Total assets	HUF 112 mn

OTP Private Pension Fund

Number of employees	95
Number of customers	828 634
Total assets	HUF 529 bn

OTP Voluntary Pension Fund

Number of employees	18
Number of customers	~250 000
Total assets	HUF 114 bn

OTP National Health Fund

Number of employees	8
Number of customers	135 572
Total assets	HUF 8 bn

OTP Fund Services

Number of employees	168
Number of customers	~1.214 000
Total assets	HUF 4 bn

Merkantil Group

Number of employees	314
Number of customers	~192 000
Total assets	HUF 424 bn

¹ Loan contracts

² The company and its subsidiaries were sold in the third quarter of 2008

³ Savings and loan contracts

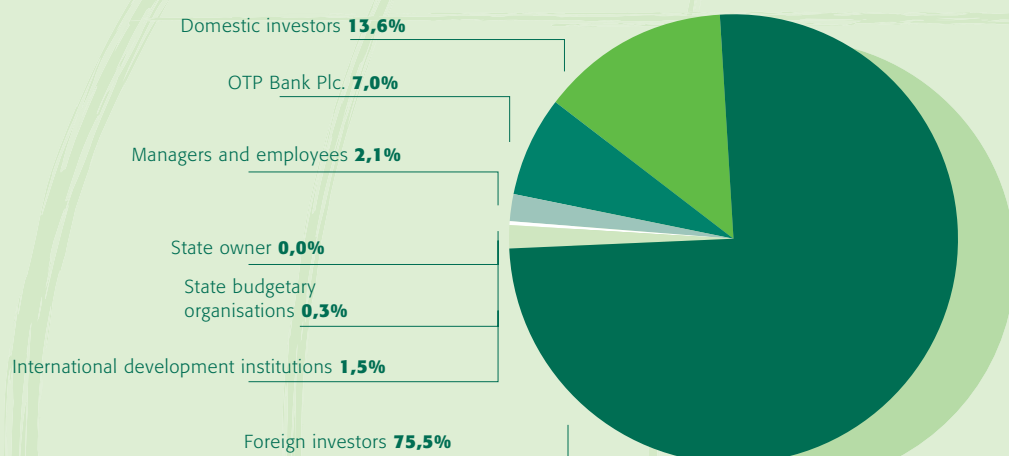
Who are our shareholders?

The past year has witnessed a marked change in the OTP Group's ownership structure, which was largely attributable to the financial crisis as the decline in the weight of foreign investors was countered by a proportion rise in the proportion of other domestic investors – private persons

and institutions – and growth in the portfolio of own shares.

The emergence of the Groupama Group as a shareholder with a stake of over 5% is a result of the long-term partnership that began with the sale of OTP Garancia Insurance.

Ownership structure based on shareholding (31 December 2008)



Shareholder*	Stake	Percentage of votes
Artio Global Management LLC **	10,21%	10,98%
Megdet, Timur and Ruslan Rahimkulov	8,43%	9,07%
Groupama Group	8,0%	8,60%

*Shareholders with a stake of more than 5%

**On 15 June 2008 the name of Julius Baer Investment Management LLC changed to Artio Global Investment Management LLC

2. Corporate Social Responsibility and Sustainability at the OTP Group

The OTP Group is an integral part of its environment: its operations have an impact on the economy, society and the environment. At the same time the organisation's activities are also influenced by external circumstances and trends.

The company's impact on sustainable development cannot be dealt with in isolation from the general trends and risks associated with sustainability.

The OTP Group, as a leading financial service provider in the Central and Eastern European region, actively contributes to overcoming the challenges faced by society as a whole.

Besides conforming to high standards of ethical business conduct, it is also in our long-term interests to:

- do all in our power to avert the dangers and prevent the crimes to which financial institutions are susceptible (efforts to combat money laundering and the financing of terrorism);

- assist in developing financial literacy;
- properly inform our customers regarding the opportunities and risks associated with the use of our services;
- ensure equality for all our stakeholders, including our existing and potential customers, and employees;
- use the means at our disposal to encourage environmentally-aware conduct.

The nature of our activities and relationships with stakeholders are defined by the global challenges that arise. It is our aim to forge opportunities from the challenges, thereby improving the Bank Group's sustainability in the long term, and reinforcing trust.



Employees

The Bank Group has a profound impact on the lives of its employees; as an employer it has a defining influence on the livelihood, standard of living, and the balance between private life and work, of tens of thousands of people and their families.

The Bank Group gives priority to nurturing professional careers that do justice to employees' individual ambitions and abilities, providing a remuneration package that recognises performance, and creating a suitable working environment. We regard strengthening our employees' commitment as a key task.

In the present economic environment we see maintaining stability and protecting jobs as an important responsibility.

Our employees hold the keys to the Bank Group's success; their skills and creativity are prerequisites for our profitable operation. Our attitude-forming activities are characterised by a two-way relationship, as not only do we seek opportunities to develop our employees' environmental awareness and commitment to resolving social problems, but we are also open to achieving progress through the implementation of initiatives proposed by our staff.

Shareholders

As the owners of the company, shareholders create the basic prerequisites for operation. Accordingly, of the Bank Group's most important objectives is to create shareholder value and fulfil owner expectations.

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Serving the interests of shareholders is a means of ensuring stability. The expectations often coincide with the criteria for responsible, sustainable operation: transparent operation and corporate governance, compliance with statutory provisions. Corporate social responsibility and CSR reporting are also increasingly important requirements.

Customers

The Bank's most important role is that of intermediary between the individual participants in the economy, through which it contributes to the development of the economy and society. With its lending activities, the Bank Group enables households to have a better quality of life, companies and municipalities to attain growth and perform their activities to a higher standard. The opportunities to invest savings securely and in the manner best suited to individual requirements represent means of increasing wealth and promoting self-reliance. Besides these, another important service we provide is ensuring the efficient execution of transactions between households and participants in the business, state and non-profit sectors.

The greatest challenge for the Bank Group is to serve our customers responsibly and in keeping with their requirements. A part of our responsibility is to provide customers with the appropriate information, identifying their true opportunities and needs, and managing risks in order to protect both borrowers and deposit-holders. In all cases our activities are defined by the principles of ethical business conduct. An additional challenge is to ensure that we always contribute to the achievement of goals that fulfil social and environmental requirements.

The Bank, drawing on its professional expertise, can guide customers to the most suitable products. Beyond creating a product range that caters to genuine customer requirements, this also makes it possible to offer and introduce services that reinforce our customers' environmental awareness and responsible conduct. Countless opportunities arise to simply and conveniently introduce customers to good causes that they may wish to support.



Suppliers

For efficient operation the Bank Group is dependent on the involvement of third-party organisations, through which we stimulate economic growth and indirectly creates jobs. Our impact on individual suppliers depends on the size of the supplier and its base of other clients. Our choice of suppliers represents a statement in support of certain values.

Establishing a base of suppliers that offer the appropriate services and share the Bank's values and standards business ethics is a challenge. Besides this we aim to forge long-term, equitable cooperative partnerships. The OTP Group is careful not to abuse any dominant position it may hold.

The expectations placed on suppliers serve partly to ensure the Bank Group's sustainable operation, and partly to promote responsible and sustainable business conduct throughout the value chain and the economy. We strive to set an example to others through our fair business practices.

Society

The relationship between representatives of the various groups within society (e.g. municipalities, the state, regulatory bodies, NGOs) and the Bank Group is ongoing and multi-faceted. Society expects the Bank to comply with, and where possible to exceed, the statutory requirements; we are expected to assume a role in maintaining the society's institutions (e.g. through payment of taxes) and to support worthy causes.

The aims of the various groups in society and their representatives are diverse, and in some cases contradictory. The Bank attempts to reconcile the various objectives with each other.

With state bodies and local municipalities we work to forge cooperative partnerships to facilitate the creation of a truly effective regulatory environment that genuinely serves the interests of society. Jointly with the representatives of social groups we identify the areas in which our assistance will lead to real progress in resolving problems. We acknowledge the role of NGOs within society, and as such we support their efforts commensurately with the means at our disposal. To ensure transparency and efficiency we provide our support in accordance with predetermined strategic guidelines.

IMPACT

CHALLENGE

OPPORTUNITY



THE THICKNESS OF THE ARROWS INDICATES THE STRENGTH OF THE IMPACT.

3. The Security of Business Operations, Risk Management



What guarantees that the money entrusted to us by our customers will be well-managed? How can our deposit-holders be sure that their savings will be returned to them under the stated conditions? To whom, and in what manner, do we grant loans in order to ensure that they are repaid, and that deposit-holders also have access to their savings? How do we protect our customers from becoming overly indebted?

Due to the need to ensure the continuity and security of the OTP Group's business operations, and to safeguard the interests of our customers, risk management is a priority. Beyond protecting its economic interests, the OTP Group regards risk management as a social responsibility.

Protecting depositors and lending responsibly

The Bank, as an intermediary between the individual players in the economy, bears responsibility both towards those who entrust their funds to it (depositors) and those to whom it lends money (borrowers).

In the case of depositors, the Bank can be regarded as having proceeded with due care if repayment of the money is assured. To ensure the security of deposits, in the course of lending the Bank has to perform strict and consistent credit-worthiness appraisals, and only provide loans to customers who provide adequate collateral and are sufficiently solvent.

At the same time, a conservative lending policy also protects borrowers, since it prevents them from becoming overly indebted, which could lead to a personal tragedy or the bankruptcy of a business. Responsibility does not end with the disbursement of the loan; it is important to monitor the debtor's ability to pay for the full term of repayment.

The principles of responsible lending*:

- Responsible and accessible (affordable) credit must be provided for all – lending policies must be free from discrimination.
- Credit relations have to be transparent and understandable – comparability with competitors' offerings, sufficient time to decide, and access to independent advice, must be assured.
- Lending has at all times to be cautious, responsible and fair – the credit must be productive for the borrower; the lender should never exploit the need, weakness or naivety of the borrower.
- Adaptation should be preferred over credit cancellation.
- Protective legislation has to be effective.
- Over-indebtedness should be a public concern.
- Borrowers must have adequate means to defend their rights and be free to voice their concerns.

* This summary of principles is based on the Principles of Responsible Credit issued by the European Coalition for Responsible Credit. The Bank concurs with the principles and performs its activities in accordance with them. However, we are not a member of the Coalition since only non-profit organisations are permitted to join.

Risk management

With regard to its operations, the Bank differentiates between the following main risk types:

- Lending risk: the possibility of losses arising from non-contractual performance.
- Operational risk: the risk of losses arising from employee error, flawed systems or processes, or external events.
- Market risk: the risk of losses arising from fluctuations in interest and exchange rates or market values.
- Liquidity risk: the likelihood that the required level of solvency cannot be maintained, or can only be maintained at considerable extra cost, during a given period.



OTP Bank and the other members of the group have established an independent risk-management organisation. The methodology for risk management is strictly and uniformly regulated at group level. The parent bank operates risk-management committees.

We continue to regard as desirable those customers who engage in transparent business management and operations, and we do not accept loan applications for purposes that constitute breaches of the law or criminal acts.

Forbidden areas of business include illicit arms dealing, unlicensed gambling, the narcotics trade

and all other forms of illegal activity (money laundering, illicit trade, etc.); and loans may not be granted to customers whose operations can be presumed to breach generally accepted moral standards or social values.

In 2008 OTP Bank launched a comprehensive operational risk management program. The aim of the project was to adopt the standard method – more advanced than the currently applied procedure – for calculating the minimum capital requirement, in compliance with the relevant provisions of the Basel Accord. In order to fulfil the requirements we performed a multi-level risk assessment, based on a comprehensive analysis of bank processes. Having defined the individual risk factors, the next step is to gather the data pertaining to incurred losses, a task which will be comprehensively implemented starting from 2009. We have also determined the key indicators and measures to be employed for the purpose of averting the identified risks.

The OTP Bank has traditionally pursued a conservative risk-assumption policy. To this end we apply an evaluation system that takes into account more than 100 factors in order to assess the payment discipline and solvency of our existing and prospective customers. Among the business risk factors, we also examine the long-term sustainability of environmental impacts. The accuracy of our method is borne out by the repayment track record of our customers.

The Bank has operated a credit protection program since 2007. We are, however, constantly working to improve it: due to the economic crisis it is important for us to develop solutions, applicable throughout the Bank Group as a whole, that serve the interests of those customers who are experiencing difficulties, and of the Bank. For the purpose of reliably assessing the situation of our customers, we aim to apply the same statistical method as in the risk management process.

4. Bank Security

What are our expectations of a financial institution in terms of security? Is the Bank capable of guaranteeing security without the cooperation of its customers? How can the degree of security be measured? Even the questions reflect the complex and sophisticated nature of bank security.

Security is a key factor in the Bank's operations.

The Bank's management is committed to maintaining and protecting the Bank's security at all times. For this purpose the Bank provides all the necessary resources, tools and prerequisites, taking particular care to ensure the availability of human and financial resources, and the integrity of the regulated environment and processes. When providing for and maintaining its security, OTP Bank proceeds in accordance with the relevant government regulations, and takes into account all recommendations and best practices that it believes will contribute to the preservation and enhancement of the financial institution's security level. The Bank demands and oversees the consistent enforcement of these principles at all members of the OTP Group.

The Bank treats security issues in a holistic and complex manner within the OTP Group; and this, in addition to the conventional protection of persons, property and information technology, includes other aspects of security in the broader sense of the word. These include the management of security risks directly related to business operations, the management of HR risks, the protection of data and secrets, the safeguarding of business interests, the prevention and averting of unlawful conduct and criminal acts and cooperating in their detection, the provision of security training to employees, and the performance of security checks.

The Bank aims to achieve the security of its own operations and those of its subsidiaries by taking risk-proportionate countermeasures; that

is, measures that are reasonable in light of the sources of the given threat and the security risks concerned. The conditions for secure operation are created through the application of **uniform principles and rules at group level**, which may only be departed from if the statutory provisions in force at a given location are more demanding, or if the special nature of the given subsidiary makes it necessary to apply individual security regulations and procedures.

The Bank's overall IT infrastructure represents an extremely valuable asset, since it ensures the continuity and smooth running of the Bank's business operations. For this reason the Bank places particular emphasis on ensuring the integrity, authenticity, confidentiality, accessibility and functionality of the individual IT systems and their components.

We also **draw our customers' attention to the risks** arising from advances in information technology, and do all we can to keep them fully informed about how to prevent or mitigate any potential damage. Our website comprehensively describes the security risks related to the use of bank cards and internet banking services, and also offers suggestions on how to avoid falling victim to fraud.

For certain security-related tasks the Bank and its subsidiaries also make use of contracted security firms, which must hold the requisite official permits and provide their staff with the prescribed specialist bank security training, besides their regular training in general security skills.

5. Customer Service

The Bank Group's most important asset is the trust placed in it by its clientele; maintaining and further reinforcing the trust of our almost 12 million customers is one of our most important objectives. Based on the findings of the 'stakeholder forums' held prior to the writing of this report, our customers regard as some of OTP Bank's key strengths its personal relationship with customers, its extensive branch network, the helpfulness and straightforwardness of staff and the comprehensible information they provide. Therefore, in future we will make an even more purposeful effort to maintain these valued attributes.



The trust placed in us by our customers entails responsibility for the company:

- Before recommending or selling products and services we must be certain of our customer's true aims, and ensure that they possess sufficient information regarding the available financial opportunities and are aware of the benefits and risks of the services on offer, and whether they have the capacity and will-

ingness to assume the given risks and obligations. All this requires an exceptional level of care and highly-organised background operations, since the trust and receptiveness of the customer is profoundly influenced by the manner in which he or she comes into contact with the Bank and its product offering.

- However, our responsibility does not end with the closing of a sale. We aim for our customer relationships to be characterised at all times by ethical business conduct, trustworthiness, and a sense of partnership.

To ensure responsible customer service in keeping with our customers' needs, we strive to constantly innovate, and gauge the success of our initiatives through the holding of widespread satisfaction surveys.

The Bank Group's clientele is extremely diverse, so we aim to provide every customer and customer group with personalised advice to suit their individual requirements. We regard it as crucial to provide clear and comprehensible information, including a precise description of the risks.

CJSC OTP Bank, Ukraine, was the "Delo" award for being the "Bank with the Best Customer Service" in 2008.

MiFID

The purpose of the EU Markets in Financial Instruments Directive (MiFID) is to create a uniform set of conditions and procedures for the provision of investment services in the member states of the European Union, to help ensure the fullest protection of investors' interests, and a high standard of service. The MiFID regulations apply in respect of investment services and the customers who make use of them.

The new background legislation, which entered into force on 1 February 2008, ensures:

- *the provision of detailed information on financial instruments, with regard to the services and products provided; and*
- *the transparency of operations and the execution of transactions at financial service providers, making it easier for customers to navigate the maze of the world of finance.*
- *Besides this, service providers must also proceed in the best interests of the consumer, executing his or her orders at the best possible terms (best execution).*

MiFID at the OTP Group

The company has always given priority to serving its customers at the best possible terms, and the MiFID regulations assist us in more effectively achieving this objective. In the interests of complying with the directive we have introduced the following changes:

- *In accordance with the statutory provisions we now apply new customer rating categories, which determine the depth of information that provided to customers.*
- *In the case of customers in the 'Retail Client' category, before providing portfolio management* services we first ascertain the customer's ability to assume risk, skills related to financial instruments, income situation and investment aims.*
- *We have elaborated our 'Best Execution Policy', which sets forth the regulations to be applied in the course of executing customers' orders, to ensure that execution takes place at the most favourable terms for them. It is our intention, over and above the requirements of the directive, to extend the use of the 'suitability' and 'appropriateness' tests to all the services we provide.*

* The management of portfolios of securities or other investment instruments, making alterations to their composition in order to maximise returns and minimise risks.



Development of the customer service environment

Our sales efforts are focused on achieving quality, rather than quantity.

Our call-centre and branch customer service staff play a decisive role in our customer service operations, which is why we place particular emphasis on recruiting employees who display a high degree of customer focus. Besides professional skills and qualifications, we also regard it as important to develop communication skills in order to provide customers with clear, concise yet professionally-sound information, and to identify their genuine needs. The intranet and e-learning have considerably added to the range of training opportunities available, enabling us to inform employees regarding the latest developments in an exceptionally short space of time.

OTP Bank's customer service staff training program placed special emphasis on the following in 2008:

- Establishment of a training branch
- Preparations for the mentoring program
- Introduction of the first module in the thematically structured, multi-level training program: The Mortgage Lending Academy
- The regular briefing of employees on the latest developments in the economic crisis

We are constantly working to refine the customer-service staff incentives system, to ensure that the services offered genuinely suit customer needs, and to meet our sales targets through the motivation of the sales operatives. In the interests of appropriate selling – and in keeping with the customer's circumstances and genuine requirements

we perform a careful and thorough needs analysis, and monitor the customer's subsequent use of the products and services. The performance of a needs analysis based on the customer's circumstances is also assisted by a product selection catalogue designed with nine life-situation scenarios in mind, and by our website.

- The incentives system should not encourage our sales staff to sell products that the customer will not subsequently use.
- When dealing with special issues, our sales operatives are also given incentives to consult with a suitably qualified colleague.
- In Hungary, with the more widespread holding of customer satisfaction surveys, from 2010 we plan to directly incorporate customer satisfaction as a factor in the incentives system.

We have also launched a number of initiatives for the benefit of our customers in the course of branch visits:

- We have completed testing of the Intelligent Customer Orientation System (ticket dispensers). The new type of ticket dispenser is simpler to use, ensuring that customers are even more certain to be directed immediately to the right member of staff. Based on the positive results of the testing, we plan to introduce the Intelligent Customer Orientation system at our busiest branches in the medium term.
- We aim to ensure that customers receive a sophisticated and professional service even in respect of special issues, so we provide our employees with specialist training and skills and direct our customers to the appropriate members of staff.
- The speed of branch service is an important consideration for our customers. To ensure a quicker and more convenient service, starting from 2009 we provide information regarding the times of day at which branches are busiest, so that customers with an opportunity to choose the time of their branch visits are dealt with in even less time.
- Selected branches – with extended opening hours – are open to customers until as late as 8 pm.
- Our aim is to create branches that best suit the needs of our customers. To this end we have increased the number of branches with a children's area, with the result that 53 of our branches now greet children with a constantly varied selection of toys and games designed to stimulate their crea-

tivity. In a pilot scheme, we have also established a children's area in one branch in Romania. Customers will be informed of the presence of children's areas by signs at the branches, and this will also be included as a selection criterion in the 'branch finder' on our website.

- In the case of banking services that lend themselves to standardisation (e.g. account opening, loan applications), we have developed universally applicable processes. The work of our employees is eased by a computer program that guides them step-by-step through the relevant process, allowing staff to focus on identifying the customer's individual requirements, and thus take on more of an advisory role.
- The Branch Renovation Program commenced in 2004 continued in 2008, although as a result of the economic crisis the renovation – and barrier-free conversion – of only 55 branches took place in Hungary, in place of the 75 originally planned. The work to modernise our branches was carried on in 2009, with a total of 22 renovations planned for this year. The reconstruction work includes the provision of seating at customer service desks where longer administration times are likely.
- The barrier-free conversion of our branches is being performed on an ongoing basis as a part of the Branch Renovation Program. In Hungary some 90%, in Romania 100%, in Serbia 50% and in Montenegro 25% of branches are barrier-free.

The following measures have helped to raise the standards of service provided to our commercial banking customers:

- Establishment of 23 Commercial Banking Centres in Hungary, starting from the beginning of 2008. The centres were created to enable us to serve the needs of corporate and municipality clients in a more concentrated manner, and thus more efficiently. The centres are staffed by employees with advanced skills related to the commercial banking segment. Besides the Commercial Banking Centres, the documentation needed to apply for the individual products may also be submitted at and other branch of the Bank.



- Our customers are also assisted by employees who have received special training with regard to participation in EU-funded programs.
- At the time of writing this report the entire commercial division in Hungary operated the ISO 9001 quality assurance system that is mandatory for participation in public procurement tenders, as the system has been extended from the Municipality Division to encompass Commercial Banking operations.

Compliance

The purpose of the compliance function is to contribute to upholding the OTP Group's good reputation by facilitating legally compliant operation. A key task in this respect is the management of customer relations, and ensuring full compliance with the rules on consumer protection.

In recent years banks have been the target of much criticism from regulatory bodies, government and consumer protection agencies due to breaches of competition rules and customer interests, and the practice of unilaterally amending contracts, as well as their lending procedures in general.

In order to comprehensively manage compliance risks the company, pre-empting the imposition of statutory obligations, commenced an in-depth compliance audit and evaluation of its regulations and customer relations system. Our objective is to ensure that our internal regulations comply with the statutory provisions in every respect, to raise the effectiveness of controlling functions, to maintain the Bank's conservative approach, and to better enforce the principle of equality in our customer relationships.

Based on a review of internal processes, in 2008 OTP Bank introduced a new risk management method that focuses on compliance risks, and which is applied in respect of all bank functions.

Our future objectives include implementing the following measures in 2009, for the benefit of our customers:

- We will review, and where necessary amend the terms of our general business regulations.
- The business regulations will be incorporated into contracts.
- The possible grounds for unilateral contract amendments will be specified in contracts, even prior to this becoming a statutory obligation.
- Customers will be permitted a longer period than is currently allowed for the submission of objections to unilateral contract amendments.
- We will develop our communication procedures to ensure the fair and objective provision of information.

Combating money laundering and terrorism

OTP Bank complies with the laws on the prevention of money laundering and the financing of terrorism, in order to ensure that our Bank cannot be used a vehicle for such activities.

In Hungary, in 2008, the identification of beneficial owners was performed in accordance with the statutory provisions, with the cooperation of our customers.

Adoption of the European Code of Conduct for Mortgage Lenders

To ensure that customers are provided with more accurate information, at the beginning of 2008 OTP Bank adopted the voluntary code of conduct recommended by the European Commission. The purpose of the Code is to ensure the transparency and comparability of information. The Code stipulates that credit institutions should provide customers with:

- *general information about home loans on offer,*
- *personalised information at a pre-contractual stage to be presented in a European Standardised Information Sheet.*

All information – relevant in relation to the home loan – must be provided, including the possible charges that may arise.

Customer satisfaction surveys

To gauge our customers' opinions and expectations we conduct our own surveys and use the results of third-party research. The satisfaction surveys form the basis for development work, and also represent a factor in the performance appraisal and incentives systems for the holders of certain positions. Since 2006 OTP Bank has applied a standard methodology for learning the opinions of its retail customers. Through mystery shopping, we primarily measure the quality of service provided to potential customers, both at OTP Bank and our competitors. Besides this we also make use of feedback from our own employees, as well as a range of indicators measured in-house (e.g. waiting times, processing times). Starting from 2009 we plan to develop a comprehensive in-branch customer satisfaction survey, supplemented with a Quality-of-Service Measurement System. The quality-of-service assessment extends to cover the ease of access to the branch and customer service staff and the conditions under which customers are served, the needs analysis, the provision of information, and administration processes. The system creates an opportunity to assess the performance of individual branches. The most important indicator determined in the course of the monthly, telephone-based customer satisfaction survey is the global satisfaction indicator, which is a measure of the overall perception of retail current account-holding customers with regard to the products, services and banking channels that they use. In the first half of 2008 the value of the Global Customer Satisfaction Indicator remained essentially unchanged in comparison to the end of 2007, at 66 points.

OTP Bank won the gold award for "Best Consumer Internet Bank of the Year" in 2008, as voted for by the general public.

In the second half the level of customer satisfaction rose, with the value of the indicator climbing to 70 points (out of a maximum of 100 points.)

Besides surveying our retail customers, we also canvass the opinions and gauge the satisfaction of our corporate and municipality clients. However, due to the lower number of these clients and the more personal nature of the relationships, this process is less formalised and allows opinions to be explored in greater depth.

Almost without exception the Hungarian members of the OTP Group conduct periodic customer satisfaction surveys. The form of the customer satisfaction surveys, and their frequency and content depend on the number of clients served, and the nature of the services provided.

Our customers judge the quality of OTP Real Estate's services to be outstanding. In a survey of all customers, with a high response rate, the company achieved a score of 90% or more in all the categories examined. The services provided by OTP Hungaro-Projekt were also regarded favourably, with a customer satisfaction rate of over 80%.

Our foreign subsidiaries also employ their own methods for gauging customer opinion. The Montenegrin CKB Bank achieved superlative results, with respondents rating the Bank's performance at between 70% and 95%. The most favourable reception was given to services aimed at encouraging children to save. The Ukrainian subsidiary CJSC OTP Bank also performed exceptionally: based on surveys conducted by telephone and in person some 91.5% of customers were satisfied with their relationship with the Bank, and customer loyalty was even higher, at 93.1%. In 2008 we began to conduct mystery shopping surveys using a standard methodology at group level, with determination of the competitor banks, products and life-situation scenarios to be examined performed in a country-specific manner. In terms of its characteristics and standards, the quality of sales work is mainly consistent across the OTP Group, although the results achieved in Bulgaria and Hungary stand out. In comparison to the local competition, the OTP Group's Serbian, Bulgarian, Romanian, Croatian and Ukrainian subsidiary banks achieve a superior standard of sales work.

Constant expansion of the electronic channels

Every member of the OTP Group encourages its customers to make use of electronic channels, for a speedier and more convenient banking experience. Besides this, the use of e-channels also helps to protect the environment.

At OTP Bank the majority of customer contacts – more than 90% – have taken place via the electronic channels for several years now, and the number of customers who subscribe to these services is continuously rising: in 2008 the number of OTP Direkt contracts grew by 10%. At the Slovakian subsidiary, OTP Banka Slovensko, the number of users of internet-based services increased by 23%.

6. Promoting Financial Literacy

Each new generation of financial products is more sophisticated than the previous one, as the money markets grow in complexity. Is it possible to select the appropriate product without a grasp of basic financial concepts? What kind of knowledge do we presume our existing and prospective customers to have? Who is responsible for raising levels of financial literacy?

We believe that however careful we are in providing information regarding individual products and product groups, in order to properly understand them customers need to possess the – often lacking – basic financial skills.

Research by the Organisation for Economic Cooperation and Development (OECD) draws attention to the low level of financial literacy in Central and Eastern Europe. According to one survey, for example, only 17% of Hungarians understand the concept of inflation, while 34% of the population would be unable to live off their savings.

The OTP Group treats raising the financial literacy of its customers, and of society in the broader sense, as a key priority. We strive to deploy the means best suited to the given social environment, in the interests of developing a more financially sophisticated culture. It is our belief that educational institutions are primarily responsible for developing basic financial literacy and awareness; however, we too have undertaken a role in addressing these issues, through a number of our initiatives.

In the interests of improving financial literacy, our customers and other interested parties can gain an understanding of specialist terminology using the online glossaries on the websites of OTP Fund Management and OTP Garancia Insurance. In 2009 we will also publish explanations of basic financial and economic concepts on OTP Bank's website, drawing on the content of the book entitled "1,000 Words on the Money Market", which was published with the assistance of the Bank.

OTP Banka Slovensko, in conjunction with Slovakia's public-service TV station, launched a series of weekly 15-minute programs entitled "Money", offering financially-themed know-how and advice, and other items of interest from the world of finance. The purpose of the program is to provide people with comprehensive information regarding the sensible management their finances.

In Hungary, our awareness-raising programs focus on students. Employees from the branch network regularly visit schools to impart financial skills. Besides this, the OTP Fáy András Foundation, established and run by the Bank, pursues the aim of promoting a culture of financial and economic literacy among the younger generations.

"Bankó"

A bi-monthly, colour magazine for customers, containing news of the OTP Group's business results, products and services, and other related innovations.

World Savings Day

The OTP Group has for years been a committed supporter of World Savings Day, launching numerous events to encourage the responsible and thrifty management of personal finances.

- *The Croatian subsidiary OTP Banka Hrvatska invited primary school children to visit bank branches, where employees gave them an insight into banking operations. The branch managers gave fascinating presentations on the importance of saving and being responsible with money. After the visits the children drew pictures describing the experience.*
- *The Montenegrin CKB, focused on promoting its deposit products as a means of encouraging youth to save money, making thriftiness more attractive through free gifts and special offers.*
- *It is traditionally on World Savings Day that we present employees who display outstanding performance with the Fáy András Award and the "For OTP Bank" award, which went to a total of 82 members of staff in 2008.*



The OTP Fáy András Foundation

It was András Fáy who, in 1839, founded the city's first savings cooperation, Pesti Hazai Első Takarékpénztár Egyesület, the spirit and traditions of which OTP Bank regards as a part of its own heritage.

In 1992, the Bank established the OTP Fáy András Foundation, a public-benefit organisation which, through its various initiatives, assists young people in understanding the world of finance and economics, and developing their skills.

Library development program

In order to raise the standards of economics education, for the third consecutive year the Bank is donating textbooks and teaching aids to the libraries of secondary schools. Under the program so far more than 10,000 students have been provided, free of charge, with specialist economics literature; a total of 15,000 books, 100 desktop computers and laptops have been donated, and 760 annual subscriptions to periodicals have been taken out, in a total value of more than HUF 50 million.

In 2008 we announced the launch of the program on a nationwide scale, and its extension to institutions providing secondary-level education. A total of 600 schools applied to participate, of which we supported 150. The institutions could select a package of books worth HUF 140,000, selected from around 3,000 works of specialist literature.

"We don't have any money to spend on developing our library, and can only buy books using leftover cash, which isn't sufficient for anything. These books are a part of the courses taught in our school, and provide our language teachers – and through them, our students – with new opportunities in the course of their day-to-day work. The list of books that we could choose from was extremely wide-ranging, and the almost 3,000 titles fulfilled virtually all of our requirements..." Apáczai Csere János primary school, secondary school and sixth-form college, Dombóvár

BASICS Program

Over the past years – under the ALAPOK program – we have developed a unique course of special economics, life management and career management training for final-year secondary school students. We invite applications to join the program in a different county every year. The young participants in this interactive educational program familiarise themselves with basic concepts related to finance, economics and business, through role-playing. Beyond this, the students acquire skills that are indispensable for the shaping of their future, but which are not part of the standard secondary school curriculum. These include, among other things, an awareness of the basic rights of employers and employees, the finer points of CV-writing, and job-interview skills. The two-day courses are held on the school premises. The trainers and other resources, refreshments and meals are paid for by the Foundation. Encouraged by the success of the courses, in 2008 we also made preparations for the launch of teacher training sessions as a part of the ALAPOK program. In this context, since spring 2009 we have been training secondary-school teachers to impart to their students the financial and career-management skills they need to make a start in life. The purpose of launching this nationwide teacher training program is to enable as many students as possible to benefit from the program.



Student journalism competition

Students were invited to enter our ‘Student Journalists Wanted!’ competition by submitting an essay and interviewing a businessperson or finance professional, on the themes of the economy, careers, and saving. The Foundation concluded a bursary agreement with the five winning entrants, for one academic year. Besides the sponsorship – uniquely in Hungary – articles and reports by the winning student journalists are regularly published on the Foundation’s website. The student journalists report, for their peers, on the businesses they come into contact with, on economic and local social events, and other important attitude-forming issues. We believe that they are the best placed to explore the topics and problems that are of interest to others in their age group.



OTP Bank's Financial History Collection

OTP Bank's Financial History Collection is symbolic of the financial institution's efforts to preserve heritage. As a result of the preservation work commenced more than forty years ago, the Bank now has more than 30,000 items of historical banking documentation. The Bank regards it as an important task to collect, document and properly store the viewable items in the collection.

7. Products and Services

What makes a bank product or service 'responsible'? What is the Bank's role in economic processes? Who should bear what share of the risks that arise? To what extent should financial institutions be expected to exercise self-control, and employ practices that differ from those of competitors?

In the course of developing our products, from day to day, we have to deal with these questions and many others. Asking the questions, however, is far simpler than resolving the issues, since our shareholders have one set of expectations and profitable operation gives rise to different demands, for example, to what the regulatory environment would regard as desirable; and even the needs of deposit-holding customers differ from those of borrowers. The need to strike a healthy balance between the diverse range of interests presents the company and its employees with an ongoing challenge.

- Besides trust, **stability** is another key strength that prompts our customers to choose the OTP Group. In the interests of maintaining that stability, we pursue a **conservative risk-assumption policy**.
- In the course of developing and selling all our **products**, we make it compulsory to apply the provisions of the Code of Ethics, and constantly monitor changes in the social and economic environment, while information is regularly exchanged between the specialist departments.
- **Some of our products** are expressly designed to serve the financial needs of a specific group within society.



We endeavour to satisfy the diversity of customer needs by broadening the spectrum of services that we offer. Our product range differs from one country to another, to account for the variations in customers' requirements and means. **Many of our products or offers** aim to encourage:

- **raising the financial literacy and awareness of individuals and businesses** (e.g. giving young people access to banking services; savings packages; offering a variety of self-reliance opportunities);
- **greater environmental awareness** (property renovation loans to assist in improving energy efficiency; climate change fund; electronic bank statements);
- **and the utilisation of state and EU funding.**

Virtual bank card

The MasterCard Web Card and related Web Card Account make it possible to shop securely over the internet. There is no need to keep money in the account; it is sufficient to only top it up immediately before making purchases over the net. The Web Card does not physically exist, and therefore cannot fall into the wrong hands.

Retail banking products

The OTP Group closely monitors the needs of **youth** – the future generation – constantly adding to the range of products that cater to their requirements. The products previously launched by OTP Bank and its subsidiary banks continue to be available, offering young customers preferential account management and savings opportunities.

CKB offers special savings products for children, while OTP Banka Hrvatska and DSK Bank also provide special service packages for students and customers in the younger age bracket. OTP Bank Romania offers cheap-rate bank accounts for university students. In 2008, product developments at OTP Bank primarily encouraged saving:

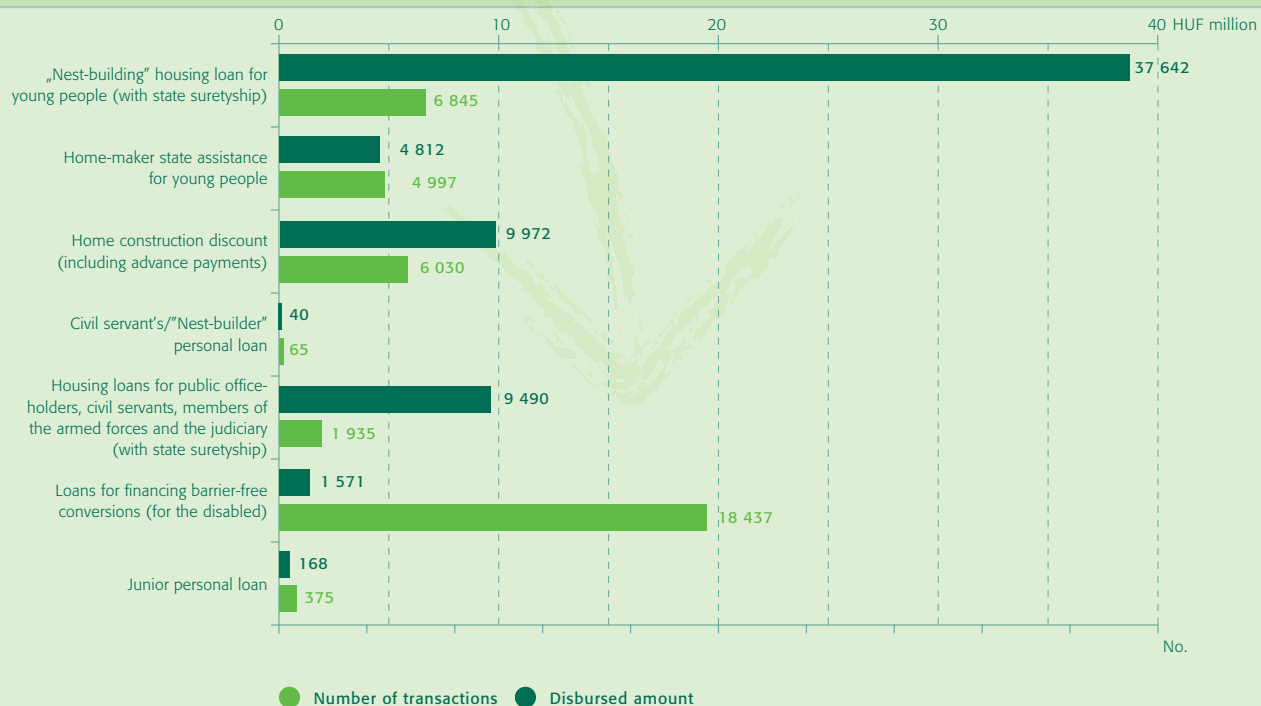
- No charge is made for transferring funds from an account held at OTP Bank to a Start (Baby Bond) deposit account.
- Also free-of-charge is one transfer a month to a “Junior” account, besides which Junior account holders can now fix deposits even in small amounts, with the aim of encouraging young people to save independently and take control of their own finances.

– In 2008 we created the “Osztálypénz” (Class Money) account, in which primary and secondary-school classes can deposit money collected for school outings and similar purposes. The account offers an easily managed and favourably priced opportunity for saving and utilising ‘class money’.

– We have enhanced our deposit product for children under guardianship, adding the option of fixing deposits for six months at favourable terms, and since the beginning of 2009 two-year facilities and products linked to home purchase pre-saving schemes have also been available.

Besides the younger generation, we also devote special attention to **senior citizens**. The retiree customers of OTP Bank Romania, the Montenegrin subsidiary CKB, the Croatian OTP Banka Hrvatska and Bulgarian DSK all have access to preferential account packages and products. OTP Life Annuity has overhauled its annuity program, to make sure that the terms are even more closely aligned with customers’ needs. It is particularly important to enable our older customers to make decisions about their savings and money in a way that is reassuring and genuinely in line with their wishes.

Special retail loan products (31 December 2008)



For this reason, OTP Bank in Hungary no longer charges customers on the over-60 age group for giving instructions regarding disposal over accounts in the event of their passing away, which enables a simplified probate procedure. Products that are combined with some form of state aid differ substantively between members of the Bank Group, depending on the subsidy systems in force locally. However, every company in the OTP Group make favourably-priced products accessible to its customers. In Hungary, as in previous years, the following are available to our retail customers:

- loans offered in tandem with state subsidies, for home purchases and renovations;
- discounts offered to civil servants, prosecutors, judges and judiciary staff;
- state-assisted loans for the barrier-free conversion of homes for the physically disabled;
- self-reliance schemes – voluntary and private pension plans, personal retirement savings accounts.

The use of discounted retail loans – in line with the general decline in lending – fell in comparison to the previous year.

OTP Bank the first in Hungary to join SEPA

In 28 January 2008 the Single Euro Payments Area (SEPA) came into effect, under which standardised euro transfer protocols are steadily being adopted in the EU member states and a further four European countries. The purpose of creating SEPA was to render funds-transfer services simpler, more convenient and less costly. With the full implementation of SEPA the differences between domestic and cross-border payments will be eliminated.

OTP Bank regards joining SEPA as being of key importance, and has therefore offered the opportunity to make SEPA transfers at more favourable rates since 28 January 2008.



Corporate and municipality banking products

In addition to the products introduced in previous years, in 2008 OTP Bank created a new account-management package for agricultural small enterprises and small farmers, and for non-profit organisations.

We continue to assist businesses and municipalities in utilising state assistance and European Union funding, enabling a broad cross-section of the business sector to gain access to discounted financing either through the Bank's self-funded facilities or refinanced lending schemes. The financing structures differ, but the loan purposes are typically the same, since the objectives of the funding are similar throughout the region (e.g. drainage projects). In the case of OTP Bank:

- The OTP New Hungary Investment Loan is a part of the New Hungary Micro Lending Program.
- The Széchenyi Card gives access to state assistance and guarantees.
- The state provides interest subsidies for the Enterprise Home Building Loan.
- The New Hungary Enterprise Development Lending Program represents a source of

supplementary funding, primarily in relation to applications for assistance under the New Hungary Development Plan and the New Hungary Rural Development Program.

- The New Hungary SME Loan is specifically aimed at assisting micro, small and medium-sized enterprises.
- Agriculture and farming are supported by three programs – the New Hungary Agrarian Development Loan Program, the New Hungary Agricultural Working Capital Loan Program and the New Hungary Grain Working Capital Loan Program.

The provision of preferential funding, planned for 2008 under the European Union's JEREMIE program, will now take place from the beginning of 2009 due to delays in the launch of the related state assistance scheme.

The loans provided by OTP Bank in relation to EU funding are always developed with a specific tender in mind, and are aligned with the conditions for submitting bids. The types of loan on offer include:

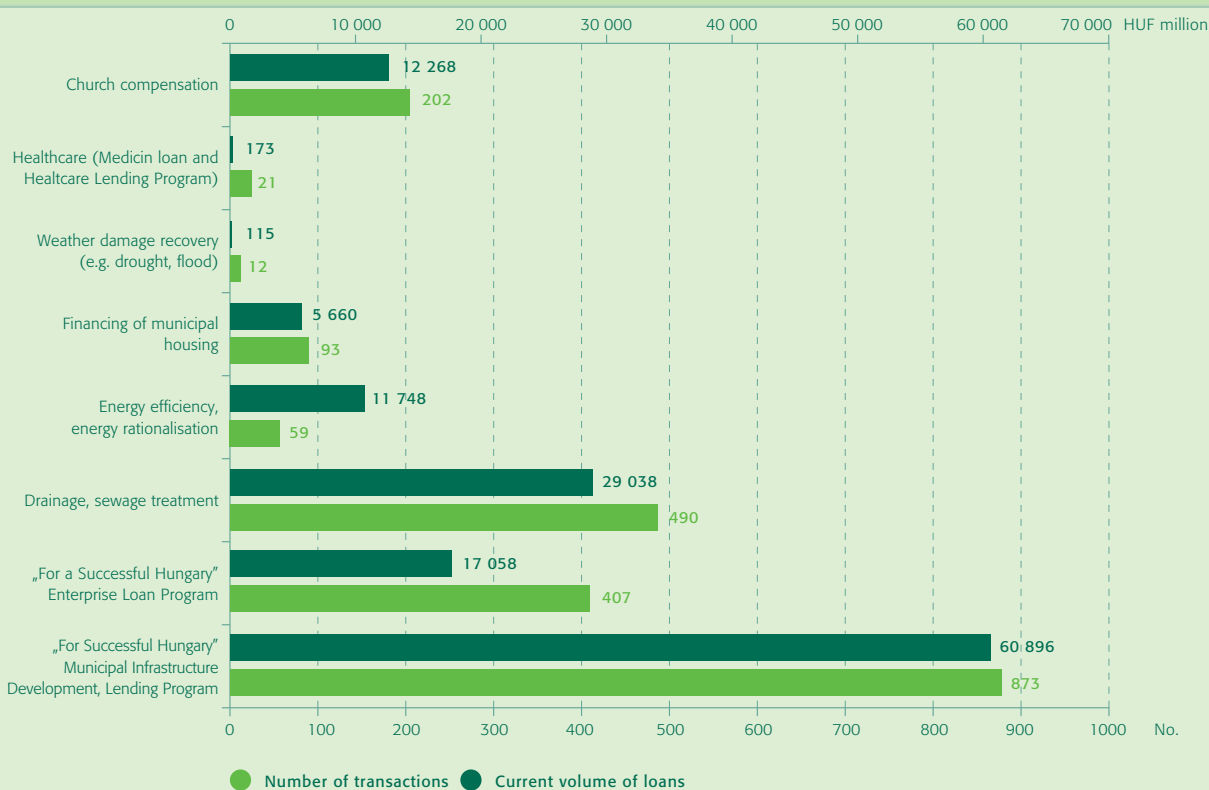
- financing for the preparation of tender applications;
- loan for the funding of co-financing requirements;
- working capital loan for the pre-financing of subsidies;
- bank guarantee.

Our Bank traditionally holds a market-leading position in the municipality sector. OTP Bank's CSR-related activities in the municipality segment are exceptionally diverse and varied.

We assist the achievement of local government objectives through a variety of special products:

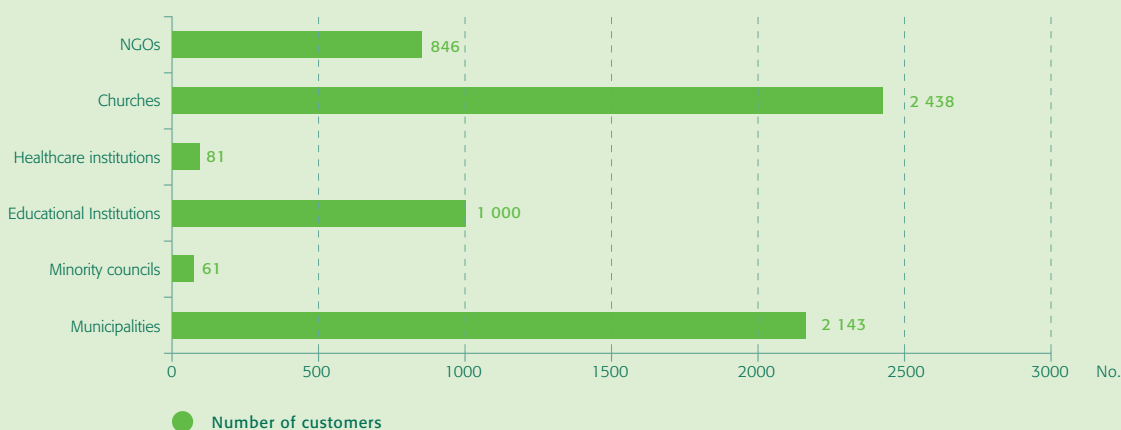
- The "For a Successful Hungary" Municipality Infrastructure Development Lending Program – as in previous years – continued to provide funding for environmental protection, urban rehabilitation, public education, culture and sport, the development of healthcare services, assistance for IT infrastructure investments and the funding of co-financing requirements for subsidy applications.
- Waste water purification, the construction of drainage systems, energy rationalisation and the construction of municipality housing are also investment objectives that we support through a range of special products.

Special corporate/municipality loan products (OTP Bank, 31 December 2008)



1 For financing current assets, that is assets recorded in a company's balance sheet that typically serve day-to-day operations and are unlikely to remain among the company's assets in their current form for more than a year.

Special corporate and municipality customers (OTP Bank, 31 December 2008)



The pattern of special product utilisation mirrors the development of the economic environment: the number and volume of loans related to the New Hungary Program rose in comparison to the previous year, and the take-up of loans for energy-efficiency and energy rationalisation also increased. Other areas, however, witnessed a slight decline in lending. The number of OTP Bank's special corporate and municipality customers fell slightly in 2008, relative to the previous year.

Outside Hungary, OTP Bank Romania is also an important partner to the NGO sector, with 143 non-profit organisations among its clients, while micro and small enterprises also make up a significant proportion of customers at the Montenegrin subsidiary CKB and the Ukrainian CJSC. Around one third of Bulgaria's municipalities are clients of DSK Bank.

We continuously monitor environmental projects and the opportunities for developing products aimed at promoting environmental protection. The financial and economic crisis has led to a considerable drop in funds, which also has an impact on our product development plans; however, under more favourable market circumstances, with the involvement of our foreign subsidiaries, we intend to continue with initiatives such as the preparations for participating in carbon credits trading. The OTP Group's energy-sector portfolio also contains projects related to the harnessing of renewable energy. These account for around a third of the energy-sector projects, although terms of value they represent a smaller share. OTP Bank helped to finance the conversion of a generating block at Pécs Thermal Power Plant to run on biomass.

Condominiums and housing associations

OTP Bank's strategy attributes a key role to condominiums and housing associations. We offer several account-management packages specifically designed to suit their requirements, and have developed the TAKAROS (TRIM) account package for condominiums with relatively low income.

In keeping with the savings habits and withdrawal requirements of condominiums, we have created two types of deposit product.

We take care to offer the most appropriate financing structures for renovations and energy-saving investments, and assist in making the best use of state assistance. Through the involvement of local municipalities we make sure that communities of residents are regularly informed regarding opportunities to apply for funding. Our website contains more detailed information about the programs.

Special financial products and related services

OTP Fund Management, besides conducting its operations in compliance with strict professional and ethical standards above and beyond the minimum statutory requirements, at the beginning of 2008 launched the **OTP Climate Change 130/30 Fund**. Its purpose is to offer an opportunity to invest in the shares of companies that stand to gain from directives, statutory provisions and shifts in economic policy aimed at mitigating the impact of climate change, because sustainable development lies in the focus of their operations. The Merkantil Group contributes to the **mobility of disabled persons**, through the acceptance of state-issued disability vouchers. Some 500 of our customers purchased a car with the help of this scheme in 2008.

We take environmental protection into consideration from every angle in the case of **buildings constructed with the participation of OTP Real Estate**. Our buildings are made from environmentally friendly materials. We examine the opportunities for supplying them with energy from renewable sources, and design and construct our buildings to last (for a minimum of 80 years), which demands the use of durable, hardwearing materials. In the design stage we consider whether the buildings can be constructed and maintained with a low level of energy consumption. When purchasing, we give preference to locally sourced building materials. In the course of the construction work we also place emphasis on recycling: among other measures, we separately collect the concrete rubble generated during construction, and use it for landscaping. We also make an effort to use recycled building materials, such as those manufactured from reclaimed wood. Our buildings do not emit harmful substances in the course of their construction and use. We substitute hazardous materials with safe equivalents.

The power station plans to further expand its use of renewable energy sources. The Bank also assisted in financing the construction of a small hydroelectric power station on the river Rába. Besides this we provided funds for the creation of three bio-fuel production plants in Hungary and Slovakia. These three facilities fulfil virtually the entire bio-fuel requirement of the region. In the course of modernising and expanding one of the generating blocks at Mátra Power Plant, which also features in our financing portfolio, CO2 sequestration technology is being used.

OTP Bank is open to the financing of investments in renewable energy generation, and evaluates numerous projects, many with a high value, on an ongoing basis. Several members of the OTP Group participate in implementing investments that serve to raise energy efficiency.





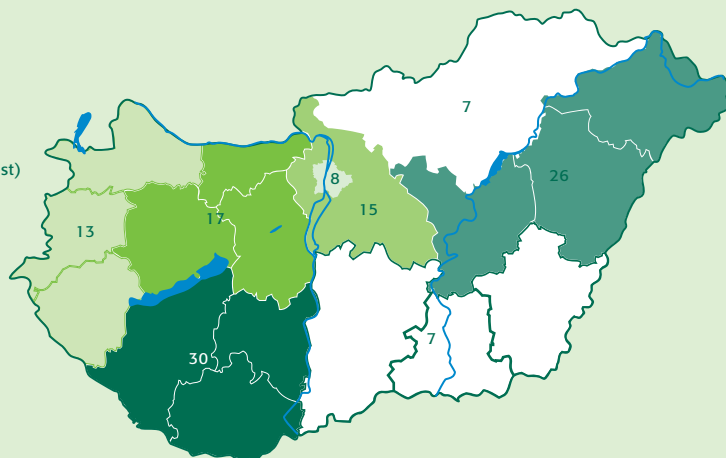
Support for ensuring the requisite high environmental, quality and safety standards is assured by the use of an enterprise resource planning system.

In Hungary OTP Hungaro-Projekt, in Romania OTP Consulting Romania and in Bulgaria DSK Bul-Project, offer advice and related services to assist corporate and municipality customers, primarily in securing and making effective use of EU funding. OTP Hungaro-Projekt participated in

123 projects in 2008, of which 37% were carried out on behalf of municipalities. The projects totalled HUF 35 billion in value, and the amount of funding applied for exceeded HUF 17 billion. Around 60% of the projects have already been granted assistance, while a further 10% have successfully passed the first round of the application process and 16% await the green light from authorities. The company's success rate among corporate customers was 94%. In 2008 OTP Hungaro-Projekt prepared 14 EU-assisted environmental projects for its municipality customers, in the areas of waste-water treatment and drainage, rainwater drainage, improving the quality of drinking water, the management of solid waste, and nature preservation. The combined budget for the projects totalled around HUF 14.5 billion.

Regional distribution of tender bids prepared with the assistance of OTP-HP

- Southern-Transdanubian Region
- Northern Plains Region
- Central-Transdanubian Region
- Central-Hungary Region (outside Budapest)
- West-Transdanubian Region
- Budapest
- Southern Plains Region
- North-Hungary Region



Supporting the film industry

As in previous years, we lent our support to the Hungarian film industry again in 2008. Companies that sponsor film productions are eligible for tax discounts; under a special scheme the Bank pre-finances the amount of support.

In 2008 we provided financial support for a total of 43 films, including animated features aimed at mature audiences, such as *Macskafogó II (Cat Trap 2)* and *Pinkó*, and comedies such as *Casting*, but the majority – around 80% – were documentaries.

8. The Impact of the Economic Crisis on the OTP Group's CSR Operations

The financial and economic crisis that began in the lending market, and began to have severe and widespread impact in autumn 2008, has also left its mark on the operations of the OTP Group. The Bank Group's conservative risk-assumption policy places it on a stable footing in terms of maintaining equilibrium and liquidity. However, in many areas of operation an immediate response was required, and we still need to remain constantly alert.

In the interests of maintaining stability:

- We have overhauled our product range;
- imposed stricter risk management procedures; and
- are being more proactive in providing our customer and investors with more comprehensive information;
- we are reducing our investment costs to a minimum;

– and beyond protecting our deposit-holders we aim to assist our debtors and prevent them from becoming insolvent and defaulting on their loans.

Besides our customers and shareholders, we also have a special responsibility towards our employees, since job security has become one of the most important factors for our staff in ensuring their own livelihoods.

8.1. Communication and the Provision of Authoritative Information

In many cases, the senior executives of companies in the Bank Group have the status of important and respected public figures and opinion leaders.

The Bank's executives play a key role in the regular informing of public opinion. The Bank constantly provides information regarding the credit institution and the most important events affecting its customers.

As well as strengthening our media presence, we are steadily introducing other channels for the provision of detailed and personalised information.

The briefing of shareholders continues to be one of our communication priorities. The customary channels are still used for maintaining contact and disseminating information, but the focus of the briefings is changing and they are becoming more detailed. Due to the economic crisis the focus of shareholders' interest has shifted towards the liquidity situation², the portfolio of foreign-currency loans, the ratio of loans to the respective collateral value³ in the case of mortgage loans, the opportunities for procuring outside funding, the Bank Group's capital situation, the quality of loans, and the changes that have occurred to all these.

² Immediate solvency

³ The value recognised by the Bank as the value of a property pledged as collateral

We make every effort to satisfy our shareholders' need for information, and to fulfil their expectations with regard to being directly informed, since their trust is a crucial factor in ensuring the Bank Group's future and stability.

The financial crisis has led to a considerable rise in the number of **small investors** who have been tempted, by the substantial falls in share prices, to try their hand at trading on the stock market. Although domestic small investors are

not predominant within the Bank's ownership structure, **it is an important responsibility for us to keep them appropriately informed.** On the website, small investors naturally also have access to stock-exchange interim executive reports, the related presentations, and the analyses of the Bank's Research Centre; and they also have the opportunity to make contact with the Bank directly. Besides this, Dr László Urbán also participated in the 'Stock Exchange Day' organised by financial news portal Portfolio.hu, where he briefed small investors in person regarding the situation of OTP Bank. In 2009 we plan further initiatives for the provision of information to domestic small investors who hold shares in our company.

Our customers receive information in person from the staff of our call centre and branches. To ensure the provision of accurate and reliable information **we keep our employees informed and trained with regard to both the situation of the Bank as a whole, and the solutions available to customers who are experiencing difficulties,** so they can respond professionally to the questions and requests they receive from customers. Our efforts appear to be vindicated by the fact that the flood of enquiries received when the crisis broke had run its course within two-three weeks, and there were no significant withdrawals of deposits by our customers.



Loss of pension fund savings

The economic crisis also had a negative impact on savings invested in pension funds, as exchange-rate losses and negative yields were incurred. The OTP Pension Funds keep their customers continuously informed of the latest developments and reasons for unfavourable events through newsletters and branch staff.

A key role in the provision of information is played by the annual account statement, which gives our customers an overview of the development of their savings. The negative yields of 2008 may be a cause of concern for our customers, which is why we provide them with comprehensive information about the impact of the crisis on savings and the underlying money-market interrelationships, and advice on how to avoid realising their losses.

Besides the detailed information sent with account statements, we make the information available via our website and through media channels. We also play an active role as a leading member of the Stabilitás Pénztárszövetség (Coalition of Funds for Stability).

8.2 Changes to Organisational Functions

As a multinational corporation, from time to time the Bank needs to rethink its operations in response to the changing market and economic circumstances. Although the crisis did not give rise to a need for organisational restructuring or a change to the principles of operation, it was essential to amend our operating procedures.

The principles underlying changes made to operations in the interests of stability:

- Risk reduction
- Security
- Rapid response
- Accurate situation analysis
- Cost reduction

The sudden and unforeseen changes require management to make more frequent decisions, and supervise processes more closely. As regards the subsidiaries, decision-making has become more centralised and executives carry a greater burden of personal responsibility, in the interests of ensuring security and making rapid and appropriate decisions.

In the case of planning, the heightened caution is reflected in such measures as the drafting of several possible scenarios, the reinforcement of internal controls, and the holding of frequent reviews. The role of business support functions has been ramped up in response to the crisis, with the focus shifting away from growth towards maintaining stability and security. Primarily, risk management, compliance, controlling and security have taken on a heightened importance. We believe that the development of these areas will have positive effects even after the crisis has passed, as countless risks and threats will become identifiable and preventable.

In the unfavourable economic environment it is only natural that we are making an effort to cut down on operating costs, postponing all those investments (in real estate, equipment, IT hardware and software) which, although they contribute to raising the standard of service and enhancing working conditions, are not strictly necessary.

8.3 Changes in the Product Structure

Our product offering and sales objectives focus on the collection of deposits, and the provision of incentives to save.

Deposits

As a consequence of the financial crisis the deposit-collecting that constitutes the basis for banking operations has – due to the difficulties in securing funds from interbank⁴ sources and the international bond market – taken on a greater importance. Deposit growth has become a key business target in terms of both product development and sales.

The security of our deposit-holders and their deposits is guaranteed by the Bank's responsible lending policy.

Besides deposits, the Bank Group also secures considerable funds through other investment products. In the current economic environment it is our responsibility to expand the range of low-risk products in our product offering, while continuing to cater to the differing requirements of the retail, corporate and municipality sectors. We develop our deposit products to encompass the widest range of investment opportunities, and thus at the time of writing a savings product was already available that invests in the shares of companies engaged in the harnessing of alternative energy.

⁴ Interbank market: The market in which banks deposit their surplus domestic and foreign-currency reserves in the short term.

Protecting borrowers

The economic crisis may result in difficulties both for our retail and corporate customers in repaying their loans. Within the OTP Group the weakening of currencies in the region has increased the burden on our customers in several countries.

To safeguard the interests of our customers as well as the Bank, we have developed (and continue to develop and apply) a variety of credit protection schemes.

For our retail banking customers, at all our subsidiary banks – beyond fulfilling the minimum statutory requirements – based on an individual consultation we offer an opportunity to extend the term of the loan, to temporarily suspend repayments, or to switch the currency of the loan.

OTP Bank in Hungary is also working to elaborate a credit protection program supported by statistical analysis, which will enable us to screen for those retail banking customers who are typically harder hit by the crisis, and thus for whom the repayment of loans is more likely to cause problems.

For our corporate banking customers, too, we offer a number of opportunities for bridging temporary payment problems. In Hungary, for our micro and small enterprise customers, we will be developing a debt consolidation product in the beginning of 2009. If the government creates the necessary conditions, we will also extend this opportunity to Széchenyi Card customers. For our large corporate and municipality clients we work to arrive at individual solutions for any specific problems that arise.



Unfortunately, in our experience to date customers only tend to approach the Bank once they have already accumulated a substantial backlog of missed instalments. In future we plan to be more proactive in encouraging retail banking customers struggling with repayment problems to get in touch with the Bank before they fall behind with their payments, in order to find a mutually satisfactory solution.

We have provided our employees with training related to the credit protection programs. In 2009 we plan to publish a short pamphlet with information about the credit protection programs, giving an overview of the available solutions.

It is also of primary importance, in terms of perpetuating economic processes and ensuring growth, to maintain lending operations, and – with the exception of exceptionally high-risk loan purposes and market segments – to remain at the service of our borrowing customers.

At the same time, due to the heightened risks and the need to safeguard the interests of the Bank, its depositors and borrowers, it is necessary for us to place limits on the available borrowing opportunities and impose stricter credit appraisal procedures.

Under the present economic circumstances, due to the dwindling opportunities to procure funds, a greater importance is being attributed to refinanced⁵ loans, often provided by the state or the European Union, which allow the stimulation of economic processes through an expansion of funding sources. In most cases the refinancing

⁵ In the case of a refinanced loan the Bank does not place its own funds, but passes on the funds received from another financial institution.

Yen-based loans

Due to the plummeting of the forint exchange rate, the collateral securing certain loans denominated in Japanese yen was no longer sufficient to cover the amount lent. Under the terms of the loan contracts this entitled the Bank to oblige borrowers to make prepayments or pledge additional collateral.

At the beginning of December we informed our customers, in a letter, of the substantial drop in the coverage rate, but at the same time indicated that, in the light of the current situation, the Bank has decided not to exercise its right to demand extra collateral or early repayment.*

We also drew our customers' attention to the fact that a variety of options are available to them for the resolving of any payment problems they might be experiencing.

** The ratio of the loan amount to the collateral value.*

institution stipulates the purposes of the loans in order to target specific areas for economic development, so the characteristics of subsidised and refinanced loans differ between the various countries in the region. Besides the development banks, we also strive to forge cooperative partnerships with other commercial banks.

The OTP Group endeavours to identify and utilise refinanced funding sources, and to participate in state-backed and European Union programs.

Lombard credit

For company owners with a high net worth, we offer the opportunity to pledge their personal savings as collateral for corporate loans, thus removing the need to sell off their own investments in order to fulfil their business objectives.

8.4 Our Employees

The economic crisis has also had a profound impact on our employees.

The frequent changes and uncertainty also result in an increased workload. Our customer service employees have a key role in informing and communicating with customers. However, always being able to provide the latest information requires constant preparation. Due to the increased demand for information and the need to answer a wide range of questions, often pertaining to both the general economic situation and that of the Bank, our staff need an even more comprehensive base of knowledge and skills than before. We provide our employees, in good time, with the background information that they need to respond to customer enquiries; and we also place emphasis on developing their professional skills. We know that our staff are working under higher levels of stress, and do all we can to alleviate this burden. Employees at our head offices are constantly seeking solutions to be applied under the altered economic and financial circumstances.

In order to provide our employees with consistent and concentrated support, at the beginning

of 2009 we launched a crisis management program with the aim of imparting professional and communication skills to employees who deal with customers.

One of the industries most affected by the economic crisis is the financial sector, a fact which is also sadly reflected in changes to banks' employee headcounts. The staffing cuts are necessary due to a narrowing of market opportunities, and the drop in demand. Other players in the bank sector are also being forced to make redundancies.

In the interests of managing our resources rationally in the long term – due to the substantial decline in business activity – in 2009 a reduction in the employee headcount will be unavoidable.

As a responsible employer, the Bank will make every effort to manage the downsizing as supportively as possible, through the continuous monitoring of capacity requirements and alternative employment opportunities, such as the reallocation of resources, part-time working, etc.

9. Our Employees



Our employees play a key role in the fulfilment of our strategy and achievement of our objectives. For this reason our HR policy must reflect our appreciation and recognition of our employees' contribution to the company's success.

Besides our efforts to strengthen our employees' commitment and encourage them to make full use of their talent and creativity, we also owe them a debt of responsibility. We are under an obligation to offer them job security, create healthy working conditions, help maintain a healthy balance between work and home life, and to ensure equal opportunities.

The OTP Group is present in nine countries of the Central and Eastern European region. As a multinational corporation our employment strategy must take local characteristics and differing requirements into consideration.

The size of the group and its individual members makes it necessary to standardise human resource management processes. We have to ensure that the organisation's operations are transparent for employees, and provide them with the opportunities that to improve their performance and strengthen their commitment (communication channels, employee representation, leisure activities, career path management, etc.).

Around a quarter of the OTP Group's employees work at the OTP Group in Hungary, and a third at OTP Bank Russia. Other major employers within the group are the Ukrainian CJSC OTP Bank, and Bulgarian DSK Bank. The majority of the OTP Group's employees are employed under indefinite-term contracts, which also reflects our long-term commitment towards our staff. In Russia the majority of workers are employed under part-time and fixed-term contracts, in line with the generally accepted practices in that country.

Number and distribution of employees

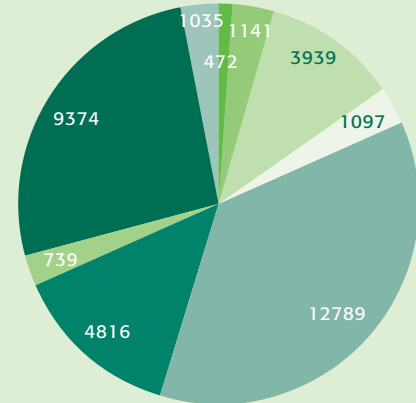
Employee headcount data (no. of persons, 31 December 2008)	OTP Bank		OTP Group Hungary		OTP Group
	2007	2008	2007	2008	2008
Full-time	7680	7498	10 301	8547*	29 500
Part-time, over 60 hours a month	714	691	1705	717	883
Total statistical headcount	8394	8189	11 963	9264	30 270
Part-time, under 60 hours a month	100	108	189	110	5 097
Total number of employees	8494	8297	12 157	9374	35 367
Number of employees with fixed-term employment contract	10%	9%	7%	8%	21%

* The table does not contain the data for OTP Garancia Insurance. At the end of 2007 the company had 2,579 employees.

Distribution of employees by country

- Hungary
- Croatia
- Montenegro
- Serbia
- Bulgaria
- Romania
- Russia*
- Ukraine
- Slovakia

*40% of employees in Russia are part-time and work less than 60 hours a month.



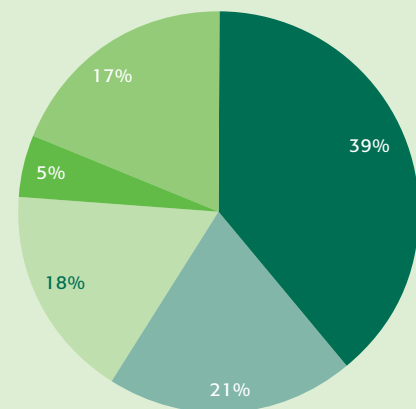
In keeping with the nature of its operations, all members of the OTP Group employ a high proportion of female staff, at around 70%. Managers are predominantly male throughout the Bank Group as a whole, while the proportion of females in management positions is higher at the foreign subsidiaries than at the Hungarian companies in the OTP Group.

In terms of age, employees are evenly distributed. The 25-35 age group is more predominant at our foreign subsidiaries than at the OTP Group in Hungary, which has a higher proportion of employees in the over-45 age bracket.

In response to the changed economic circumstances, OTP Bank was forced to reduce its

Distribution of employees by age

- Under 25
- 25-35
- 35-45
- 45-55
- Over 55



employee headcount between September and December 2008. If the number of employees leaving the company is adjusted for the 205 who were laid off as a part of the headcount reduction, the employee turnover rate came in at 12.7%, which represents a 1% improvement in comparison to the previous year. Without cor-

recting for this factor, the employee turnover rate was 15.9% at the OTP Group in Hungary. Employee turnover is lower at OTP Bank than at the other members of the Hungarian OTP Group. The percentage of outgoing employees differs significantly between the banks in the OTP Group. In Serbia and Bulgaria employee

OTP Bank – the Most Desired Company

OTP Bank came first in the Most Desired Company Survey conducted by AIESEC Hungary and Develor Zrt in 2008. The survey was performed among some 4,000 final-year economics and technology students, and sought to reveal which company the undergraduates would be most happy to work at. Based on the aggregate results, OTP Bank is the most attractive workplace.

turnover is 15-16%, while the proportion of employees leaving the Romanian, Russian and Slovak subsidiary banks is higher than this. Employee loyalty is exceptionally high at the Croatian and Montenegrin banks.

Generally speaking, the rate of employee turnover tends to be higher in more developed regions and large cities, and among younger employees and males. The percentage of young employees leaving the group is markedly higher.

Distribution of outgoing employees within the OTP Group

	Head office	Branch network
OTP Bank Hungary	29%	71%
Bank Group	14%	85%



Employees' opinion survey

The members of the OTP Group use a variety of means to gauge their employees' satisfaction. Since the research performed in 2007 OTP Bank has not conducted any further satisfaction surveys; based on the opinions revealed on that study, we are working to raise employee satisfaction and commitment.

Among the Hungarian subsidiaries, employee satisfaction surveys were held by TradeNova and OTP Travel in 2008. It was generally found that,

similarly to the staff of OTP Bank, employees at these companies are most satisfied with their job security and the working environment. The perception of other factors differed greatly between the individual subsidiaries, despite the fact that generally speaking the employees judged their workplace favourably. The staff of OTP Travel displayed exceptionally high satisfaction.

Among the foreign subsidiaries, both the Montenegrin CKB Bank and Croatian OTP Banka Hrvatska also canvassed the opinions of their staff. At CKB the results reflected a high degree of satisfaction among employees. Staff would most like to see improvements in the area of internal communication. The Croatian employees were mainly satisfied with working conditions and internal communication, while specifying remuneration, training and promotion as the areas where change would be most desirable.

We encourage our subsidiaries to perform satisfaction surveys at regular intervals, in the interests of gauging the opinions of employees and reinforcing their dedication and loyalty.



Career planning and development

In the interests of retaining and motivating its specialist employees, OTP Bank has introduced a life path model, applicable at all organisational units.

In a continuation of the career management program launched in 2007, last year we commenced the talent-nurturing scheme involving the selected employees, and extended this initiative to six foreign subsidiaries of the OTP Group. The purpose of the regional program is to ensure the nurturing of talent, strengthening of loyalty and pooling of knowledge in a coordinated manner at group level. Our objective is to introduce the talent-nurturing scheme throughout the Bank Group, making use of the experience gained during the developing of the existing systems.

Benefits policy

We continue to uphold the principles of fair remuneration that recognises and rewards performance, and in 2008 – at OTP Bank in Hungary, drawing on the results of the employee satisfaction survey – with the introduction of the central life path model we applied a more motivating system of salary increases. Through the fine-tuning of our remuneration system, we now position the salaries paid in the individual banking departments and areas of operation relative to the market average.

The compensation practices of OTP Bank are consistently and closely linked to performance,

and the proportion of performance-based pay is substantially higher than is customary in the market. For the evaluation and recognition of performance, four foreign subsidiaries of the OTP Group apply an incentives system using the same principles as that of the parent company, while a further four subsidiary banks have their own systems. The proportion of performance-related pay within overall earnings (e.g. commissions, bonuses) averaged 43% at OTP Bank and 31% at the Hungarian subsidiaries. The practices employed differ significantly between the foreign subsidiaries. While maintaining performance-linked systems, we have set ourselves the objective of applying a market-based approach to incentives, taking into consideration the nature and profitability of activities.

At the OTP Group in Hungary real wages rose by 11.6% relative to the previous year, which compares favourably with the national 0.8% average growth and the 4.2% rise in the financial sector overall. At our foreign subsidiaries – depending on market objectives and attributes – net average incomes displayed varying tendencies relative to the financial sector, the national economy as a whole, and trends in real earnings. At many subsidiaries the average incomes of employees were double national average earnings, besides which the 2008 change in real wages also displayed a positive tendency.

The extent and form of cash and other incentives granted over and above basic salaries differs between the companies in the Bank Group. The Hungarian members of the Group continue to display a level of responsibility that exceeds the market average in terms of employer's contributions to voluntary and private pension plans and healthcare funds.

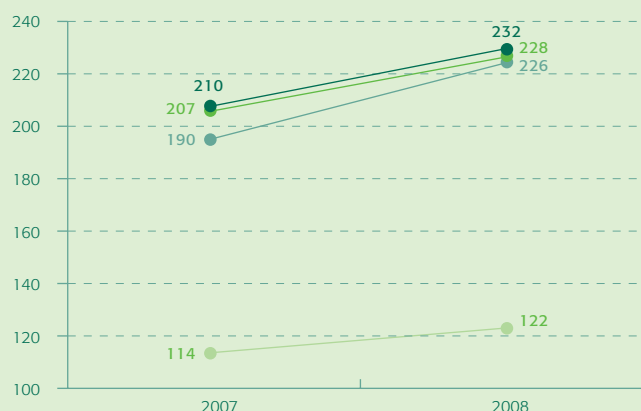
At member companies where a collective bargaining agreement is in force, the procedures for granting social benefits are specified in the agreement and the related internal regulations.

CJSC OTP Bank is the best employer in the financial sector in Ukraine

Financial magazine Delovoy selected CJSC Bank as "The Best of 50 Best Employers" in the financial sector.

Net average pay, Hungary (HUF, thousand)

- Net average pay, OTP Bank
- Net average pay, OTP Group, Hungary
- Net average pay in the financial sector
- Net average pay in the national economy



Education and training

The ongoing development of our employees' professional skills and personal capabilities is one of our top priorities. In 2008 the vocational training of our employees was performed in accordance with the principles and practices established in previous years.

In the educational work performed at the bank we place particular emphasis on continuously developing course content, and introducing new forms of training. Recognition of our training achievements and the high professional standards of our e-learning courses came in the form of the international Comenius Award, presented in Berlin in 2008.

We have made the web-based training courses accessible to all employees of OTP Bank, enabling our staff to study online at their own workstations, under a flexible schedule. In the past two years the number of employees enrolling in e-learning courses has almost doubled. A total of 21,222 people applied to participate in courses,

and members of our staff also sat 19,929 online examinations. (Not every training course culminates in an exam). In the coming years the e-learning courses will be steadily rolled out at our foreign subsidiaries as well.

In terms of the relationship between OTP Bank and the foreign subsidiaries, the training primarily takes place in the context of professional cooperative partnerships. In the case of the Hungarian subsidiaries, joint training courses are also held for imparting certain professional skills; but the subsidiaries also enjoy a high degree of autonomy with regard to the training of their employees.

As a regional banking group we treat the development of our employees' language skills as a top priority, which is why virtually all of our subsidiaries provide their staff with language training. The Bank regards it as its duty to support vocational education. Besides the payment of vocational training contributions for educational institutions and provision of work experience opportunities, it also furthers this aim through special partnerships. In 2008 we began developing a mentoring

CSR training

OTP Bank's online training course entitled Corporate Social Responsibility won first place in the e-learning category of the eFestival Hungary competition. The award was presented in recognition of the course's interactivity and interesting nature. The purpose of the training was to give our employees an awareness of the problems related to sustainable development and the necessity of corporate social responsibility. Besides this it also makes mention of the OTP Group's CSR activities. Our employees began to work through the course at the end of 2008, and by the time of publishing this report the training had been completed. Our staff were positive in their appraisal of the course.

system to assist in the orientation of new employees. Under our plans the socialisation of new employees will be supported by a team of mentors with the appropriate skills and experience selected from among the Bank's staff, whose training could begin in 2009.

The training of our employees represents a substantial investment for the company. OTP Bank spends more than HUF 400 million a year on training its employees. The average cost of training per employee in the OTP Group in Hungary was HUF 49,000 in 2008.

Internal communication

The internal communication practices of companies in the Bank Group depend greatly on the size of the given company; the intranet and internal newsletters are taking on a greater importance, alongside the personal and direct communication channels. The smaller subsidiaries take a more personal and informal approach, but still apply regulated internal communication procedures. OTP Bank and the subsidiaries engage in close professional cooperation.

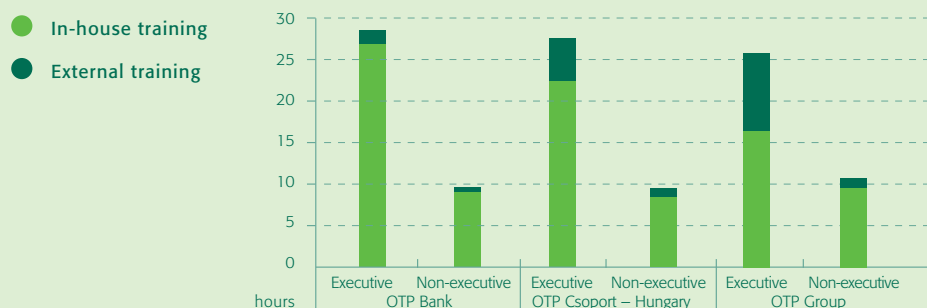
In 2008 OTP Bank applied the same principles and channels for internal communication as in previous years. Last year several programs were launched that involved the Bank as a whole – e.g. identification of risks – and which contributed to the improvement of relationships and information flow between the organisational units. Reinforcing this process will continue to be an objective of ours in the future. In the period ahead we also plan to increase the scope for our employees to give feedback, and submit ideas and suggestions.

No significant changes have been made to our employee advocacy practices in the past year.

Training branch

In the City Centre Regional Integrated Vocational Training Centre building we have opened a special training branch for bank employees and students at vocational college. The branch, which is fully operational, gives the students an opportunity to acquire highly practical and marketable skills under the watchful eye of a mentor.

Number of hours of training per employee, by form of training, 2008



Health and recreation

The negative health impacts of the working environment at a financial service provider primarily stem from stress and the sedentary nature of the job. Our employees are assured of a healthy and safe working environment by collective bargaining agreements and internal regulations. Our Branch Renovation Program, besides serving the comfort and convenience of customers, also brings an improvement in working conditions through the creation of workplaces that comply with modern ergonomic standards.



Absenteeism due to illness, accidents, 2008

	OTP Bank	OTP Group, Hungary
Absenteeism due to illness (number of days)	39 793	45 194
Rate of absenteeism	5,08%	4,99%
Sick leave (number of days)	39 793	45 194
Sick pay (number of days)	54 475	59 418
Accident pay (number of days)	2275	2728
Childcare sickness allowance (number of days)	4099	4750
Number of accidents	13	23
Accident rate	0,0007%	0,0489%
Number of days lost due to accidents	656	1050
Percentage of lost workdays	0,0345%	0,0011%

The table does not include the data of OTP Garancia Insurance, due to the sale of the company.

No significant changes were made to our health-care-related practices last year. In all cases we comply with the statutory requirements. Health-care benefits over and above the statutory minimum requirements are primarily granted in Hungary. Some of the subsidiaries also have access to the services of the parent bank. Besides the treatment of diseases, we place emphasis on preventive healthcare, and encouraging a healthy lifestyle. Some of our preventive health programs are also offered to the families of our employees. All employees of OTP Bank have had access to the personalised lifestyle planner for many years now. To safeguard the health of our employees, we plan to introduce regular health screenings at OTP Bank, taking into account the specific characteristics of the job. Employees of the Merkantil Group are provided with executive health screenings, and free in-

fluenza vaccinations upon request. From 2009, OTP Hungaro-Projekt is taking out group life insurance covering all its employees. The Bulgarian DSK Bank provides its employees with an annual medical checkup.

We also promote a healthy lifestyle among our employees by providing them with leisure, sport and vacation opportunities. Our vacation facilities in Hungary continued to be popular in 2008: including family members, a total of 4,700 spend their holidays in one of the two holiday homes and three 'weekend cottages'. Some 7,000 people took part in our traditional family and sports days in 2008. In addition to the sporting clubs formed within OTP Bank, several of our subsidiaries also offer discounted sporting opportunities to their employees.

10. Our Role in the Community

As one of the leading corporate groups in the region, we regard it as important to also assume a role in the implementation of programs serving the interests and needs of society as a whole, outside the context of our financial service provision activities. Supporting a good cause is a simple matter; supporting it effectively presents a greater challenge. How can we ensure that the resources are used as efficiently as possible? What methods guarantee transparency in the selection of causes to support? In what areas should we collaborate with civic organisations? How can we be sure that our support results in achievement of the stated objective? Which of the many available forms of assistance should we provide?

Based on our experience and consultations with non-profit organisations, we have found that we can provide more effective support by:

- defining the directions for donation and sponsorship activities – ensures the concentration of resources and orientates the organisations requesting assistance;
- establishing long-term partnerships – renders donation and sponsorship predictable, ensures the effective implementation of often time-consuming programs, while long-term relationships represent a guarantee that the assistance will be reliably and efficiently utilised;
- establishment of a tendering system – improves the transparency of the selection process, and clarifies the selection criteria;
- monitoring the utilisation of the assistance and the results achieved – helps in measuring the effectiveness of the support;
- leveraging the attributes of our organisation through provision of varying forms of assistance – facilitates an expansion the available resources and the involvement of employees, broadens the range of eligible organisations and causes.

OTP Bank is Hungary's largest credit institution and its best-known brand, which also places us under an obligation. In 2008 our donation and sponsorship activities will continue to focus on equal op-



portunities and community building. These areas reflect the values represented by the Bank, fit in with its corporate social responsibility strategy, meet the expectations of the public, and are of key importance from the perspective of society.

In their own countries the OTP subsidiary banks are also committed to supporting and making substantial donations to social causes. The other members of the OTP Group also primarily supported causes related to education, healthcare, sport, culture and the arts in 2008.

Last year OTP Bank overhauled its sponsorship strategy, and commenced the transformation of its donation policy. Building on the core values of equal opportunities and community building, we defined three main programs: the OTP Híd (Bridge) Program, the OTP Lendület (Momentum) Program and the OTP Esély (Opportunity) Program, which

In 2008, in the "Most Outstanding Business Donor" awards presented annually by the Hungarian Donors' Forum, OTP Bank achieved 3rd place in the "Company Making the Most Donations in 2007" category.

also serve as the basis for the continued development of our donation practices. We placed an even greater emphasis on program-type initiatives as opposed to individual requests for assistance; and in keeping with the business profile of our organisation, gave priority to educational activities aimed at developing financial literacy.



– Under the OTP Esély Program we support initiatives to assist in the healing of disadvantaged, sick children, the social inclusion of the physically and mentally disabled, and the education of youth.



– In the context of the OTP Híd Program, we give our backing to community initiatives, cultural programs and outstanding works of art which – serving as a form of bridge – contribute to the deepening of human relationships and enrichment of society as a whole.



– Through the OTP Lendület Program we sponsor a number of successful sporting associations, prestigious local and international sporting championships, public sports activities and popular branches of sport.

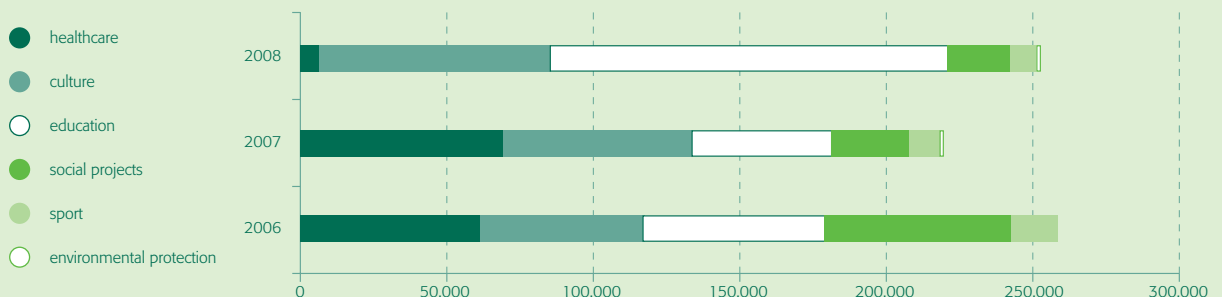
provide assistance for initiatives implemented at local level, and allow more scope for the holding of sponsorship and grant tenders.

In 2008, in comparison to the previous year, OTP Bank's budget for donations grew by 15% and the amount of sponsorship increased by 50%. Besides the financial support, we naturally also assisted civic organisations and educational institutions with in-kind contributions in a value of around HUF 47 million. At the OTP Group in Hungary donation and sponsorship activities are mostly centralised, and increasingly performed by the Bank itself. The foreign subsidiaries, in line with their individual profiles and the characteristics of the countries in which they operate, employ differing sponsorship practices. The allocation of assistance is usually centralised, and spending on sponsorship – except in Bulgaria – exceeds the amount set aside for donations. The foreign subsidiaries spent a total of HUF 90 million on donations in 2008, a sum that was exceeded several times over by the amount of sponsorship.

More detailed information regarding our sponsorship programs is available via our website.

In the future we will continue working primarily to establish long-term relationships and maintain existing partnerships, because in our view the nurturing of these is at least as important as forging new ones. Besides this, as always we will

Donations and charitable contributions in 2006, 2007 and 2008 (HUF thousand)



Equal opportunities

We see ourselves as being under an obligation to assist those groups in society that need to overcome some sort of disadvantage in order to achieve success, or still have a long way to go before becoming self-reliant. To promote equal opportunities, several programs were implemented that reflect the values represented by the OTP Group.

- For 15 years OTP Bank has been a partner in the healthcare program run by the International Children's Safety Service, in which context we provide assistance for the medical treatment of children, maintaining a network of foster parents, and the holding of charity events. In 2008, the mobile dental surgery financed by OTP Bank visited ten towns in Hungary. Through the holding of collections in bank branches and the issuing of simplified bank account numbers for the Children's Safety Service, we also encourage our customers to support this cause. The International Children's Safety Service is also supported by the Romanian subsidiary of OTP Bank.
- For several years we have supported the social inclusion, advancement and healing of persons living with disabilities, through the Acceptance Campaign of the Hand in Hand Foundation, and by sponsoring the work of the Special Olympics Association and the Hungarian Equestrian Therapy Association.
- We were also patron of the travelling photographic exhibition that drew attention to the average 8,500 babies born prematurely in Hungary every year.



- Most banks in the OTP Group donate their used, but still serviceable computer equipment to charity, or sell them on to their employees at a low price. The majority of the OTP Bank's used computer and office equipment – primarily computers and photocopiers – is passed on to schools and foundations. The Croatian subsidiary OTP Banka Hrvatska not only offers its unwanted computers and office furniture to schools and civic organisations, as other beneficiaries have included the Pula Film Festival, the local hospital and the Mórícz Zsigmond Hungarian Cultural Association. In addition to schools and the company's own employees, some of DSK Bank's computers went to the Bulgarian Journalists Association after being refurbished.
- DSK Bank is committed to supporting education. In 2008, among other initiatives it provided assistance for the publication of a folklore encyclopaedia for children and an economic textbook, and also purchased books for a primary school.
- To educate young people about environmental protection, OTP Banka Hrvatska was chief sponsor of an environmentally themed dance performance given by children in Zadar.
- OTP Banka Hrvatska has joined the initiative launched by Zadarska county, to contribute to the medical treatment of children injured by landmines. At a related charitable event the children also received Christmas presents.
- CJSC OTP Bank is committed to supporting local healthcare organisations and institutions that assist the disadvantaged and needy, to which it makes regular donations.

"It's the most distressing thing ... when an innocent newborn baby needs our help and its life is put in our hands ... We – as a community within a broader society – are under an obligation to assure the needy of the same quality of life that we enjoy. Both in economic terms, and from the perspective of social cohesion, we all agree that we would like to live a full and happy life..." said Orsolya Hajas, the photographer whose work was exhibited.

- The Ukrainian CJSC OTP Bank provided humanitarian aid to the victims of flooding in three western regions of Ukraine and the Crimean peninsula.
- OTP Bank in Russia, understanding the difficulties faced by large families, launched a charitable program under which low-income families receive financial assistance every quarter, besides which OTP Bank collects donations for the children.

Community building

The Bank, in its sixty years of operation, has gained first-hand experience of the need for openness and dialogue between people; and this has become even more important to our organisation as a result of the group's regional expansion. As a key partner to households and municipalities alike, we regard the preservation of traditions, the nurturing of national heritage and the supporting of community initiatives as being of particular importance. The support we provide is primarily focused on the areas of culture and sport, because we believe that these encourage people to work together to achieve a higher goal. A few examples of programs implemented in 2008:

- We plan to introduce young people to the principles espoused by the name-giver of the Fáy András Foundation, which is why we announced a creative competition. In the nationwide contest, we invited entries from secondary and higher-education students in the 'essay', 'media' and 'fine art', categories and essays from teachers on the theme of 'imparting knowledge in the 21st century'. The almost 500 entries received were evaluated by a specialist judging panel, and the winners received prizes in a total value of HUF 4.6 million.
- OTP Bank was chief sponsor of the Budapest Spring Festival, which offers a diversity of events for discerning culture seekers. Our bank card-holding customers also had the opportunity to purchase discounted tickets for events at the festival.

- For three years we have supported the Museum of Fine Arts. Last year the museum's Fine Arts Workshop was implemented with our assistance. The purpose of this series of events was to develop the visual literacy and other skills of children and youth, and to stimulate their interest in the arts and museums.
- We continue to run the "OTP Gallery", which since 2005 has displayed the works of contemporary Hungarian artists in the Bank's head office in Babér utca, Budapest.
- To facilitate open dialogue, we sponsored the Museum of Ethnography's exhibition entitled "The Other", dealing with the issues of intercultural dialogue and acceptance of the value of cultural diversity.
- We have established a cooperative partnership with the Madách Theatre, under which we sponsored the theatre's performances in the 2008/2009 season. Besides this we supported a number of provincial theatres last year.
- OTP Banka Slovensko was chief sponsor of Zoltán Egressy's acclaimed comedy "Bírók" (Judges), which has already been produced at several theatres in Hungary.



"...The atmosphere created by the children is unbelievable, nothing can compare with that atmosphere." – Károly Fugli, secretary general of the Hungarian Equestrian Society

- DSK Bank's "We're going to the Opera" sponsorship program was a success, under which the youngest generation was given an insight into the world of music, by attending opera and ballet productions. The performances were specifically intended to appeal to children.
- The Montenegrin subsidiary CKB sponsored the publication of books on local history, culture, literature and the environment. It was also with the bank's assistance that the Hercegfest film festival, an important local tradition, was held again last year.

Members of the OTP Group sponsor numerous successful sporting associations, prestigious local and international sporting championships, public sports activities and popular branches of sport.

- One of the main events sponsored by OTP Bank in Hungary in 2008 was the **OTP Bank FEI World Cup**. A special attraction of the event was that, thanks to OTP Bank, some 9,000-10,000 children were given the opportunity to watch this world-class showcase of Hungarian and international horses and horsemanship, free of charge. The mementos pledged by the event's organisers, the Lázár brothers, were auctioned off online, with the money thus raised donated to the Hungarian Equestrian Therapy Foundation.

- Last year we were once again the name-giving sponsor of the **17th OTP Bank Carnival Cup**, a junior-league football tournament that was first launched almost two decades ago in Debrecen. This year teams from eight countries matched their skills against each other, with players from Romania, Serbia, Ukraine and the United Arab Emirates, as well as several Hungarian teams, stepping out onto the pitch.
- OTP Bank Hrvatska was chief sponsor of the **470 European Open Junior Sailing Cup**. At the regatta, held in August 2008, around 170 competitors from all around the world put their skills and talent to the test in Zadar. The competition was named the **OTP 470 Cup**.
- The Russian OTP Bank, together with one of the best-known and respected organisations in the country – the **"Dynamo" Sports Club** – jointly ran the **"Dynamo and OTP Bank – together for the future"** program. The main objective of this initiative was to provide sporting opportunities for young people, including orphans and impoverished children.

Cooperation with NGOs

OTP Bank is committed to working with non-profit organisations: beyond providing financial assistance, we have developed an account-management package to suit their special requirements, and we engage in regular dialogue with their representatives with the aim of learning their opinions and forging deeper, more productive relationships. These consultations contribute to the development of OTP Bank's sponsorship and donation activities. Among other initiatives, based on the recommendations of civic organisations we plan to make better use of our customer relationships to raise awareness of the organisations and encourage our clients to support them.



www.adhat.hu

We provide support for the adhat.hu donation portal maintained by the NIOK Foundation: with the help of our Bank it has become possible to make online donations using a bank card via the website. In other words, donors can now be sure that their contributions reach the civic organisations of their choice even more conveniently and quickly than before. In a tender organised jointly by OTP Bank and NIOK, a total of 34 charitable organisations, mostly active in the areas of children's healthcare, promoting the social inclusion of people with disabilities, and the education of youth, were granted the opportunity to accept donations online.

Besides this we also assist in the operation of the portal by offering preferential transaction charges and other forms of material support. In spring 2009 we will hold another round of tendering, to further expand the circle of participating organisations.



Participation by our employees

We regard our employees' commitment to corporate social responsibility as an important asset, which is why we are constantly working to broaden the scope of their involvement in donation and charitable initiatives.

Corporate voluntary work is not only beneficial to the supported organisations, as the experience of working together to further a worthy cause raises employees' social awareness and provides a new form of motivation. Initiatives implemented in 2008:

- A growing number of employees give blood: In 2008 a total of 1,346 OTP employees gave blood, three times as many as in the previous year.
- Our employees also participated in the "Santa's Workshop" initiative sponsored by the Bank. The collection boxes located in the Bank's buildings were soon overflowing with donations and gifts, which the Hungarian Red Cross delivered to the neediest families.
- On "Santa Claus Day", employees of the Zhytomyr branch of CJSC Bank collected donations and bought toys and useful gifts for the local orphanage.
- In 2008 some 80 employees of OTP Bank, in a team-building exercise, assisted local communities with the construction of playgrounds, setting a good precedent and an example to other members of staff.

In the long term we aim to establish a more structured and comprehensive voluntary work scheme, and to be more effective at informing our staff about the completed initiatives and results achieved.

11. Our Environmental Impact



What gives rise to the most important environmental impact of a business group that provides financial services? How much of a role should environmental protection play in the Bank Group's CSR activities? These questions are regularly raised by both the external and internal stakeholders of the Bank Group.

In this, its third Corporate Social Responsibility Report, the Bank Group takes a firm stance in support of environmental protection.

The environmental impacts of the OTP Group are at least as diverse as the social and economic consequences of its operation. However, they naturally differ from those of an industrial corporation, and therefore different factors need to be taken into consideration when evaluating performance and determining the directions for development.

In the course of defining the OTP Group's impact on the environment, we identified three main aspects:

- Due to its role as a market intermediary, the Bank Group contributes to or facilitates investments and activities that may have a positive or negative impact on the environment.
- Maintaining the OTP Group's extensive branch network, through the running of its buildings and equipment, and the necessary travelling, inevitably has an effect on the environment.
- Its approximately 12 million customers and 30,000 employees endow the Bank Group with the power to shape attitudes, and the multiplier effect that it has within the economy can also be applied for the purposes of environmental protection.

The environmental impact of our financial services

With regard to the provision of financial services, it is primarily through risk management and prudent lending that we can work to prevent activities that would give rise to an environmental burden in excess of the statutory limits. Besides this, our products also facilitate the financing of investments that are expressly intended to be environmentally friendly, or could indirectly encourage the spread of environmentally sound operations. For more details see the sections entitled 'Security and Risk Management', and 'Products and Services'.

The environmental impact of our operation

The environmental burden of the OTP Group's operation arises mainly from the maintenance of the central offices and branch network, and business trips.

One of the most important tasks in 2008 was drafting OTP Bank's Environmental Policy. By the time of this Report's publication the Regulations had approved and entered into force. Starting from 2009, the frameworks for environmental protection activities at the parent company are set forth in the Environmental Policy. The purpose of this, beyond complying with the minimum statutory requirements, is to instil a commitment to environmental protection and incorporate environmental factors into our business operations.

The process of steadily expanding the scope of information gathering, commenced in previous years, continued apace in 2008. The standardised quantitative gathering of natural gas consumption data was introduced in preparation for entering the deregulated gas market. In order to comply with the provisions of the Environmental Policy pertaining to waste management, in 2009 it will be necessary to comprehensively gather information regarding the quantities of waste generated. The activities of OTP Real Estate also have a profound direct impact on the environment, which is why the company has its own Environmental Policy, and voluntarily applies a Waste Management Plan. The environmental management system also constitutes a part of the enterprise resource planning system. Environmental protection is an important factor not only with regard to development, facility management and asset management operations, but also in the running of our own offices.

Materials and equipment used

The bulk of materials used in the course of office work continue to be office furniture, branch equipment and IT devices and consumables, especially paper, toner and ink cartridges.

Procurements continue to be centralised at group level, and thus they are easily monitored, the selection criteria are uniform, while maintenance and waste management – in the case of electronic appliances – is more efficient. When selecting suppliers and products, besides quality and cost, we also take durability and after-sales service into consideration. New equipment tends to be more environmentally friendly in terms of both energy consumption and the materials used. At the same time we attempt to achieve the optimal trade-off between these factors and the frequency of replacement. The incorporation of “green” aspects into procurement decisions has been reinforced with the entry into force of the Environmental Policy. The technical conditions for using environmentally friendly materials are not yet in place in every case. Although for many years now we have returned our empty toner and ink cartridges for refilling, we do not use refilled toner cartridges ourselves because their quality is inadequate for our purposes. In addition to the substantially higher cost, a similar problem arises with regard to the use of recycled photocopier paper.

Nevertheless, we are examining the areas in which we could expand the use of recycled paper.

OTP Real Estate – uniquely among the members of the OTP Group – uses environmentally friendly paper for around 50% of its photocopying.

Materials use and procurements data at the OTP Group

	OTP Bank (2007)	OTP Bank (2008)	OTP Group (2008)
Number of branches	409	403	1 573
Percentage of branches renovated every year	8–15%		
Number of computer workstations	~6000-6500 and 500 servers		n.a.
Replacement interval	Average of 4 years		
Number of ATMs	1981	2015	n.a.
Number of POS terminals	31 926	34 012	n.a.
Quantity of paper procured directly (t)*	734	545	1778
Quantity of paper procured indirectly (t)	n.a.	455	n.a.
Weight of ink and toner cartridges used (kg)*	4284	5010	26 923
Weight of CD and DVDs used (kg)*	203	139	606

*Estimate: data extrapolated on a pro-rata basis from actual data

Energy consumption (GJ)	OTP Bank		OTP Group, Hungary	
	2007	2008	2007	2008
Electricity	153 225	150 624	166 275	193 202
Natural gas	92 953	103 714	98 065	227 799
District heating	n.a.	25 366	n.a.	31 886
Solar energy	802	800	802	800
Total energy consumption	246 980	280 504	265 142	453 686
Consumption per employee	n.a.	34,06	n.a.	38,56



Energy and water usage

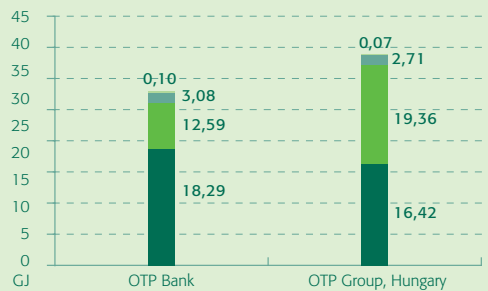
Ensuring efficiency requires the constant monitoring of resource usage, focusing on the major sources of consumption. In the case of new buildings – such as the head office of DSK Bank in Bulgaria – priority is given to environmentally sound solutions and low energy consumption. However, it is not always possible to comprehensively gather precise consumption data, because in many cases buildings are operated by external service providers, and we do not have access to the consumption figures. The precise

consumption data for the Bank Group’s foreign subsidiaries is not available to us, but per-employee consumption is typically lower at these companies than at the Hungarian members of the OTP Group.

The highest drain on energy continues to be electricity use. We have examined the opportunities for energy optimisation in all buildings of the parent company, and implemented the necessary measures. Some 28% of the Hungarian OTP Bank’s electricity is consumed at the head offices in Lajos utca and Babér utca, where an electrical energy monitoring system also operates. Natural gas is used at around 50% of our business sites in Hungary. We plan to take advantage of the opportunities presented by gas-market deregulation, and as a part of our preparations for opting out of the regulated market we are conducting a wider analysis of our quantitative consumption data. Since the beginning of 2009, the energy for producing water and auxiliary heating at our head offices in Babér utca has been provided by solar panels.

Per-capita energy consumption at the OTP Group, 2008

- Solar energy
- District heating
- Gas energy
- Electrical energy

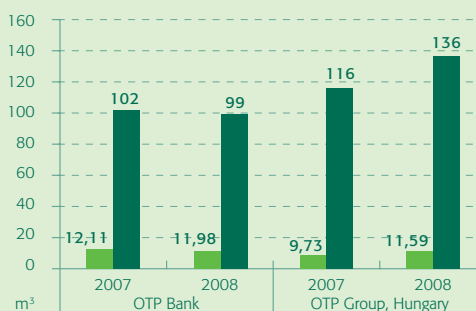


The decision to go ahead with this investment was made based on the success of a previous project in which solar panels were installed at the company's holiday centre in Balatonszemes. Our central document archive continues to make use of geothermal energy.

Water consumption patterns remain unchanged: the Bank Group cannot be regarded as a major consumer of water. The water used is mainly drawn from the municipal water main, and disposed of via the communal sewage network.

The OTP Group's water consumption

- Per-capita consumption
- Total consumption (1000)



Waste management

Our waste management principles were conducted in accordance with the same principles as in the previous year. We expect to see significant advances as a result of the entry into force of the Environmental Policy.

Measures serving the prevention of unnecessary waste include the rational replacement of office furniture, equipment and IT devices, and cutting down on printing.

The recycling and re-use of discarded materials is performed in the case of waste that is selectively collected. We continue to collect hazardous waste – e.g. light bulbs and neon tubes, electronic appliances – separately, and provide for its disposal in compliance with the applicable regulations. The Bulgarian DSK Bank plans to conclude a cooperation agreement, from 2009, under which the metal components of computers will be re-used.

Our efforts to broaden the scope of selective waste collection have been successful, as we doubled the quantity of selectively collected paper waste in 2008. The branch network once again made an outstanding contribution to this result, and certain subsidiaries also joined the selective waste disposal scheme. One of our future objectives is to further expand our scheme for the selective collection of paper and packaging waste (paper packaging, PET bottles). For the practical implementation of this we continue to rely on our employees, whose commitment has contributed immensely to raising environmental awareness at the Bank Group. For example, in several cases individual departments voluntarily launched their own recycling schemes, undertaking to remove the waste and crush PET bottles for themselves. Starting from 2009 we now provide the infrastructure for voluntary initiatives within an institutionalised framework, and – through regulations – we are expanding the scope of selective collection schemes.

Quantities of waste generated, OTP Bank

	2007	2008
Communal waste (t)	n.a.	2977
Quantity of communal waste per employee (kg)	n.a.	356
Selectively collected paper waste (t)	505	1070*
Selectively collected electronic data storage media (kg)	13 900	2070
Selectively collected energy-saving light bulbs/tubes (kg)	343	372

*Includes paper from external sources (e.g. prospectuses, pamphlets)

Company vehicles, business travel

The OTP Group's vehicle fleet requires constant management. When making new procurements quality and price are the dominant factors, besides which other important considerations are safety, fuel consumption and useful life. Our new vehicles are rated as being highly environmentally friendly; we are increasing the percentage of diesel-powered cars that we purchase (all of which are fitted with diesel particulate filters). As a result, our car fleet is gradually becoming more environmentally sound.

As part of the overhaul of our benefits policy the car fleet is also being restructured, with a reduction in the number of vehicles.

The number of airline trips made by employees of the group fell in comparison to the previous year, due in no small measure to the growing use of video conferencing, and the recent completion of a new video conferencing suite. Experience in the

past years has shown that a certain level of personal contact is necessary in the course of regional cooperation, and thus we do not expect to see a further significant reduction in the number of trips made.

For the sake of completeness we should also describe our use of courier services in this section. However, generally speaking our company group only makes use of courier companies under exceptional circumstances.

Travel by bicycle is primarily a matter of our employees' personal commitment. Although bicycle racks are in place at some of our premises, the availability of the shower facilities that are needed to make commuting by bicycle a genuine alternative is limited. One positive example is the head office of OTP Fund Management, which is equipped with all necessary cycling infrastructure. Over the coming year we will examine opportunities for expanding the cycle-to-work initiative.

Travel, OTP Group Hungary

	2007	2008
Distance travelled by car (km)	12 743 452	13 167 618
Number of airline trips	1995	1497

Carbon-dioxide emissions

Recognising the threat of climate change and its impacts, we report on the direct and indirect carbon-dioxide emissions of the Bank and the OTP Group. Carbon-dioxide is generated by a number of sources, and indirect emissions are

particularly difficult to reliably estimate. We are working to steadily improve our estimation procedures and expand the range of activities and departments covered, with the inclusion of our subsidiaries. However, we do not claim that our estimate is, as yet, fully comprehensive.

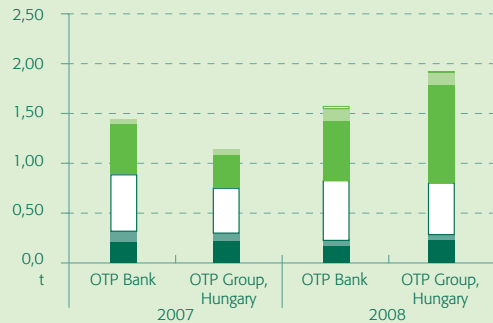
The OTP Group's total CO₂ emissions (t)

		2007		2008	
		OTP Bank	OTP Group, Hungary	OTP Bank	OTP Group, Hungary
Direct	Vehicle emissions	1660	2330	1393	2372
	Related to air travel	790	922	423	475
Indirect	Resulting from electricity consumption	4682	5081	4602	5903
	Resulting from natural gas consumption	4522	4765	5046	11083
	Resulting from district heating	n.a.	n.a.	1281	1610
	Resulting from paper usage	436	568	327	393
Total		12 090	13 666	13 073	21 837

The table contains the most important, identified CO₂ emission items. The CO₂ emissions values have been calculated in accordance with the relevant statutory provisions, based on industry estimates and official emissions data.

Distribution of per-capita CO₂ emissions

- Vehicle emissions
- Related to airline trips
- Resulting from electricity use
- Resulting from use of natural gas
- Resulting from use of district heating
- Resulting from paper use



* The apparent rise in consumption is misleading: in 2007 no data was available with regard to district-heating use at OTP Bank, while the gas consumption data pertaining to the OTP Group's Hungarian subsidiaries was not comprehensive.



Attitude formation

- Bearing in mind the priorities related to waste management – with the primary aim being to avoid the generation of waste in the first place
 - we have begun to promote the use of electronic bank statements.
- In another initiative that serves to raise our customers' awareness of environmental issues, at the parent company since the beginning of 2009 all prospectuses have been printed on recycled paper.
- We aim to engender commitment and responsible conduct among our employees:
 - through the provision of CSR training, giving them a variety of means to put their environmental awareness to practical use;
 - with stickers encouraging staff to place computers in standby mode when not in use;
 - by inserting standardised warnings into the footers of emails, advising against unnecessary printing.
- We can only achieve environmentally sound operation with the active participation of our employees, which is why we regard it as important for our staff to feel that they can rely on our cooperation and support for the implementation of their initiatives. A good example of this is the extension of the selective waste collection initiative.
- We also try to promote an environmentally friendly approach in our dealings with partners. In 2008 all our Christmas gifts were



made using recycled paper and wrapping materials, and the Christmas decorations for gift packages were made by people with disabilities. In accordance with our Environmental Policy, from 2009 onwards, we are being extra vigilant in checking suppliers' compliance with environmental protection standards. The Policy also contains guidelines for environmentally friendly procurements.

We are open to further ideas and suggestions from all our stakeholders regarding ways of raising environmental awareness. The csr@otpbank.hu email address is already up and running for this purpose.

Cutting down on paper use in the production of bank statements

We constantly encourage our customers to use our electronic and telephone-based services, with the result that in the past two years,

at OTP Bank in Hungary, the number of clients with subscriptions to electronic services rose by 43%, while those with contracts to use mobile banking services rose by 40%.

In the course of producing account statements, we aim to minimise paper usage. For this purpose, starting from March 2009 we are expanding an existing initiative to the effect that not only all of a customer's statements printed on the same day, but those produced in the same month will be mailed in the same envelope.

In autumn 2008 we launched a scheme to reduce the quantity of paper-based statements. Since then all our customers have been able to download account statements via our website. By agreeing not to receive a paper-based statement our customers save themselves money, besides which we plan to set aside the cost of producing paper statements to support environmental causes. In 2009 we are launching a campaign to encourage the waiving of paper-based invoices.

12. Our Objectives for Ensuring Sustainability

Every year the OTP Group defines its commitments for the future in the interests of ensuring responsible, sustainable operation. The fulfilment status of the most important objectives, and the directions for further development, are summarised in the following table.

Results achieved	
Objective for 2008	Status
	<ul style="list-style-type: none"> ✓ Fulfilled ⇒ Implementation is ongoing * Not fulfilled
Deepening awareness of the principles of CSR within our organisation and among our suppliers	
Involve the foreign members of the OTP Group in the CSR reporting process	✓ Involve the foreign members of the OTP Group in the CSR reporting process
Introduce a standardised system for the gathering of CSR data	✓ We also provided support for use of the data gathering tool in the form of special training.
Raise the profile of our CSR activities	✓ The selection of new forms and channels of communication has commenced. Among other things, we have had an abridged version of the CSR Report prepared, and put ourselves forward for several CSR awards.
Join the United Nations Global Compact	* The General Meeting is authorised to decide in this matter; however, the proposal to join the Compact was not available at the time of the Annual General Meeting.
Establish a common forum, with our competitors, for the discussion of CSR-related issues	* Progress was made in identifying the relevant issues and involving the specialist departments.
Rethink the supplier selection system to ensure the better incorporation of environmental and ethical considerations	✓ The departments concerned with making procurements devote special attention to environmental and ethical considerations in the course of selecting suppliers.
Ensure that the employees of companies performing outsourced activities proceed in accordance with our Code of Ethics	✓ This objective has been fulfilled in the case of our partners who proceed on behalf of OTP Bank.
Bring the Ethics Statement and the Corporate Social Responsibility Report to the attention of our suppliers	✓ This work is performed by the relevant specialist department.
Customer service	
Develop and introduce an intelligent customer orientation system	⇒ Testing of the project has been completed.
Continue to raise customer satisfaction, in line with the set targets.	⇒ In the second half of 2008, the Global Customer Satisfaction index rose from 66 to 70 points. A comprehensive overhaul of customer satisfaction surveys is underway.
Continue the renovation of bank branches	✓ The renovation of bank branches is being performed in the interests of satisfying customer requirements as fully as possible.
Products and services	
Assist micro and small enterprises with special products	✓ At the end of 2008 we applied to join the New Hungary Micro Lending Program, with the result that at the beginning of 2009 – at the time of drafting this Report – the OTP New Hungary Investment Loan was launched.
Assist condominiums with special products	✓ Development of new products for condominiums (TAKAROS, PIRAMIS)
Create special services for non-governmental organisations and associations.	✓ A non-profit account package has been developed.

Employees

Achieve a further reduction in staff turnover, to less than 13% in 2008.	* Due to the economic crisis it was necessary to make a slight reduction in the employee headcount, which led to a rise in the turnover rate (OTP Bank: 15.4%, OTP Group Hungary: 15.9%).
Launch targeted initiatives to ensure the better recognition of performance in terms of both prestige and financial rewards, to expand the opportunities for self-fulfilment and to create a healthy balance between work and home life.	⇒ We have developed the life path model, and implemented a more motivating system of salary increases. However, the economic crisis is placing greater demands on our employees, and there have been few opportunities to reduce the workload of our staff.
Conduct employee satisfaction surveys at more of our subsidiaries	⇒ In 2008 we conducted satisfaction surveys at TradeNova and OTP Travel.
Continue to develop the career management program, and extend it to other regions in 2008	✓ The process of extending the program to other regions has begun.
Hold CSR training courses	✓ The training program was launched, and had been completed by the time of drafting this Report

Our role in the community

Overhaul the sponsorship and donation strategy	⇒ The sponsorship strategy was completed, elaboration of the donation strategy commenced.
Quantify benefits in kind	✓ Completed
Ensure the more widespread involvement of employees in voluntary initiatives	✓ Many of our employees gave blood, and numerous gifts were received as part of the 'Santa's Workshop' initiative. At the Family Day we introduced our employees to the organisations we support.
Map suitable organisations and activities with a view to expanding the range of charitable work performed during working hours.	* No further progress was made in identifying means of linking team-building exercises with efforts to further charitable causes.

Environmental protection

Achieve continuous reductions in per-employee and overall CO ₂ emissions	⇒ Overall, CO ₂ emissions remained unchanged.
Introduce an Environmental Policy in 2008	✓ The policy has been drafted, and was approved at the Bank in early 2009.
Cut down on the use of paper, ink and toner cartridges per employee	⇒ The quantity of paper used was reduced at both OTP Bank and the OTP Group in Hungary; however, there was an increase in the use of ink and toner cartridges.
Examine opportunities for using recycled paper, and increasing its usage, both for administrative purposes and in marketing materials.	✓ For Christmas gifts we exclusively use recycled paper, and with respect to the information materials provided to customers we have concluded the relevant contracts. (OTP Bank)
Encourage employees to save energy	⇒ We encourage staff to place unused workstations into standby mode, by the means of stickers affixed to the terminals.
Facilitate the fully comprehensive gathering of information pertaining to generated waste	* The fully comprehensive gathering of information places a considerable demand on resources, which is disproportionate to the yielded results. The Bank Group mainly generates communal waste.
Develop the selective waste collection scheme	✓ Progress was made in terms of the types of waste and organisational units and subsidiaries involved. The quantity of selectively collected paper was doubled.
Fit out a video-conferencing suite in 2008	✓ The video-conferencing suite has been completed.
Launch a pilot green office program	⇒ Instead of an overall pilot scheme, we commenced the introduction of individual elements of the Green Office program at organisational level.

Directions for future development

Deepening awareness of the principles of CSR within our organisation and throughout the supply chain

Ongoing group-level reporting, and at DSK Bank the preparation of an independent CSR report

Regular CSR data reporting

Enhanced focus on the widespread communication of our CSR activities

Application of the "green" procurement guidelines set out in the Environmental Policy

Expansion of the standardised guidelines for communication of the Ethics Statement and the Corporate Social Responsibility Report.

Security and risk management

Gathering of data pertaining to the losses arising from the occurrence of operational risks

Development of a credit protection program

Customer service

Publication of information regarding the credit protection opportunities

Reinforcing the sense of an equal partnership in our relationships with customers

Improving the comprehensibility of information provided

In the medium term, extending the Intelligent Customer Orientation System to the busiest branches in Hungary

To reduce branch waiting times, providing customers with information regarding the busiest times at branches, and recommending times for branch visits

Introduction of a comprehensive quality-of-service measurement system in the branches of OTP Bank

Continuation of the Branch Renovation Program

Developing financial literacy

Informing our small investors about economic trends, the Bank's situation, the finer points of stock-exchange trading

Publishing explanations of basic financial and economic concepts on our website

Training secondary-school teachers to impart to their pupils the financial and career management skills needed to make a start in life (ALAPOK/BASICS Program)

Products and services

Development of a deposit product that invests in the shares of companies engaged in the harnessing of alternative energy sources

Elaboration of a debt consolidation scheme for micro and small enterprises

Ensuring widespread access to the non-profit account package through the use of the appropriate communication channels and further refinements to the product

Employees

In response to the economic crisis, preserving jobs or, in the case of any redundancies that become necessary, providing job search assistance

The regular surveying of employees' opinions, and evaluation of the results

Selection of employees to participate in the career management program at the foreign subsidiary banks

Keeping employees informed regarding CSR-related issues, and eliciting their ideas and initiatives

Expanding the range of internal communication channels

Introduction of regular health screenings for the employees of OTP Bank, in keeping with the nature of their work

Our role in the community

Overhaul and application of the donation policy

Extension, to the OTP Group as a whole, of the continuous monitoring and quantification of support for social causes

Besides continuing the existing donation programs, the launch of new initiatives: development of a tendering system for the assistance of lower-volume and new programs, further involvement of our employees

Inviting a new round of applications from civic organisations for the opportunity to accept online donations via the www.adhat.hu website, in collaboration with the NIOK Foundation.

Due to the austerity measures made necessary by the economic crisis, it is not currently realistic to expand the program of team-building exercises aimed at furthering good causes; in the second half of 2009 we will work on the mapping of suitable organisations

Environment

Reducing per-employee carbon-dioxide emissions in comparison to the previous year

Offering employees tips and advice on how to reduce their carbon-dioxide emissions outside of the workplace

Application of the Environmental Policy from 2009

Reducing the quantities of toner and ink cartridges used per employee

In the case of marketing materials, expanding the use of recycled paper in 2009, and in the case of working documents further analysis of the opportunities to use recycled or ecologically friendly paper

Widespread use of standby mode in the case of IT equipment, and the implementation of other initiatives

Achieving a increase in the percentage of waste collected selectively and sent for recycling, through establishment of the necessary infrastructure

Promoting greater use of the video-conferencing facilities

Continuing efforts to create environmentally friendly offices

Examining the opportunities for establishing the infrastructure necessary for travelling to work by bicycle

13. About this Report

The OTP Group's Corporate Social Responsibility Report for 2008 serves a number of purposes. Besides giving an account of the Group's economic, social and environmental performance, we also set out to do so in a manner that best suited the needs and expectations of its prospective readers. Besides this, the OTP Group's third CSR Report again complies with the G3 guidelines of the Global Reporting Initiative (GRI), and is assured by an external organisation.

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

- The report focuses on our performance and initiatives in the year 2008. To ensure the relevance and **timeliness** of the information, we disclose facts that are known at the time of writing the report.
- We set out to **avoid the re-statement of previously disclosed information** and data, since the CSR Reports for preceding years are also available via our website.
- We take full advantage of the fact that a wide range of information regarding the company's governance and its sponsorship activities is already available on our website, and that with regard to many other topics (such as awards and membership in organisations, etc) a medium that can be regularly updated is a highly effective means of disseminating information.
- When presenting our performance and results, we continuously evaluated the data in accordance in the light of the following:
 - It was one of our guiding principles that the Corporate Social Responsibility Report should focus on impacts and activities that are closely related to the Bank Group's core activities. In the case of these **material** areas of operation, we strove to ensure **completeness**. This information is disclosed in the main body of the report (the previous sections).
 - The GRI reporting principles and indicators define in detail the means and depth of presenting the information, thereby ensuring the report's **integrity**.

- The **reliability** of the data is assured by the method of report preparation, and the CSR data gathering tool introduced at the organisation. The basis for the data measurement techniques and calculation methods was provided by the GRI guidelines, and we have indicated the methods applied alongside the specific items of information.
- In the annex to the report, in the GRI index and on our website, we have made available information that is necessary in order to comply with the above criteria, but which at the same time is only of interest to a smaller group of stakeholders.
 - When describing the Bank Group's performance we also take the aspects of sustainability into consideration.
 - To ensure **balance**, besides giving an account of the results achieved, we also present the future challenges and directions for development. Objectivity and **comparability** are facilitated by the use of statistical data, spanning a period of several years.
 - One of the greatest challenges in writing the report is to word it **clearly** and concisely, thereby ensuring both transparency and the required depth of information for stakeholders, and presenting our performance in a manner that is professionally sound yet comprehensible even to the layperson.



Stakeholder engagement

To achieve responsible operation and long-term sustainability we need to consider the rights and reasonable expectations not only of the direct stakeholders in our services and activities, but also of those who have an indirect effect on our operations.

In our dealings with all stakeholders we uphold the principles of fair, honourable business conduct, which is assured by the Code of Ethics, internal regulations, and our corporate culture. In 2007 we drew up a stakeholder map in order to identify and define the company's most important stakeholders. The OTP Group has an exceptionally diverse circle of stakeholders. The Bank Group's relationships with individual stakeholder groups are defined by the organisational attributes of its member organisations, and the characteristics of the stakeholders themselves. We give priority to learning the opinions of our stakeholders, since it by fulfilling their expectations that we can assure the group's social legitimacy.

Findings of the stakeholder forums

Prior to preparing the Corporate Social Responsibility Report, through the holding of stakeholder forums, we canvassed the expectations and opinions of our stakeholders with regard to OTP Bank as a whole, and specifically its CSR activities. The forums were structured in accordance with the profiles of the stakeholder groups.

The stakeholders were primarily in a position to form opinions regarding the Bank's values and services. The Bank evaluates the expectations and opinions, and where practical, incorporates them into its operations.

In overall terms, stakeholders named sponsorship as the most important element of corporate social responsibility, while we elicited their opinions regarding other aspect of CSR through targeted questions. The stakeholders have a low awareness of the Bank's CSR activities, and typically expect the Bank to take the initiative. They would be happy to receive more comprehensive information from the company regarding more areas of CSR, e.g. donation guidelines, lending principles, innovation.

Scope and boundary of the report

A prime consideration when compiling the Corporate Social Responsibility Report was that it should focus on the Bank Group's most important social responsibilities. Accordingly, a greater emphasis than before was placed on the responsibilities arising from our core business, a fact that is also reflected in the report's altered structure. Determination of the key issues (sections) of this report was based on:

- the findings of the stakeholder forums;
- the characteristics of the economic and social environment, and changes thereto;
- a study of the Bank Group's operations; and
- analysis of internationally accepted reporting practices.

We have limited the length of the report in order to keep it straightforward; however, we are making more active use of other channels for the dissemination of information.

We regard all practices and aspects of performance as being relevant and worthy of disclosure if they:

- help stakeholders to form a judgement of the economic, environmental and social impacts of the company group as a whole – taking into account the Bank Group's size and business profile;
- stand as outstanding examples of initiatives characteristic of a narrower cross-section of the company group.

In terms of the order in which the issues are presented in the report, we have progressed from general topics towards more specialised themes, gradually going into more depth regarding the various aspects of the Group's activities. The order in which the issues are dealt with was also influenced by the interest displayed in them by stakeholders. Much space has been devoted to the economic crisis, due to its impact on performance and operations in 2008.

The report gives an account of the company's economic, social and environmental performance at group level – including the results of OTP Bank's major Hungarian and foreign subsidiaries. The group-level presentation requires members of the group to provide substantial quantities of information, a task for which not every subsidiary is yet fully geared up to perform. Where group-level data is not available, or where it is necessary to draw comparisons with previous years, certain data and information is presented only in respect of OTP Bank or the OTP Group in Hungary.

Subdivisions of the group used in the report:

- OTP Bank: OTP Bank, excluding its subsidiaries, i.e. the parent company;
- OTP Core – banking operations in Hungary: OTP Bank, OTP Mortgage Bank, OTP Factoring and OTP Building Society; this does not include all the Hungarian members of the Bank Group, but corresponds to the structure used in the Annual Report;
- OTP Hungary; the OTP Group in Hungary: OTP Bank and its subsidiaries in Hungary;
- OTP Group: the entire OTP Bank Group, including all Hungarian and foreign subsidiaries.



14. Annexes

To ensure the conciseness of the main body of the report, space in the annexes is devoted to all information and data that are probably only of interest to a relatively small group of stakeholders, but the disclosure of which is necessary in order to gain a full picture of the organisation's performance and to comply with the GRI guidelines.

14.1 Economic Performance

A presentation of economic performance makes it possible to judge the group's contribution to the sustainability of the wider economy. This description of our performance differs from the financial approach of the Annual Report, since it places the emphasis on cash flows between the stakeholders.

The Bank Group continues to be a major taxpayer in the Central and Eastern European region. In comparison to 2007, however, the OTP Group's tax-payment liability has fallen, accompanied by

a proportionate decline in the OTP Bank's share of taxes paid within the bank sector. It should be mentioned here that, as a result of the economic crisis, total corporate tax receipts in Hungary fell in 2008, and within this the bank sector's payment obligation also declined.

Among members of the Bank Group, only OTP Bank and OTP Real Estate received state aid. OTP Bank was granted a tax discount of HUF 1,092 million – as in previous years this was related to film sponsorship – and claimed R&D assistance in a value of HUF 1,126 million in relation to commissioned projects and its in-house research and development. The amount of state aid granted to OTP Real Estate was negligible, at HUF 85,000.

Direct economic value generated and distributed 2008

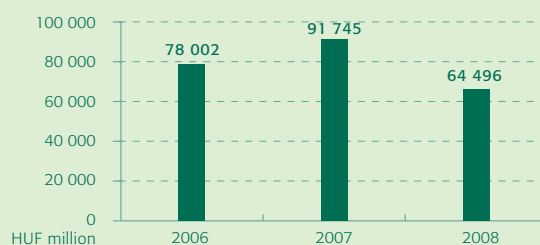
(based on the audited, IFRS profit and loss statement, HUF million)

		OTP Core*	OTP Group**	
I.	Direct economic value generated	= 1	371 392	732 538
1.	Net income from sales	Interest income + non-interest income (incl. net fees) (adjusted)	371 392	732 538
II.	Economic value distributed	= 2+3+4+5	172 411	356 913
2.	Operating costs + payments to equity investors	Operating costs – Personnel expects – Depreciation – Taxes reducing the corporate tax base	74 102	151 883
3.	Employee wages and benefits	Personnel expenses	79 092	167 461
4.	Taxes paid	Total tax-payment liability	18 965	37 313
5.	Community investments	Charitable giving	252	256
III.	Retained earnings	= 1–(2+3+4+5)	198 981	375 625

* Based on the consolidated financial statements of OTP Bank, OTP Mortgage Bank, OTP Building Society, OTP Factoring

**consolidated

Tax-payment liability of the OTP Group



14.2 Stakeholder Relationships

Means of engagement and relevant issue

Stakeholder group	Annual reports	CSR report	Website	Research papers	Intranet	Customer magazine	Internal newsheet	Code of Ethics, Ethics Statement	Customer service (branch, call centre)	Investors' day	Customer satisfaction surveys, market research	Employee satisfaction surveys	Media reports	Advertisements	Informational materials	Information provided in relation to services (e.g. account statements)	Stakeholder forum	Cooperation with subsidiaries	Membership of advocacy groups and other organisations
Shareholders and investors	x	x	x	x						x			x					x	
	The group's business results, outlook; means of achieving the results; compliance with statutory requirements and local and international standards																		
Customers		x	x			x			x		x		x	x	x	x	x		
	Information pertaining to service, the quality of service (customer service, access, charges, product features, complaints management), corporate image																		
Employees		x			x		x	x				x	x						x
	Information pertaining to the working environment and the performance of work, satisfaction with managers, motivation, balance between work and home life, performance appraisal, organisational units, cooperation between subsidiaries																		
Local municipalities*		x											x						x
	Role as employer, provision of access to financial services, compliance with local ordinances																		
Non-governmental organisations*		x	x					x					x	x	x			x	x
	Ensuring access to financial services, equal opportunities, means of service provision, environmental and social impacts, compliance with statutory requirements and local and international standards																		
State and regulatory bodies*	x	x	x			x			x				x	x	x	x			x
	Means of service provision, fair market competition, abuse of market dominance, ensuring access to financial services, equal opportunities, role as employer, role as market intermediary, statutory compliance																		
Competitors	x	x	x	x							x		x	x					x
	Best market and operational practices, joint interest representation																		
Media	x	x	x	x		x					x		x	x					x
	Customer service, compliance with statutory requirements and local and international standards, fair market competition, abuse of dominant position, equal opportunities, environmental and social impacts																		
Sponsored/assisted organisations		x	x										x						x
	Contribution to social and environmental causes																		
Educational and research institutions	x	x	x										x	x					
	Terms and conditions of services and service provision, and the development thereof																		
Suppliers	x	x						x					x						x
	Terms and conditions for suppliers and ordering, abuse of dominant position																		

* Representatives of individual groups within society, or of stakeholders with no other representation. Includes representation of the interests of the environment and future generations

14.3 Customer Interactions

The number of customer contacts rises substantially every year, with customer interactions that take place in person typically displaying the highest growth; however, the electronic channels remain dominant.

Number of customer interactions (OTP Bank)*

	2006	2007	2008
– personal	10 823 932	18 973 231	38 319 633
– electronic	300 872 292	419 269 149	528 785 608
– other (DM mailshots, etc.)	3 380 032	4 438 262	7 724 681
Total	312 847 824	442 701 764	574 829 922
Year-on-year change	–	142%	130%

* In the case of the subsidiaries, customer interactions were measured using a different methodology, and thus comparability cannot be assured

In line with the number of customers, in Hungary the most customer contacts were made at the parent company. More than 99% of personal and electronic customer contacts were made at the parent bank, while this figure was below 90% for other forms of contact. Among the subsidiaries, OTP Garancia and the Merkantil Group have a key role in this respect. (OTP Garancia does not gather data pertaining to other contacts.)

The foreign members of the OTP Group use different methodologies for measuring customer contacts, and as a result, the comparability of data is not assured. All the subsidiaries, however, are characterised by the growing dominance of the electronic channels, a tendency that is also encouraged by the subsidiary banks.

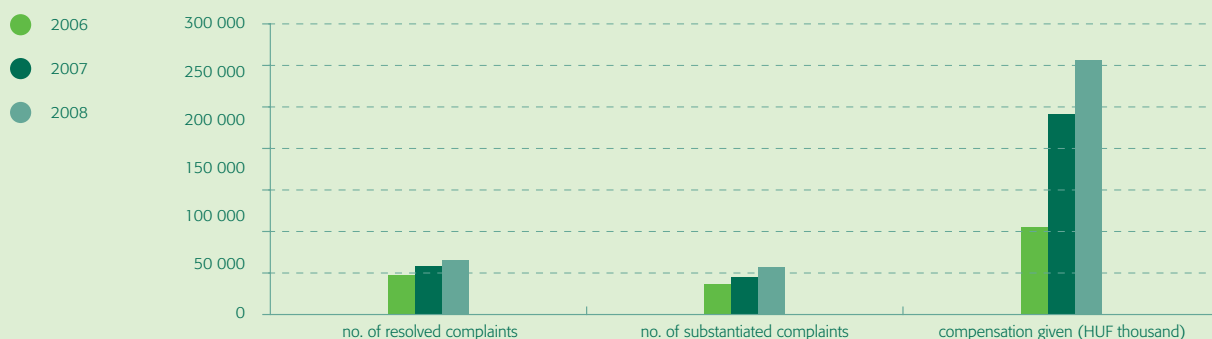
No significant change has been observed in the area of complaints management; around 73% of the complaints investigated proved to be justified, and OTP Bank paid a total of almost HUF 260 million in compensation to its customers. The average amount of compensation paid per complaint rose slightly, to HUF 4,700.

The number and combined value of justified complaints rose in a lesser extent than the number of customer contacts. At the foreign subsidiaries the recording of customer complaints is not performed comprehensively or in a standardised manner. Complaints handling is the most effective at OTP Bank. The Hungarian subsidiaries paid a total of HUF 800,000 in compensation to their customers (not including payouts by OTP Garancia Insurance).

No abuses involving customers' personal data occurred in 2008. At OTP Hungaro-Projekt the data of one customer was misappropriated.

We continue to analyse customer complaints on an ongoing basis, and incorporate the conclusions drawn into the development of our customer service procedures and computer systems.

Customer complaints



14.4 Litigation and Other Proceedings

We always aim to avoid damaging the interests of our customers, and to comply with the statutory provisions. Through advance consultations with the relevant bodies, and by exercising special care, we make every effort to minimise the number of proceedings culminating in a ruling against the Bank, and the extent of fines imposed. Besides these efforts, we acknowledge all complaints that prove to be justified, and submit to any sanctions imposed as a consequence.

The foreign subsidiaries do not have complete records of their litigation and other proceedings, and therefore this section only contains information pertaining to the OTP Group.

Concluded authority and other legal proceedings

In three cases, based on its own investigations, in 2008 the Competition Office ruled that the charges filed were unfounded, and accordingly competition proceedings were either not launched or were terminated. (Two proceedings against OTP Bank, and one against OTP Garancia Insurance, were closed.) A proceeding against OTP Building Society was concluded with the company undertaking, and fulfilling, an obligation to amend certain of its regulations. At present the Competition Office is conducting several ongoing investigations at the Bank.

In 2008 the Equal Opportunities Bureau fined the Bank for its rejection (on the grounds of age) of a credit card application submitted by a customer over 70 years old. However, OTP Bank contested the resolution, since the customer had not submitted any form of credit application.

Of the total of 91 cases involving the OTP Group that were concluded by the Hungarian Financial Supervisory Authority (HFSA), 78 were not investigations, but merely requests by the supervisory authority for information from OTP Factoring, which the company subsequently provided. Five of the investigations concluded without the imposition of financial penalties involved OTP Garancia Insurance; in the remaining cases the companies were exonerated.

The HFSA regularly holds theme audits of banks, including OTP. One such investigation was concluded in 2008, concerning the margin requirements for forward transactions, specifically with regard to compliance with the statutory provisions on the protection of customer claims. As a result of the investigation, the HFSA fined the Bank HUF 6.5 million. In the course of the themed audit the procedures employed by four banks were analysed, and in all cases law-breaching practices and deficiencies were revealed. The HFSA imposed fines on three of the banks.

The OTP Group was fined by the authorities on 14 occasions for breaches of taxation



regulations, primarily due to the late payment of local taxes. The fines imposed and paid came to a total of HUF 2.6 million. The proceedings launched against OTP Garancia (20) were concluded – with one exception – with an acquittal.

Reconciliation Board proceedings concluded in 2008 were predominantly related to the activities of OTP Bank. Two proceedings culminated in a financial obligation for the Bank, which it subsequently fulfilled. In one case, non-financial penalties were imposed on the Bank. Five cases were resolved in the context a conflict management proceeding, and seven proceed-

ings were concluded with the Bank being exonerated. In the course of reconciliation proceedings against the OTP Voluntary Pension Fund, the recommendation by the Consumer Protection Reconciliation Board operating of the Veszprém County Economic Chambers, pertaining to the payment of HUF 25,880, was not carried out. On one occasion OTP Factoring paid a fine of HUF 100,000, while another proceeding launched against OTP Garancia also culminated in a HUF 100,000 penalty.

In authority and other legal proceedings the Hungarian members of the OTP Group paid a total of HUF 13.7 million in fines, 83% of which had been imposed on OTP Bank.

Ongoing authority and other legal proceedings

Ongoing proceedings launched against the Bank / Bank Group (as of 31.12.2008)	OTP Bank	Subsidiaries, Hungary	OTP Group, Hungary, total
– due to alleged breaches of competition law (Competition Office)	10	5	15
– due to alleged breaches of consumer protection regulations (Consumer Protection Board)	3	0	3
– due to alleged breaches of equal opportunities regulations (Equal Opportunities Authority)	1	0	1
– supervisory proceedings (HFSA)	2	51*	53
– due to alleged breaches of taxation regulations (Tax Authority, Customs and Excise, municipalities)	1	3	4
– other proceedings (e.g. Reconciliation Board)	19	0	19

*48 proceedings against Merkantil Bank were not attributable to procedural errors.

Ongoing and concluded court cases

In comparison to the previous two years the number of ongoing court proceedings fell, as a result of the rise in cases concluded and the

lower number of new cases. Our objective continues to be to increase the number of cases in which a successful result is achieved.

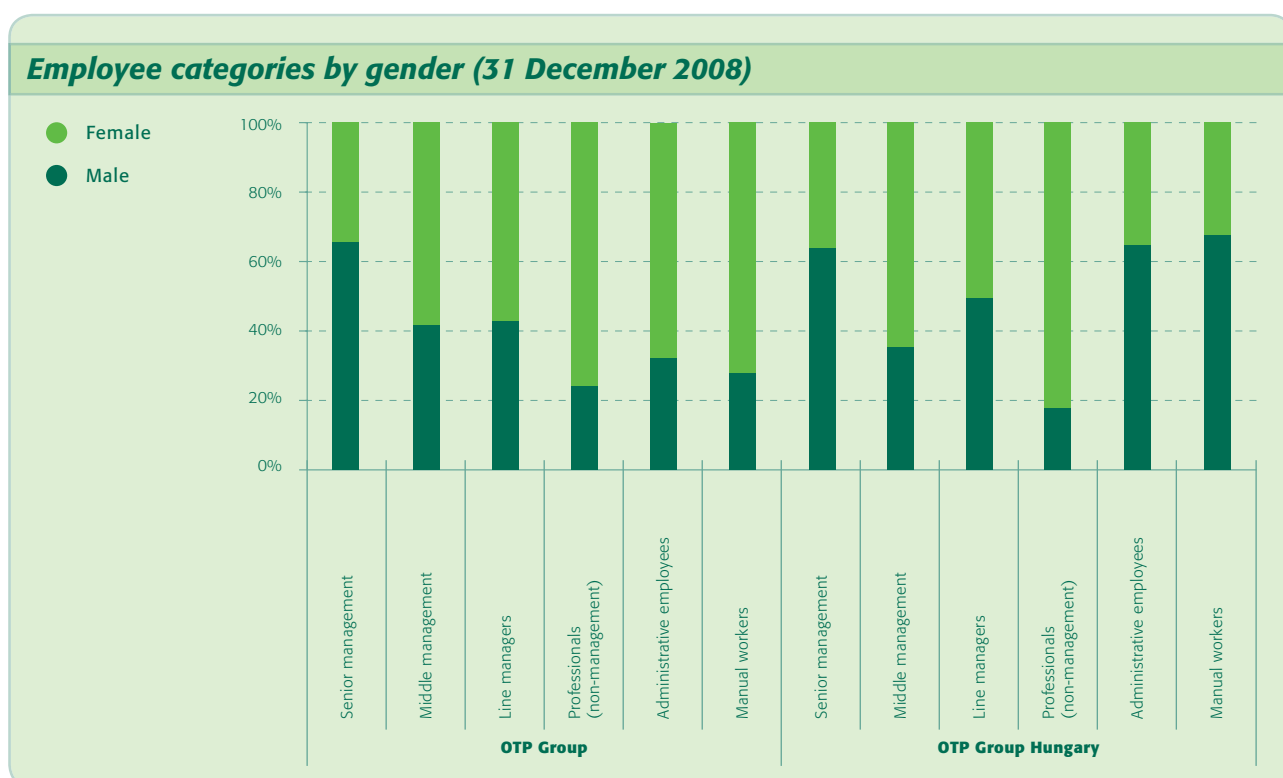
Court proceedings	OTP Bank			OTP Group, Hungary, total
	2006	2007	2008	2008
Number of ongoing proceedings	146	126	88	176
Book value of claim (THUF)	5 353 176	5 285 095	5 801 270	n.a.
Number of court proceedings concluded with the legally binding rejection of claims	n.a.	total concluded: 82	43	54
Number of court proceedings concluded with a legally binding obligation on the part of the Bank	n.a.		50	52
Amount paid THUF)	n.a.	n.a.	8 977	32 758
The book value of claims in court cases is typically several times the sum actually paid out.				

The table does not contain data for OTP Factoring, because litigation is a necessary part of the company's core business operations. OTP Factoring purchases and enforces overdue claims, and in the case of claims that have reached the litigation stage, launches a court/enforcement

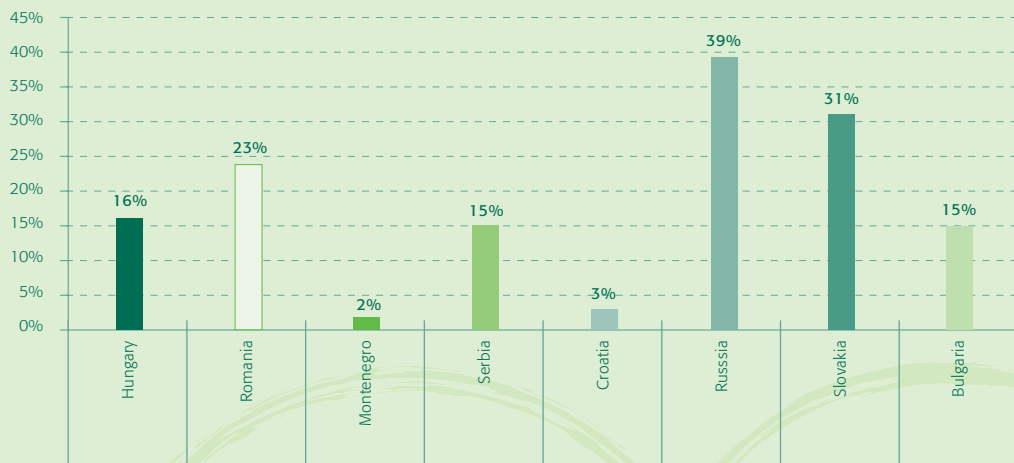
procedure, of which up to several thousand may be conducted in a given year.

The table also excludes the proceedings of OTP Garancia Insurance, since the settlement of damage claims constituting a part of its core operations also entails a high number of court proceedings.

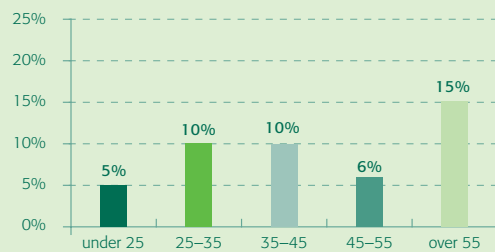
14.5 Employee Demographics



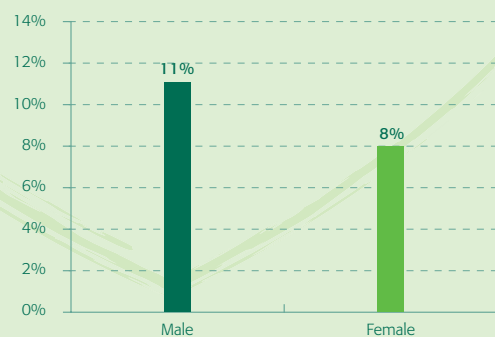
Distribution by countries of employees leaving the company (OTP Group, 31 December 2008)



Distribution by age of employees leaving the company (OTP Group, 31 December 2008)



Distribution by gender of employees leaving the company (OTP Group, 31 December 2008)



15. Glossary

INTERBANK MARKET: The market in which banks deposit their surplus domestic and foreign currency reserves in the short term.

COMPLIANCE: Fulfilment of the requirements set out in the statutory regulations and recommendations that relate to the Bank's operation.

CORPORATE SOCIAL RESPONSIBILITY (CSR): Companies' efforts to integrate social and environmental objectives into their business activities on a voluntary basis and mould their relationships with their stakeholders accordingly.

E-LEARNING: Web-based teaching, using electronically accessible teaching materials. Participants study at their own computer terminals, ensuring a flexible and efficient work schedule.

CODE OF ETHICS: The code of ethics is a set of corporate guidelines that pertains to the conduct expected from the employees of the company and which demarcates the boundary between behaviour that is expected and behaviour that is prohibited by the company. Companies set out their standards of ethical conduct towards their stakeholders in a code of ethics.

STAFF TURNOVER: A measure of the flow of the workforce through an organisation; the rate at which an employer must hire new staff in order to replace those leaving the organisation over a given period of time (including persons leaving voluntarily, people dismissed, people retiring, and people who lose their lives in service).

CURRENT ASSETS: Assets recorded in a company's balance sheet that typically serve day-to-day operations and are unlikely to remain among the company's assets in their current form for more than a year.

GRI: The Global Reporting Initiative (GRI) is an organisation established by the United Nations, concerned with the corporate social responsibility of corporations. GRI has developed the most widely used sustainability reporting guidelines in the world.

APPLICATION LEVEL GRI3 B: An application level specified in the GRI guidelines, pertaining to the preparation of sustainability reports, indicating the depth and breadth of the report. The GRI differentiates between three levels of application – A, B and C – according to the extent of standard data disclosure contained in the report.

IFRS: International Financial Reporting Standards.

PROPERTY COLLATERAL VALUE: The value recognised by the Bank as the value of a property pledged as collateral.

LIQUIDITY POSITION: Immediate solvency. R&D (research and development): R&D is innovative work conducted on a regularly basis, the purpose of which is to expand knowledge, including our understanding of mankind, culture and society, and the use of this knowledge for creating new applications.

RISK: The possibility of the occurrence of a hazard, damaging impact or loss. The degree of risk is determined primarily by two factors: the likelihood of occurrence and the severity of the consequence or impact.

COLLECTIVE BARGAINING AGREEMENT: The Collective Bargaining Agreement may regulate

LATE THE FOLLOWING: rights and obligations arising from the employment relationship, the means of their exercising and fulfilment, and the procedural rules related to this; the details of the relationship between the parties that enter into the Collective Bargaining Agreement. A Collective Bargaining Agreement may be concluded between the employer, the employer's advocacy body or several employers on the one hand, and the trade union or several trade unions on the other. In Hungary, Collective Bargaining Agreements are regulated by Act XXII of 1992 on the Labour Code.

CONSOLIDATION: The purpose of consolidation is to strip out the effects of business dealings between group members ('intra-group transactions') when presenting the assets and liabilities, financial and income position of a business group.

MIFID: The purpose of the EU Markets in Financial Instruments Directive (MiFID) is to create a uniform set of conditions and procedures for the provision of investment services in the member states of the European Union, to help ensure the fullest protection of investors' interests, and a high standard of service.

MULTIPLIER: The multiplier effect refers to the phenomenon by which a country's money supply expands as a result of banks being able to lend.

EMPLOYEE SATISFACTION SURVEY: A survey aimed at measuring employee satisfaction and commitment, which enables the company to learn about the underlying needs and motivations of its employees.

POS TERMINAL: The term POS (Point Of Sale) terminal refers to the card acceptance devices installed at the point of sale, for settlement of the price of the products purchased.

PRUDENT OPERATION: Prudence includes all codified and non-codified forms of conduct that an averagely informed investor would justifiably expect from any financial institution. Prudent operation is a requirement under law.

REFINANCED LOAN: In the case of a refinanced loan the Bank does not place its own funds, but passes on the funds received from another financial institution.

SRI: A Socially Responsible Investment (SRI) is an investment that promotes social responsibility.

STAKEHOLDER: A company's stakeholders are all groups and individuals that may affect or may be affected by the achievement of a company's objectives.

PERFORMANCE INDICATOR: A term defined in the GRI sustainability reporting guidelines, which determines the range of information included in the report and the means of its presentation. The indicators are measures the organisation's economic, social and environmental performance.

CAPITAL ADEQUACY: The degree to which a bank is supplied with capital relative to its liabilities and its risky assets. According to BIS (the Bank of International Payments), it is advisable for the capital adequacy ratio to be higher than 8 percent; if it is, a bank is considered to be safe in terms of its capitalisation.

BUSINESS ETHICS: Business or economic ethics is a systematic attempt to reconcile man's economic pursuits with his desire to achieve moral good.



16. GRI Index

Indicator number	Description of indicator	Page	Notes
Strategy and analysis			
1.1	Statement of the most senior decision-maker of the organisation about the relevance of sustainability to the organisation and its strategy	5	
1.2	Description of key impacts, risks, and opportunities	10–11; 58–59	
G3 profile disclosures			
2.1	Name of the organisation	77	
2.2	Primary brands, products, and/or services	7–8; 24–30	
2.3	Operational structure of the organisation, including main divisions and subsidiaries The following organisation units play a key role in the company's responsible operation in the case of OTP Bank: – Strategic and Economic Research Directorate – Independent Compliance Department – Legal Directorate – Retail Banking Division – Commercial Banking Division – Risk Analysis and Regulation Directorate – Human Resource Management Directorate – Bank Security Directorate – Procurement and Investment Directorate – IT Operations Directorate – IT Logistics Directorate – Marketing Directorate The other members of the OTP Group members apply differing organisational structures, but the above functions are provided for at these companies too.	73; honlap	
2.4	Location of the organisation's headquarters	77	
2.5	Locations of the company's operation	7–8	
2.6	Nature and legal form of ownership	77	
2.7	Markets served, broken down by sector and geographic area	7–8	The Annual Report contains more detailed information
2.8	Scale of the reporting organisation	7–9; 25; 27; 37; 64	
2.9	Changes in the organisation during the reporting period	-	Information regarding the changes – governance, subscribed capital, overall capitalisation – is contained in the Annual Report
2.10	Honours and awards received during reporting period	website	
Report parameters			
3.1	Reporting period	61	
3.2	Date of most recent report	73	We published our last CSR report in 2008
3.3	Reporting cycle	73	Annual
3.4	Contact point for questions regarding the report or its contents	77	
3.5	Process for defining report content	61–62	
3.6	Boundary of the report	63	
3.7	Specific limitations on the scope or boundary of the report	73	No such limitations, but we are continually adding to the range of information to be included in the report
3.8	Joint ventures, subsidiaries, leased facilities, outsourced operations and other entities that could significantly affect comparability from period to period and/or between organisations	8	
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the indicators and other information in the report	61–62	And in the relevant sections
3.10	Reason for the re-statement of any information already published in earlier reports	61	

3.11	Significant changes from previous reporting periods in the scope, boundary or measurement methods applied in the report	63	
3.12	Table identifying the location of the Standard Disclosures in the report	73–77	We also use the table for disclosing information
3.13	Policy and current practice with regard to seeking external assurance for the report.	61	

Governance, Commitments and Engagement

4.1	Governance structure of the organisation	website	
4.2	Indication of whether the Chair of the highest governance body is also an executive officer	Website (corporate governance)	
4.3	If the organisation has a unitary board structure, the number of members of the highest governance body that are independent and/or non-executive members	Website (corporate governance)	
4.4	Mechanism for shareholders and employees to make recommendations or direction to the highest governance body <i>Act IV of 2006 on Companies</i>	74	
4.5	Linkage between the compensation of members of the highest governance body and senior managers and the performance of the organisation	40; 74	Corporate Social Responsibility Report 2007
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided The Bank's employees must declare that they have familiarised themselves with the rules pertaining to conflict of interest.	74	
4.7	Process for determining the qualifications and expertise of the members of the organisation's highest governance body for guiding the organisation's strategy on economic, environmental and social topics No such strictly set criteria, it is primarily economic experience and qualifications that are required	74	
4.8	Internally developed statements of mission, values, codes of conduct and principles relevant to economic, environmental and social performance Code of Ethics: Valid in respect of the entire Bank Group; application of the Code is compulsory for our employees, and training has been provided to support its assimilation by staff. Organisational and Operational Regulations: Each member of the Bank Group has its own Organisational and Operational regulations; however, the fundamental principles are consistent at group level. All employees are obliged to familiarise themselves with and apply the Regulations. Group Management Regulations: Regulates the principles and practices of corporate governance at group level, in order to ensure efficient operation and clearly defined fields of responsibility. Collective Bargaining Agreement: The companies in the Bank Group conclude separate collective bargaining agreements; however, not every company has a trade union and a collective bargaining agreement. All employees are party to the Collective Bargaining Agreement if one is in effect at the given member company, regardless of whether the employee is a union member.	74	
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct and principles	website (corporate governance)	No change compared to previous year
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental and social performance	74	No change compared to previous year
4.11	Explanation of whether and how the principle of precaution is addressed by the organisation. The principle of precaution is addressed in respect of core operations.	13–15; 74	
4.12	Externally developed economic, environmental and social charters, principles or other initiatives to which the organisation subscribes or endorses.	19	
4.13	Membership in associations and/or national/international advocacy organisations	website	
4.14	List of stakeholder groups engaged by the organisation	62; website	
4.15	Basis for identification and selection of stakeholders with whom to engage The principles are the same as in previous years: – Size of the stakeholder group – Extent to which they are affected – Capacity of stakeholders to represent their own interests – we also take into consideration the rightful interests of groups with weaker lobbying powers – Nature of the impact itself – direct or indirect, positive or negative, reversible, irreversible or recoverable, permanent or temporary	74	
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	62; 65; website	
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to these (including through its reporting).	65; website	

Economic performance indicators

Management approach:

Various aspects of economic performance can be measured, and in terms of the results achieved, our stakeholders also hold differing expectations of the Bank Group. It is our belief that, besides financial results, other factors in our performance need to be taken into consideration. Due to its role as a financial intermediary, the Bank unquestionably contributes to economic development; the company has always been committed to making state-backed products accessible and catering to the special requirements of sensitive social/economic groups and organisations representing specific sections of society.

Beyond the services we provide, we also contribute to the sustainability of economic systems through the use of suppliers and our relationship with our employees. In our dealings with both of these stakeholder groups, we uphold the principles of ethical business conduct and fairness.

We have a responsibility to assume a role in society and support community goals. In our donation and sponsorship activities we support initiatives that promote equality and community building. We are constantly working to develop our sponsorship practices, to assist local communities as effectively as possible.

We regard it as our natural duty to fully meet our obligations towards the state (payment of taxes).

Economic performance

EC1	Direct economic value generated and distributed	64
EC4	Significant financial assistance received from government	64

Market presence

EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of the organisation	75	No change compared to previous year
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Environmental Performance – the indicators have been designed primarily to suit the characteristics of manufacturing companies, and therefore the definitions and requirements are not always relevant to OTP Bank

Management approach:

The Bank Group recognises the importance of protecting natural resources and the environment. The writing of this report once represented an opportunity to identify the company's main environmental impacts, which we have described in the relevant section above. The OTP Group, as a business group providing financial services, takes a complex and holistic approach to environmental protection, seeking those aspects of its services, operation and attitude-forming activities that have the greatest impact. In terms of our environmental footprint, the most important areas are reducing energy consumption, the use of environmentally friendly materials, waste management and travel. With regard to the provision of financial services, it is primarily risk management and prudent lending policies that play a key role in preventing activities that entail an environmental burden in excess of the statutory limits. Besides this, our products facilitate the financing of investments that are expressly intended to be environmentally friendly, or could indirectly encourage the spread of environmentally sound operations. Our attitude-forming activities focus on the use of environmentally friendly materials, on economy and ecologically-sound waste management practices.

Materials

EN1	Materials used by weight or volume	52
EN2	Percentage of materials used that are recycled input materials	52

Energy

EN3	Indirect energy consumption by primary energy resource	53–54
EN4	Indirect energy consumption by primary energy resource	53
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	53–54

Water

EN8	Total water withdrawal by source	54
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Gas and liquid emissions and waste

EN16	Total direct and indirect greenhouse gas emissions by weight	55–56
EN21	Total water discharge by quality and destination	54
EN22	Total weight of waste by type and disposal method	54

Labour Practices and Decent Work

Management approach:

For the achievement of the Bank Group's objectives, a highly qualified and committed workforce is essential. Our human resource management procedures go beyond the statutory requirements pertaining to fair employment; we regard ensuring equality, fair working conditions, and safety at work as our natural duties. In the interests of retaining our employees we place particular emphasis on training, which besides imparting professional knowledge – to advance the careers of talented workers – also serve to develop human and interpersonal skills. To safeguard the wellbeing of all our employees, we have launched numerous initiatives aimed at promoting a healthy lifestyle, and the prevention and early diagnosis of disease. With regard to health at work, we focus on potential problems arising from the nature of work performed at the company.

Employment

LA1	Total workforce by employment type, employment contract and region	37–38
LA2	Total number and rate of employee turnover by age group, gender and region	38–39; 70
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees. In terms of eligibility for benefits, we do not discriminate based on the number of hours worked or the type of employment contract. There are no benefits that cannot be granted to temporary or part-time workers.	40; 75

Labour/management relations

LA4	Percentage of employees covered by collective bargaining agreements At those members of the OTP Group where a collective bargaining agreement is in force, all employees are covered by the collective bargaining agreement. With regard to employee advocacy, no changes have occurred; the OTP Group continues to assure the representation of its employees' interests in accordance with the laws and statutory requirements.	76
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Occupational health and safety

LA7	Rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities by region	43																
LA8	Education, training, counselling, prevention and risk control programs in place to assist workforce members, their families, or community members regarding serious disease	76																
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LA10	Annual average number of training hours per year per employee by employment category	42																

Training and education

LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	76																																	
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LA12	Percentage of employees receiving regular performance and career-development reviews Performance appraisal procedures at OTP Bank have not changed in comparison to previous years; the incentives system and management appraisals continue to provide feedback for our employees. The incentives system applied to some 60-65% of employees. At the subsidiaries, performance appraisal is primarily a task for the management.	76																																	
LA13	Composition of governance bodies and breakdown of employees by gender, age group, minority group membership and other indicators of diversity Pursuant to the statutory provisions, employers are not permitted to maintain records of employees' ethnicity.	38; 69; website																																	

Diversity and equal opportunity

LA14	Ratio of basic salary of men to women by employee category No difference. At group members covered by the Collective Bargaining Agreement, the salaries of employees are regulated in the Collective Bargaining Agreement. Remuneration for overtime working takes place in accordance with the statutory regulations.	76
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Human Rights

Management approach:

The OTP Group complies fully with all requirements pertaining to respect for human rights, in relation to all its stakeholders. As a Central-Eastern European business group, the threat of compulsory labour and child labour does not arise; appropriately regulated and well-functioning procedures are in place for ensuring the right of association, and the conclusion and application of collective bargaining agreements. Due to the procedures that are consistently applied at regional level there is no need to scrutinise our procurements and investments from the perspective of human rights. We naturally always demand legal compliance from our partners as well. The members of the group apply different systems for the management of customer complaints, which we are constantly working to develop. Ensuring our customers' satisfaction is a key element in our strategy.

The management of complaints related to ethical issues is performed based on the Code of Ethics. In the past few years, however, it has not been necessary to convene the Ethics Committee.

Prevention of discrimination

HR4	Total number of incidents of discrimination and actions taken No such incidents have occurred.	77	
HR6	Risk of child labour and the measures taken to prevent it	77	The bank does not use forced labour or child labour.
HR7	Risk of forced or compulsory labour and the measures taken to prevent it	77	

Social performance indicators

Management approach:

The company is committed to complying with statutory provisions and to fulfilling its voluntarily commitments. The independent Compliance and Legal Department has a key role in monitoring changes to the legislative environment, ensuring compliance with the regulations, and assisting in adaptation. Their guidelines and authority cover all areas of the organisation. In the coming period, the department will focus its attention on customer relations.

Compliance operations conform to uniform principles across the group, and a departure from the defined principles is only permissible where local legislation imposes stricter requirements. Our company acknowledges its role in society, and makes efforts to reinforce its beneficial impacts in every respect. We primarily gauge our impacts on local communities through a process of stakeholder engagement, and do not conduct research for the specific purpose of quantifying these effects. We make our data available for use in analyses of the impacts of our operations. In all cases we request feedback regarding the utilisation of assistance granted for the achievement of community aims; efficiency and effective implementation are prerequisites for the provision of our support. Our company is politically neutral, with no party affiliations whatsoever.

Anti-competitive behaviour

SO7	Total number of legal actions in relation to anti-competitive behaviour, anti-trust and monopoly practices, and their outcome	67
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	67–68

Product responsibility

Throughout the process of developing and selling our products and providing our services we proceed with the utmost care, in compliance with the Code of Ethics, our statutory obligations and voluntarily commitments.

Product and service labelling

PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	20
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Customer privacy

PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	66
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Compliance

PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	67–68
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Sector supplement indicators

FS2	Procedures for assessing and screening environmental and social risks in business lines.	14
FS5	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities	56-57; 58–59
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.	24–30
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.	28–30
FS13	Access points in low-populated or economically disadvantaged areas by type. Although we do not maintain separate statistics in this respect, in terms of the density of access points (bank branches, ATMs), members of the OTP Group lead the way in several countries of the region.	8; 52; 77
FS15	Policies for the fair design of products and services.	24
FS16	Initiatives to enhance financial literacy by type of beneficiary	21–23

Our business premises:

OTP Bank Nyrt.
1051 Budapest, Nádor u. 16.

We look forward to receiving your feedback!

In the interests of ensuring the Bank's sustainable development, your opinions are important to us. We welcome all advice, comments and suggestions. csr@otpbank.hu

The Hungarian Association for Sustainable Economies (KÖVET) was commissioned by OTP Bank Plc. (OTP Bank) to verify their company 2008 Social Responsibility Report. KÖVET made a commitment as an expert, third-party and non-profit organization to verify the company report and evaluate OTP Bank's sustainability performance based on that report and several interviews with employees of the company, as well as the involvement of external stakeholders.

Verification of the Social Responsibility Report of OTP Bank Plc.

Methods and tools for verification

- » a random check of reported data
- » interviews with employees of the company
- » an assessment of the report content in terms of the most important economic, environmental and social performance indicators contained in the GRI Guidelines* (on the basis of the GRI G3 version published October, 2006)
- » recommendations made by KÖVET and other stakeholders (May 7, 2009 – Report Evaluation Forum)

Report Evaluation Forum

Forty-one representatives from stakeholder organizations (shareholders, financial analysts, clients, authorities, suppliers, civil and professional organizations) were invited to attend the Report Evaluation Forum; eight of them participated actively, a representative of Hungarian Financial Supervisory Authority expressed her opinion in written form.**

KÖVET publicly verifies that OTP Bank provided an opportunity for its national stakeholders to express their opinions about the report before publishing took place. Changes were made in the 2008 Social Responsibility Report, or will be made in the next report, based on the proposals received. KÖVET accepted explanations for ill-founded proposals.

Opinion

Based on the above details, KÖVET can state that OTP Bank Plc.'s 2008 Social Responsibility Report is appropriate with regard to formal and creative elements. OTP Bank strived to publish a well-structured, well arranged and clear work for readers.

The report is of high quality when compared to Hungarian reports within the sector. This is not the first time that OTP Bank has published and verified the company's sustainability report and this is visible in the improvement of content and presentation of data.

We should emphasise the importance of the chapter about the current financial crisis in which the company's responsible measures are distinctly presented.

Many departments from the company took part in the preparation of the report. It is a commendable that the company started the procedure of uniform collection of data at the Bank Group level in 2007, but further improvement is needed. The data collection procedure can be improved in some areas because in some cases it appears to have been ad-hoc and irregular (commencing at the beginning of writing the sustainability report) and not part of an ongoing process (e.g. based on monthly, written procedures).

The report includes the activities of the whole OTP Group (including foreign affiliated firms).

Based on detailed indicators described within the document, the report satisfies the B+ level of the GRI G3 Guideline.

Recommendations for the report

- » The three main parts of the sustainability report should be proportional to their role in the bank's basic activities; i.e. material on economic sustainability and responsibility could play a bigger part than environmental material;
- » The presentation of the OTP Group should be complete; i.e. the CSR activities of foreign affiliated firms should receive more publicity in the report.

Evaluation of OTP Bank Plc.'s sustainability performance

OTP Bank has a great responsibility towards its stakeholders as it is a significant company in the Hungarian economy and Hungarian banking sector. With expansion in the neighbour countries it has become significant in the financial sector at various levels. In this period of stabilisation after rapid expansion it is advisable to make the further growth strategy consistent with the concept of sustainability. Our former statement that OTP Bank mainly stresses economic issues when developing new products, while environmental and social aspects are less thoroughly considered is still valid.

When becoming acquainted with the performance of OTP Bank Plc., we evaluated the company's own sustainability and its role in sustainable development using KÖVET's sustainability ranking scheme***. We evaluate OTP Bank as "public spirited" from economic points of view, and "appropriate" from the environmental and social point of view.

Main recommendations for further improvement

OTP Bank's sustainability performance can be improved if the company ...

- » continues raising the awareness of employees (even the middle level and top management) to the topics of tools and programs of corporate responsibility;
- » emphasizes sustainability issues in product and services development (e.g. considers indirect environmental issues in financial activities);
- » continues to undertake activities which strengthen the development of financial culture and the diffusion of safe, long-term and risk minimising planning across society, especially to the younger generation;
- » maintains and improves already extant voluntary programs.

By implementing the suggestions listed above, OTP Bank Plc. can step forward on the road to sustainable development.



BODROGHELYI Csaba
managing director

Budapest, June 8, 2009

* Global Reporting Initiative (GRI - Initiative for standardisation of sustainability reports)

** Participants of the Report Evaluation Forum: Tamás Bernáth (Scale Consulting), Márton Hamar (Pioneer Alapkezelő Zrt.), Bálint Háda (Questor), József Kosik (Veresegyháza, deputy mayor), 4 representatives of private clients, Csaba Bodroghelyi (KÖVET), Mónika Lontayné Gulyás (KÖVET), in written form: Éva Istvánovics Dr. (PSZÁF – Hungarian Financial Supervisory Authority)

***Further information: sustainability ranking of organizations, www.kovet.hu

KÖVET verifies the sustainability – economic, environmental and social – performance of OTP Bank Plc. as follows

Sustainability Ranking of Organizations	pontszám	Local Economic Role	Environmental Impacts	Social Responsibility
Sustaining	22-25	Economically exemplary, altruistic, growing is not its aim. Accepts programs with long-run (>10 years) rate of return. Its leave would be a loss for the local community.	Tends to eliminate local environmental damages. Its activity and products establish values and improve conditions of the local environment.	Leaders and owners live near by the activity. Socially pioneering, a "jackpot" for all workers and stakeholders (not only financially), extraordinary help for the local community.
Public-spirited	18-21	Has local control. Economically exemplary, viable in the long term (through generations), with excellent products and beneficial role in the market. Economically strengthens the local community	Environmentally outstanding, "over-fulfills" requirements, the applied technology, products and transportation are environmentally friendly. Its raw material is transported only from the continent.	Socially outstanding, its activity and products are very beneficial for all stakeholders, significant efforts for the local community, but never makes it visible with spectacular PR tools.
Compliant	13-17	Economically average, but only a few owners and costumers make profit, not a completely alien body in the local community.	Environmentally appropriate, but not exemplary, strong efforts to comply with regulation, but not to minimize the environmental load. There are projects to general improvement.	Socially acceptable, makes strong efforts to do good for people, but its situation (basic activity, size) raises question marks.
Self-interested	8-12	Economically viable in the short term, but its activity is unjust, creates faceless products, disproportionately few people make profit.	Environmentally irresponsible, activity and products unnecessarily burden the natural environment and human health.	Socially irresponsible, impairs workers and costumers, contributes to social conflicts and injustice.
Destructive	4-7	Economically not acceptable, or completely non-viable, destroys the local economy or illegal activity.	Environmentally hazardous and illegal, severely detrimental for human health and natural ecosystems.	Socially not acceptable, exploitive, its activity and products are destructive for people, trouble maker blow-in, its leave is the community's pleasure.





2008

corporate social responsibility report





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OTP Bank – Committed to the Environment