



# csr

corporate social  
responsibility  
report

2012



The background of the cover is white with a pattern of overlapping, semi-transparent grey squares of various sizes and orientations, creating a geometric, abstract effect.

csr

corporate social  
responsibility  
report

2012

serving our customers  
at the highest standard

# fostering financial education

professional  
employees





## Dear Reader,

This is the Corporate Social Responsibility Report published every year by OTP Bank. Corporate social responsibility and transparent business conduct, respecting the long-term interests of customers and the Central and Eastern European region, form an integral part of OTP Group's operation. This report presents these activities for all stakeholders, in particular our shareholders, clients and employees. Preparing this report and achieving the results aligned with our goals would not have been possible without the commitment and professionalism of OTP Group employees across nine countries; we would like to take this opportunity to thank them for that.

**Corporate social responsibility is more important than ever in the current economic climate.** OTP Bank strives to play an active part as a corporate citizen, taking into consideration stakeholder needs. A few examples reflecting this attitude worth highlighting include our approach to the various aspects of corporate social responsibility.

**Serving our customers at the highest standard and ensuring the safety of their savings are our primary concerns;** therefore OTP Group follows a prudent approach and financial policy that give priority to customer safety. Meanwhile, we strive to offer innovative products and services that satisfy client needs. I believe that this strategy can help us retain our existing customers and gain new ones, a belief corroborated by our results.

Going against market trends, OTP Bank maintained and increased lending in Hungary while keeping prudence a priority; this drove and helped sustain the corporate and agricultural sector. Our business approach will continue to be shaped by this in the future. Elements worth mentioning include the handling of agriculture on a strategic level, which resulted in a 13% increase in our loan portfolio in the sector in 2012.

Maintaining and increasing employment is vital both for our company and the region. I am proud of the jobs created by our new call centre in the city of Debrecen, which employs blind and visually impaired employees.

**Fostering financial education is a central element of our CSR activities.** We present the proper use of our products and services through various platforms and in different manners, and, similarly to previous years, we encourage clients to use the services that they are familiar with and which they actively use. The establishment of a Training Centre — which was granted both Hungarian and EU funding of over HUF 1.1 billion — marks a milestone in founding and developing financial literacy among the general population. Through educating high school students in financial literacy and economic skills, the Centre will contribute in the short term to forging a future generation capable of making informed and responsible financial decisions.

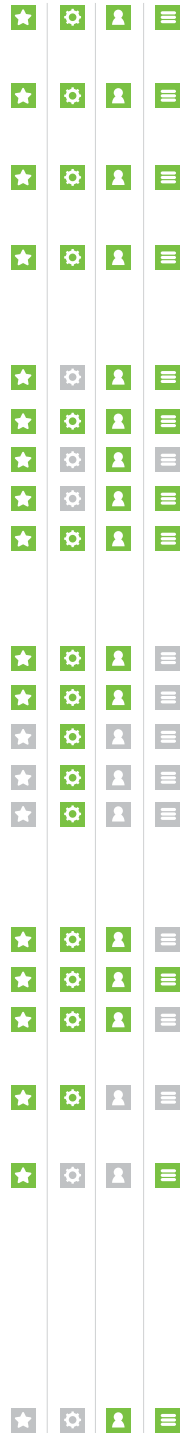
Last but not least, we continue supporting the community we operate in, whether it be grassroots initiatives, voluntary action taken by our employees, traditional patronage to NGOs or sports sponsorship. Moreover, OTP Bank is involved in numerous programmes to help the Hungarian diaspora by offering its services in the Hungarian language and through providing support for cultural and educational institutions and programmes.

The year behind us has not been easy, plagued with difficulties affecting the region's and Hungary's macro-environment. Despite a lower adjusted net profit, we have improved the Bank Group's stability, and concurrently our liquidity and capital position remain solid even by international standards. In 2013 we expect GDP growth in almost all the countries where we are present, and thus expect some of our smaller banks to turn profitable. Our long-term commitment to creating value and our position as market leader in several countries are the basis for an optimistic and carefully deliberated scenario for OTP Group shareholders, employees and partners.

**Dr. Sándor Csányi**  
Chairman and Chief Executive Officer

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

# table of contents



for customers

for employees

for households  
interested readers

for investors  
and analysts

	THE CHAIRMAN'S WELCOME	5
	CONTENTS	7
	ABOUT THE REPORT	8
1.	THE OTP GROUP	10
2.	RESPONSIBLE SERVICE PROVIDER	16
	2.1 Debtor protection	19
	2.2 Improving service quality	21
	2.3 Measures aimed at bolstering ethical service provision	26
	2.4 Development of our services presenting a social or environmental benefit	29
	2.5 Risk Management	39
3.	RESPONSIBLE EMPLOYER	42
	3.1 Employment	45
	3.2 Education and Training	45
	3.3 Rewarding of employees, career opportunities	46
	3.4 Employee involvement, internal communication	47
	3.5 Equal opportunities, working environment	48
4.	CORPORATE SOCIAL RESPONSIBILITY	50
	4.1 Developing financial literacy	52
	4.2 Our CSR programmes	54
	4.3 Communication of corporate social responsibility, transparency	60
5.	ENVIRONMENTALLY FRIENDLY OPERATION	62
6.	DATA	68
	6.1 OTP Group's data	69
	6.2 Data on responsible service provision	72
	6.3 Data on the shareholders	77
	6.4 Data concerning corporate social responsibility	84
	6.5 Data on environmentally friendly operation	85
	6.6 GRI Index	89



# about the report

**Relevant information**

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**Reliable data**

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**Certified by Deloitte**



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





The 2012 Corporate Social Responsibility Report and website jointly meet the criteria of the **B+** level of application defined in the **GRI G3.1** guide. Besides presenting data on at least 20 performance indicators, we also present all the information relevant in terms of the Bank Group's activities and concerning which reliable data is available.

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



for customers




for employees




for households  
and interested readers



for investors  
and analysts

One of the priority areas of CSR for OTP Bank is to develop the financial literacy of our clients and the general public, so the related programme is highlighted using: 

The following symbol indicates that pertaining tables or figures can be found in the chapter entitled Data: 

**The report applies to the entire Group,** Data pertain to the entire OTP Group and are presented from the perspective of the parent company, OTP Bank. Financial data are an exception; the report presents the performance figures of the OTP Group and OTP Core (i.e. OTP Bank, OTP Mortgage Bank, OTP Building Society and OTP Factoring) in line with our financial report.

As a company traded on the stock exchange, our investors expect all information presented to be accurate and backed by figures. As a reinforcement of this process, this year's Corporate Social Responsibility Report is **certified by Deloitte** Üzletviteli és Vezetési Tanácsadó Zrt., as described on the last page.

Additional information about the report can be found in the chapter entitled Data, in Section More on the report.



the  
otp group

**Bank of the Year**

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**9 countries**

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**13 million customers**

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**1443 branch offices**



The main impacts on the Bank Group's sustainability stem from the provision of financial services. We play an intermediary role between different economic agents and impact the stability of the financial system through our size.



*“The OTP Group has achieved an outstanding result in terms of profitability, capital position and liquidity compared to other regional bank groups. The return-on-assets (ROA) indicator stood at 1.5% before the banking sector tax and 1.2% after it, while the regional bank group average was under 1%. We hold HUF 1800 billion in liquidity, a firm testament to our stability.”*

**László Bencsik**  
Deputy CEO,  
Strategy and Finance Division



**OTP Group, a leading financial service provider within the region: In 2012, we served over 13 million customers across nine countries. We retained our position as market leader in the retail segment in Hungary, Montenegro and Bulgaria.**

OTP Group offers universal financial services. In Hungary, traditional banking services (accounts, deposits and loans) make up OTP Bank’s portfolio, while products fulfilling more modern financial needs — such as car financing, investment funds, home and other specific savings — are provided by a wide range of subsidiaries. The Bank Group is present on foreign markets through its subsidiaries. Besides focusing on the retail market, the Bank Group is also committed to serving its corporate and municipal clients at a high standard.

The main impacts on the Bank Group’s sustainability stem from the provision of financial services. We play an intermediary role between the different economic agents and impact the stability of the financial system through our size. Our lending can drive purchases, consumption and investments using the available deposits. We thereby have an impact not only our clients, but also on the environment we operate in, and indirectly, on economic growth, living standards of the population and the utilisation of environmental resources. Stemming from our size, we exert an impact on employment through our own employees and our supply chain, as well as through the utilisation of indirect resources in our operations.

Our Bank Group is a key player on several markets within the CEE region and plays an important role in stabilising the economy and in maintaining and improving living standards. It is therefore essential to keep pushing forward even within the current challenging international and domestic climate: we have long-term plans in both Hungary and within the entire region.

In 2012 the Bank Group maintained its focus on safe operation, specifically a stable capital position and liquidity and prudent risk management, provisioning and monitoring accompanied by a deteriorating loan portfolio. Further reinforcing safe capital adequacy levels remained a priority for OTP Group. The Basel II consolidated capital adequacy ratio stood at 19.7% at the end of 2012 following a 2.4% increase, far outperforming our main regional competitors.

We are proud to be part of the Vienna Stock Exchange’s CEERIUS (CEE Responsible Index Universe) sustainability index. The capitalisation-weighted index includes publicly traded companies from the CEE region having achieved the highest rating by Austrian consultancy RFU based on their social, environmental, economic and sustainability performance.

On a positive note, some Group members have already taken advantage of the business opportunities arising from an improving operating environment and were able to increase their credit and deposit portfolio.



### Below is a summary of the main macroeconomic factors having made an impact on OTP Group in 2012:

- **Our operating environment remained gloomy**, although regional risk assessment improved, with Hungary improving in particular. The Hungarian economy contracted by 1.7% in 2012; the dip in performance witnessed in Q2 affected the entire region, and reached countries still going strong in 2011, such as Russia, Slovakia and the Ukraine.
- In 2012 the **HUF exchange rate improved** by 6% vis-à-vis both the euro and the Swiss franc, as well as vis-à-vis the currencies of the countries where our subsidiaries operate. Yields on Hungarian government bonds have significantly fallen compared to late 2011, by 3.5% in the case of long-term maturities.
- In the area of **collecting deposits**, the Group achieved volume growth of 6%, while the retail deposits of OTP Core decreased by 4% — one underlying reason was that some clients used their savings to pay for balloon payments on mortgages.

• One of the direct impacts of the crisis that unfolded in late 2008 was that **credit demand remained subdued on the whole** on the main markets of the Bank Group, with the exception of consumer loans, which increased by 14% thanks to the activities of foreign Group members. On a positive note, retail mortgage lending portfolios have increased in Slovakia, Romania and Croatia (+8%, +2%, and +1%). Based on the HFSA's Supervisory Balance Sheet, OTP Bank's loans granted to Hungarian firms increased by 5% while the banking sector in Hungary saw lending shrink by 9% overall. The bank increased lending to both micro and small enterprise clients and agricultural firms, by 6% and 13%, respectively.

• In the wake of the recession, the **financial position of clients** deteriorated, along with their solvency. In 2012 the portfolio of delinquent loans 90 days past due rose from 16.6% to 19.1%, however this rate of deterioration slowed substantially in the second half of 2012.

• The Hungarian government introduced the option of **balloon payments on retail FX denominated mortgages** between 29 September 2011 and 28 February 2012 under specific terms. The impact of this measure on Group-level profits was a loss of HUF 1.8 billion, recognised in 2012.

• The **special tax** on financial organisations levied in Hungary and Slovakia amounted to HUF 35.8 billion in 2012.

• In Hungary the central government assumed a portion of municipal debt. The assumption debt of communities of under 5,000 inhabitants was completed by end-2012, with the state repaying municipal debt of HUF 28.8 billion to OTP Bank; the **consolidation of municipal debt** for communities of over 5,000 inhabitants is planned for 2013.



# REGIONAL BANK GROUP



## OTP Group

	<b>1 443</b>
Number of branch offices	<b>52 704</b>
Number of employees <sup>1</sup>	<b>10 113 bn HUF</b>
Balance sheet total	<b>149.0 bn HUF</b>
Amount of taxes paid	<b>889 mn HUF</b>
Cost of employees training	<b>~1 396 mn HUF</b>
Amount of donations	<b>46 %</b>
Proportion of branch offices with barrier-free access	<b>26.3 GJ</b>
Per-capita energy consumption	<b>12.0 m3</b>
Per-capita water consumption	<b>1.76 t</b>
Per-capita CO2 emission	<b>5861 t</b>
Total paper consumption	

## OTP Core<sup>2</sup> (Hungary)

	<b>404</b>
Number of branch offices	<b>8 553</b>
Number of employees	<b>6 229 bn HUF</b>
Balance sheet total	<b>19.0%</b>
Market share <sup>3</sup>	

DAO OTP Bank, Russia (2006)

JSC OTP Bank, Ukraine (2006)

OTP banka Slovensko, Slovakia (2002)

OTP Bank Romania, Romania (2004)

OTP banka Hrvatska, Croatia (2005)

OTP banka Srbija, Serbia (2007)

CKB Montenegro (2006)

DSK Bank, Bulgaria (2003)

## DSK Group (Bulgaria)

	<b>381</b>
Number of branch offices	<b>3 771</b>
Number of employees	<b>1 292 bn HUF</b>
Balance sheet total	<b>29%</b>
Market share	

## OTP banka Hrvatska (Croatia)

	<b>103</b>
Number of branch offices	<b>1 020</b>
Number of employees	<b>520 bn HUF</b>
Balance sheet total	<b>4,7%</b>
Market share	

## CKB (Montenegro)

	<b>31</b>
Number of branch offices	<b>437</b>
Number of employees	<b>209 bn HUF</b>
Balance sheet total	<b>19,1%</b>
Market share	

## OTP Bank Romania (Romania)

	<b>89</b>
Number of branch offices	<b>1 037</b>
Number of employees	<b>461 bn HUF</b>
Balance sheet total	<b>3,7%</b>
Market share	

## OTP Bank Russia (Russia)

	<b>146</b>
Number of branch offices <sup>5</sup>	<b>29 462</b>
Number of employees <sup>6</sup>	<b>1 028 bn HUF</b>
Balance sheet total	<b>~1,4%</b>
Market share	

## OTP banka Srbija (Serbia)

	<b>51</b>
Number of branch offices	<b>684</b>
Number of employees	<b>123 bn HUF</b>
Balance sheet total	<b>1,5%</b>
Market share	

## OTP Banka Slovensko (Slovakia)

	<b>70</b>
Number of branch offices	<b>705</b>
Number of employees	<b>364 bn HUF</b>
Balance sheet total	<b>2,8%</b>
Market share <sup>4</sup>	

## OTP Bank Ukraine (Ukraine)

	<b>150</b>
Number of branch offices	<b>6 088</b>
Number of employees	<b>654 bn HUF</b>
Balance sheet total	<b>6,6%</b>
Market share	

The data (audited, IFRS) apply to 31 December 2012 and to 2012. Alongside the Bank's names on the map the year of acquisition is also featured.

<sup>1</sup> In all cases the total workforce including full time and part time employees,

<sup>2</sup> OTP Core: OTP Bank, OTP Mortgage Bank, OTP Building Society and OTP Factoring, only Core data, and not the entire OTP Group, Hungary

<sup>3</sup> Total credit market share of domestic group members within the credit institution system

<sup>4</sup> The market share represents the share of retail loans (households, micro and small enterprises)

<sup>5</sup> The data comprises the Omsk region and the DNB branch offices as well

<sup>6</sup> The data includes agents employed by the Bank, including part time agents working less than 60 hours, 13,918 people





## The OTP Group received the following awards and recognitions in 2012

### Bank of the Year 2012

In 2012 OTP Bank took the title of MasterCard Bank of the Year for the fourth consecutive year, and its OTP Supra Fund finished second in the category for Retail Savings Product of the Year.

### Most active bank contributing to developing financial literacy in 2012

OTP Bank was awarded this title, handed out by MasterCard and Money Compass — Foundation for Financial Awareness (Pénziránytű Alapítvány)

### Bank of the Year 2012

OTP Bank was named best bank in Hungary by the international magazine The Banker for its results and innovative solutions.

### Best online bank in Hungary and Central and Eastern Europe

OTP Bank received the Global Finance award for its high standard of online service, the range of products and services available online, its comprehensive functionality and excellent design.

### Effective bank management

DSK Bank of Bulgaria received the award handed out by The Banker, a business weekly.

### Best mobile bank in Central and Eastern Europe

Global Finance rewarded the OTPdirekt mobile banking application and the SmartBank service.

### Best social media service provider in Central and Eastern Europe

Alongside the awards mentioned above, Global Finance also recognised OTP Bank's performance in social media.

### Best Practice 2011

The OTP Voluntary 50 programme was chosen by the experts of the Hungarian Public Relations Association among exemplary CSR practices.

### Deutsche Bank 2011 EUR STP Excellence award

DSK Bank was rewarded for the information messages accompanying payments.

### Building of the year

DSK Bank's headquarters received the special award from City media group for its refurbishment of an historical building, adapting it to modern needs.



### Capital Magazine Oskar award

The award was handed out to OTP Bank Romania's "The right to read" campaign for the results and impact achieved over several years.

### The most transparent asset management firm on the Ukrainian market

The OTP Capital asset management firm was awarded the title by governmental and non-governmental organisations and professional media.

### More transparent and most open firm in Slovakia

OTP Banka Slovensko was one of the seven firms awarded this title by the Central European Corporate Governance Association (CECGA).

### Best service provider bank

The Ukrainian financial and economic weekly Investgazeta awarded the title of best service provider to OTP Bank in the context of the "Ukrainian Banker Awards".

**Ipsos Bank Booster and Investor.bg conducted a joint survey in Bulgaria among the general population about their banking habits, the recognition and popularity of banks.** The poll revealed that **DSK Bank is the top-ranking bank in Bulgaria** in terms of brand recognition. Thirty-two percent of respondents chose DSK Bank as their "favourite brand", which also emerged as the winner in terms of "first mention": 77% of respondents mentioned DSK Bank off the top of their head in regard to the sector.

**OTP Bank Ukraine finished second in the NOKsfishes brand research project,** compiled based on the 2012 Q1 performance of leading Ukrainian banks. The decision was made based on the opinions of experts from three fields: employees of banking regulation organisations, financial journalists and investment analysts.

<sup>1</sup> We highlighted recognitions given to the Bank as a whole, linked to innovation or CSR, but we are no less proud of the awards won by our financial products. Detailed descriptions and links for all of our awards can be found on our website.

# Corporate social responsibility and sustainability for the OTP Group



**Responsible operation for OTP Group means sound management, responsible employment and active participation in society.** As a service provider our objective is to provide financial services that are responsible, fair and customer demand-driven.

The services offered fundamentally determine the degree of responsibility of a bank. Besides financially responsible services, products and services that foster social initiatives and the protection of the environment are equally important. In addition, responsibility also means ethical conduct towards our stakeholders and mitigation of our environmental impact.



## OUR CSR POLICY IS SHAPED BY THREE PRIORITIES

2011



The strategy sets out our fundamental principles and objectives in the field of CSR, and the professional and image-building communication programmes related to responsible operation.

Our fundamental principles on CSR: corporate social responsibility should support the operation and business success of OTP Bank; transparency; credibility; integration; continuous development.

Our independent CSR microsite is available directly via our homepage. For more on our strategy and the coordination of CSR, go to our website.





# responsible service provider

2

2 million OTPdirekt  
clients

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Branch office  
appointment booking

---

Over 10 000  
product-level tests  
yearly



The essence and a key element  
of our responsibility lies  
in the responsible provision  
of financial services  
and responsible operation.





*"Beyond legal compliance, in the recent past social expectations did not differ greatly for banks and industrial firms; today, this has changed. We consider familiarisation with the use of our products and the financial education of younger generations as our most pressing task, as I believe these represent the greatest value for society."*

**Dr. Antal Pongrácz**  
Deputy Chairman,  
Administrative Deputy CEO, Staff Division

The essence and a key element of our responsibility lies in the responsible provision of financial services and responsible operation. Our corporate social responsibility can only be credible to our customers and shareholders if the company can be relied upon as a stable and reliable entity in every case.

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

- maintaining financial stability;
- continuing lending in order to foster individual, economic and community success and development;
- adequate risk management and comprehensive security;
- transparent information on our operation and its impacts, on our results and services;
- providing ethical services and engaging in honest business and communication;
- continuous improvement of service quality;
- fostering responsible consumption.

For more on our values and fundamental principles in these areas, please visit our website.



**OUTSTANDING ACHIEVEMENTS**

**2012**

Continuing and expanding our debtor protection programme

Creation of a new online bank interface

Expansion of accessible services

Introduction of the Simple Card Service package in Hungary

Reinforcing our presence in the agricultural sector

Transitioning to advanced method capital requirement calculation

UNDERTAKINGS		2011	RESULTS	2012
Providing further assistance to struggling households with FX denominated loans		✓	Our debtor protection programmes are available across the entire Group; OTP Bank has so far implemented the Exchange Rate Cap in line with possibilities and has fostered the dissemination of information on this option	
Offering the possibility to fix exchange rates to municipalities		✓	OTP Bank was the single bank in Hungary offering this option	
Establishment of Direct Points in all larger branch offices		✗	We did not opt for increasing the number of direct points, but reinforced education on card use and online banking across our branch office network	
Renewing online banking in Hungary The development of services available in Russia and the Ukraine		✓	Implemented in consideration of client comfort and easy use	
Creation of an online topical suggestion box		✓	Completed; two of the boxes are related to service quality, and one to the ease of use of the intranet. In 2013 we plan to add an environment-related topic	
Creation of a branch office adapted to the needs of handicapped clients and installation of barrier-free accessible ATMs		🔄	One lowered ATM in Marcibányi tér, Budapest, and plans to redesign our reference branch office in 2013.	
Publication of an investment guide by our Croatian subsidiary		✓	Due to changes in the market environment and client needs, we decided to issue a different publication, called OTP TRENDinfo instead of the investment guide; it provides information on macroeconomic processes and the stock exchange	
Analysis of client comments and complaints from a client perspective in order to improve bank processes		🔄	We introduced the registration of the resolution of immediate client issues and have improved the investigation of complaints. We also launched an audit of foreign complaint management	
Making announcements more transparent and client-friendly		✓	Implemented in case of OTP Bank's announcements on savings; planned for 2013 for accounts once the the installation of devices allowing the electronic posting of our Announcements, Business Terms and Conditions and Investments folder has commenced	
Development of building society products adapted to client needs		✓	Completed; the product is adapted to the anticipated usage objectives of clients	
New product launch linked to the New Széchenyi Programme		🔄	We follow the New Széchenyi Programme, but our new products are not primarily linked to it	
To continue the process of introducing the determination of the group-level operational risk related capital requirement based on the advanced methodology and meeting further expectations of HFSA in this regard		✓	OTP Core and its two largest subsidiaries have been granted authorisation to apply the advanced method	
Preparation of the branch office level Business Continuity Plan		✓	The Business Continuity Plan on cash supply for branch offices has been drawn up, in line with the requirements of the National Bank of Hungary	
Deployment of a dedicated IT system aimed at preventing the financing of terrorism and insider trading		✓	The IT development has been completed	
 COMPLETED  UNDERWAY  NOT ATTAINED				

## 2.1 Debtor protection

### Retail

In order to protect our clients and sustain stability, we continued and developed our debtor protection programmes as a priority. 📄

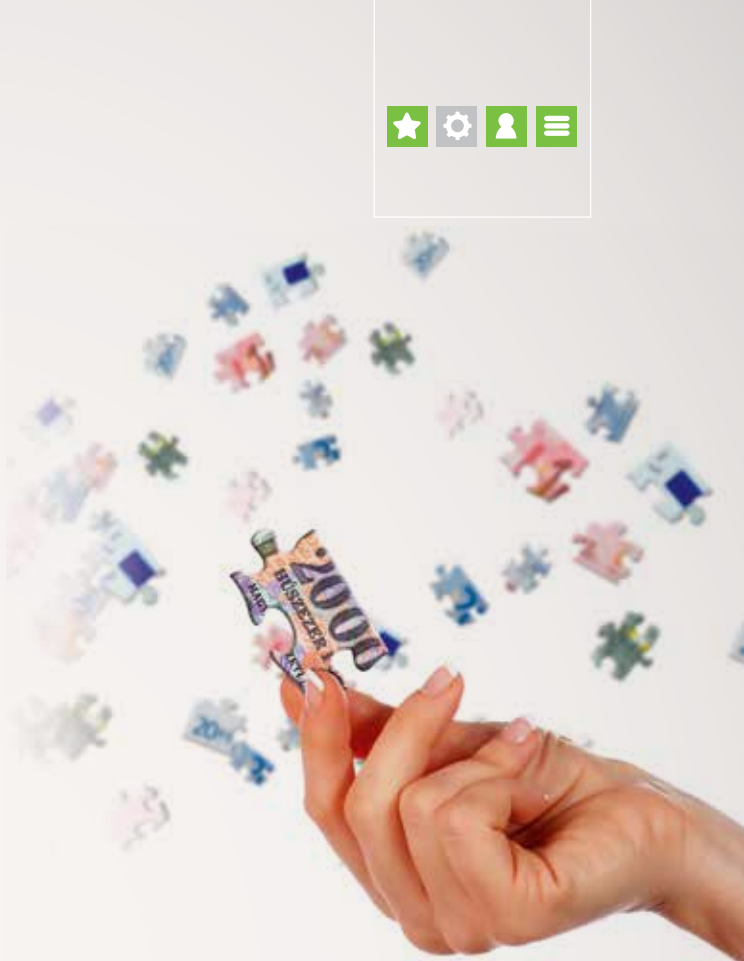
Similarly to the preceding years, we continued to offer debtor protection solutions in 2012 to alleviate repayment burdens for our clients facing difficulties. These solutions are:

- extension of maturities
- (partial) suspension of repayment
- suspension of repayment combined with extension of maturity
- suspension (in case of select consumer loans<sup>1</sup>)
- bridging loans
- limit reduction contracts
- amendment of credit facilities

The full range of these options was offered by all of our member companies. The ratio of clients taking part in the debtor protection programme remained high in 2012, both in terms of volume and compared to the total portfolio. 📄

The **exchange rate cap** was introduced in Hungary in 2012 based on an agreement between the government and the Banking Association concluded in December 2011 with the objective of alleviating the burden on Hungarian debtors with FX denominated mortgage loans.<sup>2</sup> This proved more popular among our clients due to more attractive terms compared to the option available one year earlier. By end-2012 27,000 clients opted to use the exchange rate cap from a total of 120,000 eligible clients. Our market share of omnibus account credit contracts was 23.7% in 2012, which exceeds our market share calculated based on portfolio units. On a sector-wide level, a total of HUF 4.45 billion of exempted interest was granted for our clients with omnibus accounts.

OTP Group places special emphasis on handling troubled clients unable to repay their loans. In the interest of splitting liability and the burden between the creditor and the borrower and to ensure that vulnerable, largely indebted families facing financial woes due to mortgage payments can keep their homes, OTP Group contributed to the sale of the portfolio transferred to the National Asset Management Agency with a participation rate of nearly 50%.



Out of a total of 755 cases, 100 made use of the option for converting delinquent property-backed FX loans more than 90 days past due as at 30 September 2011 to HUF.

We introduced new debtor protection instruments at our Croatian and Romanian subsidiaries. Both subsidiaries introduced options for decreasing instalment payment amounts. A higher number of clients took advantage of the option at OTP Bank Romania, but demand remained weak among OTP banka Hrvatska clients. In order to offer debtor protection solutions to a broader range of clients, we completely revised the rules of the programme in Serbia and Montenegro.

19.1%

At the end of 2012, **19.1%** of the Bank Group's total loan portfolio was delinquent with more than 90 days past due (2011: 16.6%).

<sup>1</sup> Only commercial credit disbursed before 31/08/2008 in Hungary.

<sup>2</sup> The exchange rate cap applies for a period of five years. The scheme fixes the CHF/HUF exchange rate at 180-270, the EUR/HUF rate at 250-340 and the JYP/HUF rate at 2.5-3.3; debtors have to pay instalments set at the lower edge of the exchange rate band during the exchange rate cap period. The difference between the fixed principal sum of the instalment and the market exchange rates are accumulated on a special omnibus account. The interest payment portion of the instalment exceeding the fixed exchange rate is covered by the financial institution and the state budget in an equal 50-50% split. Pursuant to the Hungarian National Assembly's decision of 27 May 2013, the exchange rate cap programme can be joined on a continuous basis.



## Municipalities and firms

In 2012 OTP Bank introduced the option of fixing exchange rates for municipalities, a unique initiative on the market, however it was not used due to the state's intervention in the meantime.

The Hungarian state assumed the debt volume of communities with populations of 5,000 or less at the end of 2012. In case of towns of over 5,000 inhabitants, the debt will be assumed by the state to a degree of 40%, 50%, 60% or 70% depending on the municipality's capacity to generate revenues compared to the community category average, with divergences allowed upward subject to individual agreement between the government and municipalities. Negotiations between municipalities, the state and banks were still underway as this report was being drafted.

In case of firms, no significant change occurred, while **clients** had the option of restructuring their loans on the basis of individual agreements.

**1149** municipal clients involved

Among the Bank's municipal clientele, **957 municipalities** of under **5,000 inhabitants** and **192 municipalities** of over **5,000 inhabitants** were affected by the consolidation in 2012.

## Regulation and communication

We notify clients of the option for debtor protection through various channels, including personal contact. These efforts are focused primarily on clients facing payment difficulties. Our goal is to settle the outstanding overdue amounts and to find a long-term solution for clients' situations. Nevertheless, the number of clients having opted to make use of this opportunity fell short of our expectations.

It fills us with satisfaction that we were able to comply on time with the intense legal regulation on debtor protection in every respect. In line with the recommendations for bridging solutions put forward by the Hungarian Financial Supervisory Authority, we modified the debtor protection instrument application processes in 2013.



## Debt management

Management of bad debt on the Group level is carried out by factoring firms in line with effective regulations. It is important to stress that our objective at all times is to re-establish a contractual framework for all loans, and we manage to find solutions for all clients open to cooperation. We primarily offer various financial solutions; if these do not work out, we then move on to property-based solutions such re-renting or joint selling. In the event of a successful auction, clients usually opt to move out voluntarily, and only a few cases have called for intervention from a bailiff. Our efforts to find a common solution are well reflected by the fact that in 2012, there were only two cases where the bidder having acquired the property in the auction had to employ the services of a bailiff from a total of 21,000 foreclosure cases registered by OTP Factoring.

One of the main changes in regulation in Hungary was the deployment of an electronic delivery system for serving foreclosure documents. OTP Factoring introduced the system in light of the anticipated benefits (savings on postal expenses and quicker delivery times). OTP Factoring maintains excellent relationships with bailiffs.



## 2.2 Improving service quality

Our clientele across several countries generally has a high prevalence of banking relationships in the retail segment. New profitable clients can be acquired through the redistribution of existing bank customers, thus in particular through the retention of our key clients, especially in the countries where we hold a dominant position. In line with the trends of recent years, clients are rationalising their banking costs and closing superfluous accounts.

**While remaining true to our traditional values — reliability and long-term thinking —, our Group continued developing its services by introducing innovative technologies in order to improve the client experience.**

**Our aim is to make service more comfortable, personalised and faster.**



**5.9 million** retail clients

Nearly three quarters of the adult Hungarian population — **5.9 million** people — are retail clients of a commercial bank. Forty-seven percent of them are OTP Bank clients.<sup>1</sup>

### New electronic developments

Our **redesigned online bank** is the fruit of elaborate preparation and development efforts. Our new OTPdirekt website, serving over 2 million clients, provides access to increasingly more services, including some Group-level services; when developing the site, simple and clear use remained the top priorities, while integrating a client feedback option and improving the user experience.



Clients can now book branch office appointments through our online bank, allowing them to avoid queues; the system directs them to the competent branch office, displaying a list of available appointments. As part of the service, clients are sent notifications on the day preceding the appointment in text message. The development makes booking appointments simpler for the client, and allows greater flexibility. The service



was initially rolled out for our clients in Hungary with Premium account packages, and is being expanded on an on-going basis. In 2013 booking appointments online will be available for all clients in Hungary.

<sup>1</sup> Ipsos, The population's knowledge of financial matters and its financial behaviour — 2012, Quantitative market research among Hungarians aged 18 or more



We also developed **educational opportunities** available on our website and online bank. Instead of the former demo presentation, an interactive solution allows clients to test the online bank in a realistic setting. The **OTP Stock Exchange Academy** video series  is available for free on our website (<https://www.otpbank.hu/portal/hu/tozsdeakademia/alapszint>) and walks both beginners and more seasoned viewers through various operations, from the basics of trading on the stock exchange to technical analysis. We will continue to add more videos in 2013. 

Bankó, our former magazine aimed at clients, will be replaced by **OTP Newscast (Híradó)** from 2013, making its debut in 2012 on World Savings Day. The show is available on our website with news relevant to viewers of the channel, as well as on our Facebook page and YouTube channel. We believe our client newscast is truly credible if it features real bank employees.



## AWARDS

**Best social media service provider**  
in the region in 2012

OTP Bank occupied a leading role in **social media** within the Hungarian banking sector in 2012. We increased our Facebook presence and have made the site an integral part of our customer service and communication, and also use it as a platform for our CSR activities. In late 2012 our Facebook page had nearly 70 000 followers, almost double compared to one year earlier.

In Serbia, OTP banka Srbija launched a portal allowing users to formulate in messages their needs and plans related to the bank and its services, and any potential products they may need.

OTP banka Hrvatska was the first in Croatia to introduce text message notification on new bank card issuances and PIN codes.

Over **2 million** OTPdirekt clients

Over **2 million** OTP Bank clients use the electronic channels of OTPdirekt. The active user base of OTPdirekt has reached **100,000** in the Ukraine and nearly **40,000** in Russia.

## More comfortable branch offices

Service that is adapted to client needs is essential within our branch office operations. We completed several developments of varying sizes throughout the year. Our goal is to reinforce our consulting activities.

- The majority of our branch offices in Hungary were equipped with touch-screen queue management systems from 2011. The introduction of the bankcard-based registration function on these devices has allowed for more effective service. This allows clients with appointments to be directly guided to the clerk serving them. In 2012 we deployed the devices on a pilot basis in Russia and Slovakia in select branch offices.

- In 2012 we introduced the **client area staff function** in our 20 busiest branch offices, which consists of one employee covering the client area, welcoming clients as they come in and helping them with information, also giving them any assistance while they wait, for instance in interpreting bank account statements, completing forms, using the online banking interface or using ATMs.

- OTP Browser was installed in ten branch offices and will be installed in 200 more by the end of 2013. The innovative tool is based on touchscreen technology and offers interesting and varied contents for clients while they wait, concurrently the device provides information for handling banking matters. The tool allows clients to access information on bank products, ongoing campaigns, browse the offers of OTP Group members such as OTP Travel, browse client programmes, read up on OTP Bank's sponsorship and CSR activities or access practical information such as current exchange rates, weather reports or weekly programme guides.

- Our "We Can Help" **publication** has been available in branches since 2012, which we have been publishing since 2007. Based on the motto "Help us, so we can help you", we prompt clients to give us feedback on our services, specifying the relevant contact channels. Our "Welcome to OTP Bank" publication presents and provides practical guidance regarding our bank, facilitating financial administration (providing assistance concerning the following questions: Where can comments be submitted? How to communicate comments? What can clients do if they are unsatisfied with the reply?)

- We have reinforced education on bankcard and online bank use available in our branches in order to promote more developed bank administration culture, client satisfaction and to streamline account management costs. 💡 Clerks are given the task of presenting these services to clients, and are rewarded in the context of performance assessment.

- We have further increased the number of consultant stations, which provide seated service.

- Kids' corners in branches were created earlier in Hungary and Romania and were installed in four branches in Croatia in 2011, and we plan to install additional ones in Russia and Slovakia.

- We have introduced our **life situation consulting** service across Hungary, and have created two guides covering two types of life situations calling for specific management. The "new baby" guide provides information on self-provision and state support, the procurement of official documents; the "moving" guide highlights energy saving perspectives and the need for energy certificates.

#### Hungarian access abroad

OTP Bank Romania has joined the "Yes, please" movement, consisting of participating companies, institutions and NGOs posting the "Yes, please" or a similar motto to let users know that they can communicate in Hungarian within the organisation. "Yes, please" signs are posted in all 44 branch offices located in Transylvania.

From 2012 the ATMs of OTP banka Srbija offer a Hungarian version of the interface.



#### AWARDS

##### Client Focus Award<sup>1</sup> In 2012, our Lenti branch office received the award

Our branch offices are the first to open and the last to close in the city. Staff stands at the service of customers with their professional expertise and helpful, consulting-based approach. Clients return this confidence, attention and helpfulness and have chosen OTP Bank as their preferred financial institution in Lenti.

## 20 busiest branch offices

- Our **20 busiest branch** offices also have client area staff to assist customers.
- OTP Bank Romania offers Hungarian-language services in all of its **44 branch** offices in Transylvania.

<sup>1</sup> The Client Focus Award is handed out to branch offices having elaborated the best client-tailored practices and applied them to implement business strategy goals.



## Assistance for the work of clerks

In the following section, we briefly present the programmes that support the work of our employees in serving clients and improving the client experience.

- In 2012 OTP Bank introduced the **Premium Mentoring system**, in the context of which newly appointed employees and their substitutes at premium<sup>1</sup> branch offices are guided through work processes at mentor branch offices by more experienced and highly knowledgeable peers prior to starting the job. The process is wrapped up with a performance assessment and the identification of weaknesses requiring improvement.

The quarterly **Premium Roadshow** continued, in the context of which current economic events and macrotrends are presented to our premium clerks.

- In 2012 we launched a special training programme on the topic of savings. The training course was intended to provide clerks with the tools to compile bespoke portfolios and to allow the assistance provided to be adapted to different needs according to client type. The training course combines professional securities and sales technique know-how, the capacity to recognise needs based on client type and to effectively communicate wealth planning to the different client types.

- In 2012 we also deployed the **Key Account Infoline** on a nationwide level, introduced previously as a pilot programme. The programme will be extended to all branch offices in H1 2013. The Hotline established a three-way conversation between the client, the clerk and a dedicated expert in the given field. We continuously look into opportunities to expand central support by adding even more products. The service is used by our employees in the event of rare, complex transactions.

- We continued developing the system of information provided to clerks, which now allows branch managers to monitor the knowledge of clerks and allows easy identification of weaknesses.

- The **Product Folder** supporting the submission of documents for loan products was created to promote responsible lending. We marked documents with the following tags: "to be handed over to the client", "handed over to client at its request", "to be handed over to the partner", "publicly accessible within the bank", making the task easier for clerks.

- In the context of quality assurance, at least one client call is overseen by call centre managers for each employee every month.

OTP Bank's agents completed over **10 000** product-level tests in the context of training in 2012.

## Introduction of quality assurance elements

We make pledges regarding the method and speed of performance as a guarantee of service quality and as a communication tool towards clients. We first introduced this feature for our Personal loan applications. We promised to disburse loans within one hour of signing the contract. If this deadline is not kept, clients receive a HUF 10,000 TESCO voucher.

We plan to extend the programme to a number of additional product and service types, such as the express delivery of deposit cards.

Concerning Personal loans, the amount was not disbursed within the promised one hour **in four cases out of 26 000**, so we handed out **HUF 40 000** worth of TESCO vouchers.

<sup>1</sup> In the context of our premium service, we provide special consulting on savings options, grant discounts in the context of the OTP Club and have dedicated clerks and expert staff in 110 of our branch offices.



## Measuring client satisfaction

• The TRI\*M methodology was introduced in 2011 to measure retail client satisfaction<sup>1</sup> and has proven to be a highly effective method; many new developments were introduced based on its results. In 2012 H2, the study was extended to corporate clients as well.

Briefly about the results: OTP Bank's client retention capacity remained unchanged in 2012. Its degree falls somewhat short of the Central European benchmark and of the Hungarian market average.

We did not perceive any major change in client expectations. The study also allows the measurement of factors affecting client satisfaction. Aspects reviewed: general elements (fairness dimension: keeping promises, comprehensive information, lack of errors, accuracy, respect for old clients, CSR, up-to-date information, complaint management), bank services (deposit and credit interest, comfort, relevant offers, keeping up with new needs, account management charges) and branch-specific satisfaction factors (waiting times, setting), telephone customer service, online bank, account letters/notifications and ATMs. The impact of these factors on customer satisfaction remained unchanged in 2012. OTP Bank's strength is its ATM network and the fairness dimension, while waiting times and smoothness of administration are identified as weaknesses. On a regional level, there is no major discrepancy between the quality of service of OTP Bank and its main rivals. In Croatia and the Ukraine, our subsidiaries far outperformed their competitors, while the service standard of OTP Bank in Hungary and DSK Bank in Bulgaria exceeds the Group average. The standard of client service displays an improving tendency across the Bank Group in most countries.

We continued measuring branch office Service Quality Management (SQM), which yielded a stably high indicator in 2012, meaning that satisfaction with transactions was good. There is room for improvement in waiting and administration times.

We continued carrying out **mystery shopping** in a unified manner on a regional level to assess how clerks apply the standards of client service<sup>2</sup>. We registered an improvement in the context of mystery shopping in 2012 Q4, achieving the highest rating of the past four years.

**64 TRI\*M index**

- ▶ OTP Bank's TRI\*M index: 2012 H1: **64**; 2012 H2: **63**.
- ▶ On the Group level
  - » client service remains the best-performing area (end of 2012: **86%**, end of 2011: **83%**),
  - » the discovery of client needs underwent the greatest improvement, but still remains the weakest area (end of 2011: **57%**, end of 2012: **62%**),
  - » the quality of information also improved (end of 2011: **73%**, end of 2012: **73%**).
- ▶ DSK Bank and OTP Bank of Hungary are top — and improving — performers in terms of discovering client needs (**65%** and **71%**).



<sup>1</sup> The TRI\*M methodology is one of the world's leading customer satisfaction measurement methods; the three Ms (Measure, Manage, Monitor) refer to continuous measurement, management and monitoring as part of a complex TRI\*M project. TRI\*M gauges the overall satisfaction and loyalty of OTP Bank and all major rival customers based on a representative sample. Beyond overall satisfaction, information is also broken down by customer segment (e.g. career starters, juniors, premium clients). We evaluate the clarity and style of bank account statements, letters and notifications separately. We use two waves per year, with extended field work (to counter any seasonality), with N=2000 elements per wave, using a national representative sample (age, gender, education, settlement type, regional distribution).

<sup>2</sup> We examined the entire client service process in the context of mystery shopping transactions. In this report, we focus mainly on the results concerning the assessment of needs, information provision and client management (see Info Point). With the exception of our subsidiaries in Serbia and Montenegro, all subsidiaries took part in the survey.

## 2.3 Measures aimed at bolstering ethical service provision

**We consider it essential to comply with the standards of business ethics set out in our Code of Ethics, going beyond mere compliance with legislative requirements and always taking into consideration customer interests.**

### Compliance<sup>1</sup> – prevention and improvement of awareness

The compliance awareness of our employees improves year by year. To ensure full compliance with legislative requirements, the specialised areas of the Bank Group consult with the Compliance Directorate to elaborate adequate business conduct.

- We believe that e-learning can contribute to improving compliance awareness. The testing of the compulsory e-learning course on our Code of Ethics and non-discrimination took place in 2012. In 2013 we will develop the effectiveness of accountability.
- From 2012 the employees of the Compliance Directorate also take part and hold presentations at the Central Orientation Days held for new OTP Bank hires.
- In order to bolster prevention of insider trading and market influence, we have rolled out a new IT solution.
- In 2012 we wrapped up a project aimed at improving the internal regulatory processes of OTP Bank. We created and commissioned this IT support system and trained 370 employees for using the system. The developments allowed the uniformisation of the Bank's regulatory practice, improved the transparency thereof and reduced the lead time for regulatory documents from 80-90 to 14 business days.
- Hundreds of FX borrower lawsuits were launched to establish the nullity of the loan contracts; OTP Bank lost two cases, but has appealed before the supreme court of Hungary, the Curia.

- The Holocaust lawsuit, based on Chicago and including claims of HUF 9 trillion, was concluded in 2012: OTP was not found guilty, in line with our legal and ethical convictions.

- A total of 13 reports were lodged in 2012 concerning the Code of Ethics or ethical conduct; two of them did not fall within the scope of ethical conduct procedures. Ethical violations were established in five of the remaining 11 cases. No reports concerning human rights or equal opportunities were filed.

- HFSA launched six supervisory probes affecting OTP Bank and its subsidiaries, three of which were concluded with the application of supervisory measures and three concluded with no measures applied. In one case a penalty of HUF 1 million was levied on the grounds of violation of the legislative provisions on the upper APR limit. HFSA's decision also called for a modification of the APR calculation method, which we implemented.

Penalties were applied in **79** cases on the Bank Group level in 2012 on grounds of violation of consumer protection rules, amounting to a total of **HUF 26.5 million**.



<sup>1</sup> Compliance with legislative requirements, international norms, ethical business conduct standards

## Complaint management

OTP Group's clear and primary objective is to serve its customers satisfactorily in every respect, without errors. When handling complaints, we strive to:

- resolve the situation as soon as possible;
- take precautions to avoid future reoccurrence of the issue.

We use various means of keeping our customers informed about options and channels for handling complaints.

2012 saw numerous changes introduced in the registration of complaints and the tracking of resolved cases, with the aim of improving service quality.

- To allow the customer-focused management of customer feedback and complaints, we introduced the immediate registration of resolved complaints. We remain convinced that the most optimal method is to resolve complaints on the spot. In the past, cases were not registered; we made this move to allow us to draw conclusions and develop, which call for adequate monitoring. This also contributes to product development and avoids superfluous centralisation.
- Top management and the Supervisory Board receive information on the most common clerk issues annually, while the specialised areas receive monthly information.
- To avoid the reoccurrence of identified issues, we continuously monitor quality improvement measures (individual, group or regional trainings, workflow modification, etc.).
- OTP Bank applies HFSA's complaint management recommendations to the maximum degree, and the recommendations that came into force on 1 January 2013 were for the most part already integrated into our operations.
- The launch of an audit of the complaint management practices of foreign subsidiaries in 2012 marked an important milestone, and will be the basis for the unification and quality assessment efforts planned for 2013.

**669 million**  
client contacts

- In 2012 we registered **669 million** client contacts, with a **99.8%** rate of complaint-free client contacts.
- The ratio of cases filed with HFSA having regard to OTP Bank stood at **18-19%**, far lower than our market share.

## Developing the contents of the information we provide

We consider informing our clients in an objective, comprehensive and understandable manner essential. Accordingly, we develop our written and spoken communication on an on-going basis, going beyond mere compliance with legislative requirements.

OTP Bank proceeded in line with HFSA's recommendations, often going beyond HFSA's requests and legislative requirements.

- Every year we send out and also post to OTPdirekt our guide on Controlled Capital Market Transactions.
- A comprehensive guide is now available on our self-provision products such as the Retirement Saving Account and the Long-Term Investment Account, which is printed out and handed out as part of the account opening process.
- In 2012 OTP Bank changed its notifications on savings products, allowing a reduction in the number of pages of notifications sent out to branches alongside the creation of a unified design, reducing the consumption of paper.
- For better comparability of products on special offer, both HUF and FX deposit offers are now included in the same notice, and the common features of deposits are included in a separate notice, making our special offer notices shorter. In 2013 we have plans to redesign the notices on OTP Bank retail accounts and the associated services.

We have improved the clarity of letters sent out from our centre and simplified their wording, making them more client-friendly, and have also unified branch office letters and published a Branch Office Correspondence Guide.

We conducted a survey of client opinions on the wording and clarity of letters, and received positive feedback.

HFSA's consumer protection publications can be found in OTP Bank branches, with pamphlets on the Central Credit Information System (CCIS), Payment Facilitation Options for FX Borrowers, the Financial Consultant Office Network and Financial Complaints.


## Expanding barrier-free accessible services

**Our objective is to provide the same standard of service for handicapped clients in a manner tailored to their specific needs.**

We have devised a model for serving clients with special needs, intended to:

- improve comfort for wheelchair-bound clients (easy entry and waiting, accessible queue management system buttons, dedicated universal counters) and
- the development of service for the deaf and the hearing impaired through technical support for administration (accessible queue management system buttons, dedicated universal counters, signal amplifying induction loops) and clerk competencies (communication guide, general and bank-specific sign language training).

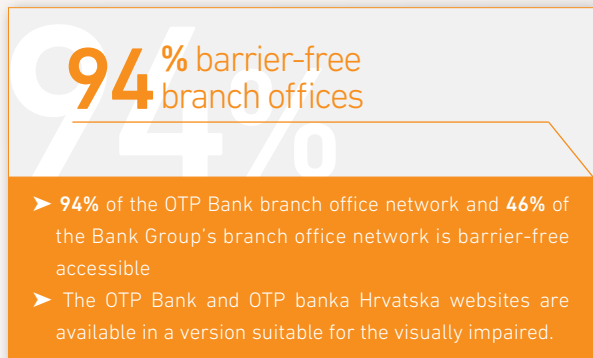
The staff at our branch office located near the Hungarian Association of the Deaf and Hard of Hearing at Andrásy út 83-85. received special sign language training. In late 2012 we launched similar trainings for county seat and busy Budapest branches.

We offered separate financial consulting  in two of our branches in Budapest on World Savings Day for the deaf and the hearing impaired and wheelchair-bound clients, which was very well received. We plan to extend this programme, called "Without limits", to other locations nationwide in 2013. The meeting allowed participants to share valuable feedback and ideas for developments targeted at them.

We installed a new lowered ATM in Budapest (on Marczibányi tér) as part of our programme launched in 2011 to increase the number of accessible ATMs. The ATM was installed in close cooperation with the KézenFogva Foundation for the handicapped.

Our website is designed to be transparent, however, not all content is available for the visually impaired, as this would require us to remove tables and applications, which are valuable for many users. However, we consider it a priority to continuously update our site created for the visually impaired.

In 2013 we will extend results achieved so far across our entire network and implement new developments with the participation of experts from interest groups for the handicapped and taking into account the relevant HFSA recommendations.





## 2.4 Development of our services presenting a social or environmental benefit

We consider all services yielding a social or environmental benefit as responsible. We strive to provide the broadest range of these services to all of our clients — retail, corporate, municipal —, and cooperate with numerous state and international organisations.

Increasing competition on the market calls for continuous innovation in product development, keeping track of changing client needs and of Hungarian and international trends. 2012 brought many challenges in the field of business, but the development of our products and processes allowed us to conclude numerous new contracts.

The following section only focuses on new responsible products. The characteristics and use of our products introduced earlier and still available (such as account packages for young clients and pensioners, products fostering home ownership) can be found in the chapter entitled Data. 📁

For detailed information on our products, visit the relevant OTP Group member company websites. 🔍



## Self-provision

We stressed the importance of self-provision in multiply ways in 2012. We consider this an important effort, as the on-going recession coupled with legislative changes in Hungary have made conscious saving and individual preparation for future expenses more important than ever. We did not introduce any new deposit products fostering self-provision in 2012, however, savings and investment campaigns, product developments and financial education programmes were given emphasis (see Chapter 4.1 for more information).

In 2012 OTP Bank was an active participant in the programme launched hand in hand with the National Bank of Hungary (MNB) and HFSA, called the **Everyday Finances Programme**. We provided expert views along with other financial institutions on saving and investments, published by our selected media partner. The continuation of the programme (under the name of Financial Compass Programme) in 2013 is a testament to its success.

For years now, we have been hosting the **Self-provision Conference** on the last workday of October, on World Savings Day. The event was hosted in 2012 by Portfolio.hu, OTP Bank and the OTP Health Fund, commemorating its tenth year of existence. The conference addressed the most pressing issues in finance, and was attended by banks, insurance companies, asset management funds and funds. The first day of the conference focused on the healthcare-related aspects of self-provision, while the second day focused on the financial ones. OTP Bank traditionally presents the latest findings of its OTP Self-provision Index at the conference.



## The OTP Self-provision Index

The OTP Self-provision Index has been published regularly since 2011 and reflects the condition and development of the Hungarian society. The survey covers providing for families, the opportunities in self-training, health preservation and environmental protection. The value of the index, measured in spring and autumn of 2012, stood at 34 and 32 respectively on a scale of 1 to 100, compared to 36 at both times in 2011. The value and the tendency both reflect that there is much room for improvement in the area of self-provision among the Hungarian population.

We perceive increasing awareness and a need for self-provision. The past year and a half has seen a rise in the ratio of individuals viewing self-provision as a positive thing, seeing it as an opportunity rather than a necessary evil. However, the survey also reveals that improving attitudes are coupled with deteriorating financial self-provision capacity: in the wake of the recession, the ratio of individuals with consciously managed savings has fallen from 63% to 50%. With the exception of bank deposits, all other forms of savings have fallen in popularity. The population's willingness to make financial plans also paints a gloomy picture: less than half of the 18-70 age group with banking relations has a financial plan for the upcoming month and merely a quarter has plans for the upcoming year, and only 12% plan for the upcoming five or more years.

The survey also reveals that earning a living became even more difficult in 2012. People take on extra work, cut back spending and use their savings to maintain their standards of living. These changes impact on the future prospects and life perception of individuals: the 2 percent dip in the Self-provision Index is the result of these actual processes and moods. Seventy-one percent of respondents see their future finances as unpredictable.

The survey also gives grounds for hope based on two tendencies. One is that far more younger clients have savings and investment plans. Within the 18-23 age bracket, 39% see the importance of such plans, compared to merely 23% within the 30-39 bracket. The other positive factor is that the ratio of individuals joining the self-provision camp is on the rise.



• In order to foster financial self-provision, in its four savings campaigns launched in 2012, OTP Bank continuously emphasised the importance of self-provision and highlighted its **products supporting regular savings** (such as savings accounts, retirement saving accounts, building society fund savings).

• OTP Bank's complimentary **savings consulting service**, called wealth planning<sup>1</sup>, also supports conscious financial planning. In our experience, more and more people define more than one financial goal, our clients plan further and further ahead and increasingly more 45-60 year old clients define pension targets. In other words, contrary to the low financial consciousness reflected by surveys, OTP Bank's clientele displays an improving tendency.

• OTP Bank occupied a key role in the distribution of **retail securities**, in particular Interest Bearing Treasury Bills in 2012, resulting in a 20% increase in our securities portfolio, far outperforming the market.

• We have issued a **new branch office publication** entitled "Save smart". The publication includes practical tips for saving money, briefly presents the main savings products, the tax incentives offered by the products, a sample budget and an "expense calendar".

• OTP Bank Romania has introduced an **automatic savings option** in the context of its online banking service development and offers a text message notification service as part of OTPdirekt on the savings of clients.

• Several banks of the OTP Group offer **calculators and product navigators** on their websites for choosing the best suited products. We continuously update our product selection guides (Savings Navigator: <https://www.otpbank.hu/portal/hu/Megtakaritas/Igenyfelmero>). As a first step, in 2013 H1 we will redesign the savings site of OTP Bank, including the product navigators.

## 62 thousand retirement savings accounts

- ▶ A total of **62 000 clients** hold retirement saving accounts (an increase of 17% in one year). The volume held on retirement saving accounts has increased to **HUF 171.4 billion** (an increase of 24% in one year).
- ▶ In 2012 we performed **103 000** wealth planning transactions through branch office channels.

<sup>1</sup> Bespoke wealth planning is available for all OTP Bank clients. We ensure the quality of consulting through the continuous training of our clerks. We also measure and test the knowledge and transfer of knowledge of employees on a regular basis.



## Building society

In 2012 we renewed our building society product range, which boosted demand for these products. At the same time, surveys on building society fund products in 2012 revealed that the majority of people see the future as uncertain and therefore refrain from long-term savings.

In Hungary, around 700-800,000 households of a total estimated potential market of 2.5 million have some form of building society contract, i.e. a penetration of 30%. This ratio is more than double in Austria or Germany, but market players have been present for 70-80 years in those countries compared to just 16 in Hungary. At the same time, more and more people are opting for this form of saving. If the current trend continues, more than one million families could have contracts within the next three years in Hungary.

In 2012 we renewed the range of products offered by OTP Building Society. This introduced better yields and savings periods compared to former products:

- The Credit Plus (Hitel Plusz) products are mainly recommended for clients intending to take out a home loan following the lapse of the savings period, as this range offers a loan amount 1.5 times higher than the saved amount at lower interest rates compared to Yield Plus (Hozam Plusz) products.
- Yield Plus (Hozam Plusz) products are mainly recommended for clients who plan to simply use their savings and will not apply for a home loan, and would like to achieve a high yield.
- The savings period has been reduced for both products in case of the 4 and 5 year facilities, from 49 and 61 months to 45 and 57 months. Clients can thus access their contractual amounts earlier, at the end of the 48 months defined as the condition for state support. Moreover, we introduced a 6 year (72 month) savings option alongside our 4, 5, 8 and 10 year options.

**157.6** billion HUF worth of building society portfolio

The OTP Building Society portfolio stood at HUF **157.6 billion** in 2012 in terms of contractual amount, exceeding the 2011 figure by **3.2 billion**.

## Home loans

The terms and conditions of preferential, state subsidised home loans have changed in Hungary. OTP Bank offers its customers the full range of state subsidised financing products available for buying, building or modernising homes.

In February 2012 OTP was the first bank in Hungary to extend the new, non-repayable grant, the so called social policy support<sup>1</sup> stimulating the construction and purchase of energy efficient homes ensuring proper comfort levels and encouraging families to have children. OTP Bank's clients have expressed increasing interest in this social policy support, the terms and conditions of which have become more favourable since the beginning of 2013.

The new, **subsidised interest home loans** are also part of OTP Bank's product range. Borrowers may be entitled to receive both the state interest subsidy and the social policy support. On top of these supports, borrowers may have access to additional state support for the same loan contract through their building savings accounts kept at building societies.

The Croatian OTP Banka Hrvatska offers its retail clients a product range called "Sunshine loans" for financing the creation of energy efficient homes or the implementation of other energy saving and efficiency improvement projects such as the installation of natural gas pipes, water filter systems or solar panels or to cover the costs aimed at saving energy. As this product line was introduced only late in the year, only HUF 91 million was disbursed as loans of this type in 2012. This product line will become available also for the SME segment in 2013.

**759** subsidised home loans

- ▶ In 2012, we disbursed a total of **759** subsidised home loans.
- ▶ Two thirds of the social policy support applications were submitted in cities and more than **80%** of the applications related to the construction or the buying of a home larger than **75** square meters.

<sup>1</sup> Those clients can use the social policy support available for building or buying new homes who do not own any property, have no public debts as taxpayers and at least one of the parents has a registered employment. The support ranges from HUF 800,000 to HUF 3,250,000. The amount depends on the number of dependent children, the number of children the couple wants to have in the future, the useful floor area of the property and its energy rating classification.



## Condominiums

OTP Bank plays a leading role on the market of condominiums and the number of condominium loan contracts continued to increase in 2012. For several years now we have employed dedicated condominium experts in each region and in Budapest so as to be able to provide personalised advice for the development ideas of the condominium communities. In addition to our account management and savings plans, loans related to state subsidy are continuously available. In 2012, thanks to the state interest subsidy, our clients could implement energy saving investments with a very favourable 4.5% interest rate.

The hazforum.hu website was transferred to a new operator and went through a rebranding in 2012; our objective was to make this website the market leader trade publication of condominiums and building societies. We continued the OTP Condominium Competition program — you can read more about this topic in the Social Responsibility section. 

In the course of 2012, we developed a separate account package in Romania to serve the needs of condos, to be introduced in 2013.

## Real estate market

The **OTP Real Estate Value Map** — providing detailed, reliable data about property prices and sales and the properties' long term value retention for the whole of Hungary — matured into a brand in 2012. While being regularly published, the **OTP Real Estate Value Map** has been supplemented with the Land Value Map and some thematic publications have also been issued such as the Final Repayment Value Map, Housing Projects Value Map or the Budapest New Homes Value Map.

We prepared the **Real Estate Panorama analysis** in 2012 for our internal use which also presents the market conditions of the commercial property segments in addition to residential properties and arable land with quarterly updates. In 2013 we intend to expand the analysis to cover international markets, namely to prepare a real estate market map for the entire Central and Eastern European Region.

In cooperation with OTP Mortgage Bank, OTP Real Estate set up the energy efficiency certification system in 2012.

**11 854** downloads

- ▶ In 2012, the most read Value Map was the Land Map with **7848 downloads**.
- ▶ Our 2012 Value Map publications were downloaded by **11,854 users** from the website of OTP Jelzálogbank (Mortgage Bank).





## Simple and other products for the young

In 2012 OTP Bank continued the renewal of its product offering to its strategic high priority segment: the young people. As part of this renewal process we introduced the Simple Package in September. The Simple is based on electronic services and we have fine-tuned it to the needs of young career starters.

Simple opens up new dimensions in banking as it enables the client to flexibly choose the financial services he/she needs, so they can practically customise the bank to their own needs.



## AWARDS

With this newly created Innovation Prize, our objective is to recognise creative ideas suggested by our colleagues within the Bank. The Simple Card Service Package has been awarded the first Innovation Prize, which provides banking options with a brand new approach to our clients.

Simple also supports the development of financial awareness and self-provision:

- With the help of the app called 'I Save' one can set aside savings broken down to various saving targets.
- With the help of the 'Personal Finances' app, clients can review their spending.
- We have introduced a new type of consulting called 'Financial Guidelines'. During the brief discussion — in a branch or online — we provide assistance for compiling a financial plan allowing our clients to attain their goals or ideas more easily.
- Compared with an account package with similar content, we have reduced the quantity of documents to be printed by 55% in the case of the Simple package.

In 2012, OTP Bank renewed the value proposition of guardianship authority deposits: to ensure that guardianship deposits hold their value we have linked the sight interest rate of the HUF guardianship accounts to the inflation rate. To preserve the value of guardianship deposits, we have adjusted the demand interest of HUF guardianship accounts to inflation. We have expanded the range of our free services with the on-off transfers made between one's own accounts initiated from HUF and FX guardianship accounts. We are currently working on a new functionality in OTPdirekt, our online banking service, to enable the management of the guardianship deposits, expected to be released in the first half of 2013.

Cooperation with the Bethlen Gábor Foundation was continued in 2012 with the Bethlen Gábor Foundation continued in 2012 in Slovakia, Serbia and Ukraine.

Several surveys have been conducted in Slovakia about the bank selection preferences of students. The surveys have found that they primarily base their decisions on the price and the need basic services, such as account management, possibility to access their accounts via the Internet or free bank card. In the light of these findings OTP Banka Slovensko has modified its offers targeting young people, it has introduced discounts for card payments, and it has cancelled the fee charged for electronic prompt collection orders or collections while at the same time it has increased the fee charged for cash withdrawals made in the bank branches. In the designated branches children can open the READY Konto account from the age of 6. The Bank has also started a competition for this age group titled "Learn how to set aside savings." The Bank continues to reward the children holding a bank account who achieve good school results with EUR 3.32 in each academic year.

OTP Bank Russia is now offering a new product to the young clients between the ages of 18 and 27 holding a student account. When opening the account, the students receive an ISIC Maestro card which can be used worldwide for payments and is recognised as a student ID. (A similar scheme has been available at DSK Bank for years now.)



<sup>1</sup> The Bethlen Gábor Foundation concluded an agreement with OTP Bank in 2011 according to which the support disbursed for the winners of the tenders invited by the Foundation can only be remitted to them in all countries concerned via electronic transfer to the current accounts opened at the subsidiaries of OTP Bank or with the bank card related to these current accounts. Accordingly, OTP Bank does not charge any fee for the beneficiaries of the support for withdrawing the support amount nor for maintaining the current account.

## Agriculture and agricultural enterprises

The agricultural sector has become a strategic sector for the OTP Group over the past years; we are committed to funding agriculture, while taking into consideration its special features.

2012 was plagued by drought, affecting the entire industry, which was coupled with the gloomy economic climate. Compliance with tightened regulations called for substantial investments for Bank Group members located in member states admitted to the European Union in the past years. Their combined impact prevented certain market actors from staying in the game, but the OTP Group strives to help agricultural firms as best as it can in the form of loans.

In 2011 OTP Bank developed new products specifically tailored to agriculture enterprises and increased its agriculture loan portfolio thanks to its sales and network activity. Our Bank implements prefinancing for 18 types of direct agricultural grants and also plays an active role in the financing of tender-based development projects implemented with European Agricultural Fund for Rural Development grants. OTP Bank mediates all of the discounted interest rate refinanced loan facilities offered by MFB (Hungarian Development Bank) to agricultural firms.

### We continued developing our agricultural products in 2012:

- We offer prefinancing for the majority of direct agricultural grants without any material conditions, which is a boon for regions in difficulty. Our aim is to standardise the broadest possible range of products for micro and small enterprises.
- We are proud of our integrator lending system that allows agricultural SMEs unable to individually access funds to do so. OTP Bank lends directly to integrators so that the latter grant commodity loans to SMEs and then purchases the goods thus produced. Although this only represents around HUF 3 billion annually at present, we plan to extend the programme in 2013.

In 2012 we established the **Agricultural College** comprising university professors and executives of large corporations. This non-political body made up of the agricultural industry elite will help government decision-makers with their expertise and also support the OTP Group in the development of its agricultural industry service package. The Agricultural College meets every two months to discuss a predefined agenda, backed up by preliminary background studies.

OTP Bank concluded a cooperation agreement with Agrya — the Hungarian Association of Young Farmers — to promote agricultural activities and involve younger generations in the sector. Promoting the consumption of Hungarian products figures among our common goals. The chapter on Corporate Social Responsibility discusses this in greater detail.

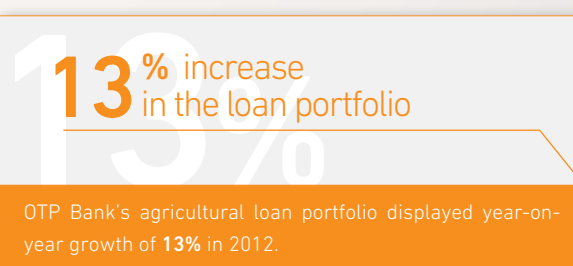
We have significant developments in the pipeline for the upcoming year: our goal is to renew our estate development loans in 2013 to assist Hungarian agricultural firms in acquiring land before the European Union market is opened in 2014. Moreover, we plan to employ an agricultural expert in every region, to expand integrator lending and to review the Bank's risk management system from the aspect of the special characteristics of the agricultural sector.

We completed three product development projects in Romania in 2012 and made progress in the financing of arable land and lending for warehousing. OTP Bank Romania signed an agreement with the Agricultural Intervention and Disbursement Agency (APIA) and guarantee funds in the context of which support will be provided to beneficiaries of the Single Area Payment System (provided they are licensed traditional small-scale producers) for their operations.

The National Guarantee Fund and the Bulgarian Development Bank have concluded an agreement with seven banks, including DSK Bank, as part of the overarching Rural Development Programme. Under the agreement, the agricultural producers with approved tenders will be able to access loans under discounted terms from participating banks.

The Serbian OTP banka Srbija, in partnership with the chamber of commerce, organised dialogue with local farmers to familiarize itself with their needs in terms of financial products; the process led to the introduction of two new services in 2013.

We have plans to launch agricultural product development projects in Ukraine, Russia and Bulgaria in 2013.



<sup>1</sup> integrator or on its behalf; the contracting partner\* then purchases the goods produced for processing or resale, and also provides technological and/or administrative services as per the contracting partner's request.



## Micro and small enterprises

The micro and small enterprise sector is a key driver of the economy. The OTP Group considers it essential to fully serve the financial needs of this group. We implemented major developments in 2012 and implemented important cooperation on the Group level.

In 2012 OTP Bank increased its micro and small enterprise clientele despite the dip in new company establishments and increasing winding-up of companies. Our offers of account packages for this segment remain unique on the market and we continue developing the product. OTP Bank grants loans to micro enterprises and SMEs operating in Hungary with shorter lead times and to an increasing number of firms despite the continuously shrinking market of the past period.

Major product development steps implemented in 2012:

- In 2011 we introduced the OTP Széchenyi 50 programme and expanded it in 2012, however demand proved weaker than expected despite our targeted communication and indicative current account offers.
- We introduced a new contact person model for companies with sales revenues of over HUF 100 million, offering a very high standard of service to our existing and over 1,500 new clients.
- The electronic trade register extract service in our branch offices allows easy access to trade register extracts.
- We transformed the former OTP Agricultural Overdraft Facility, now called the OTP Agricultural and Entrepreneurial Overdraft Facility, extending the affordable, competitively priced scheme to the entire rural part of the country.

We hosted the **Micro and Small Enterprise Academy** on two occasions for our employees, hosting employees from central specialised area branch offices and contact persons to provide guidance on professional, sales and communications topics, also allowing them to gain better knowledge of client needs and take such needs into account in new developments. The event is a two-day workshop held twice a year and hosting 120-180 participants, providing them with new information and a comprehensive overview of the economy.

The sales and service processes for SMEs and the small entrepreneur product range were revised in Bulgaria and the Ukraine. We created entirely new products better suited to client needs and market competition based on the results of the review. In Bulgaria 12% of total grant pre-financing was utilised by SMEs taking part in EU projects and receiving tender funding, in particular producers, retail chains, agricultural exporters and agricultural producers in the context of SAPS<sup>1</sup> that were DSK clients. A separate achievement worth mentioning is that in the Ukraine JSC OTP Bank services small entrepreneurial clients with a dedicated client manager and private entrepreneurs in its branch office network, similarly to retail clients.

In Croatia OTP banka Hrvatska and Hamag, the agency established for fostering Croatian SMEs, concluded a business cooperation agreement aimed at creating advantageous financing conditions for SMEs and artisans through five new guarantee programmes. The amount of guarantee varied by programme, and may reach up to 80% of the loan amount.

CKB Bank of Montenegro launched a campaign in cooperation with government institutions to finance SME segment start-ups. Moreover, it also launched a micro and small enterprise funding project in cooperation with the European Investment Fund.



**385** clients  
in Montenegro

CKB Bank disbursed a total of **EUR 1.4 billion** to **385 clients**, in cooperation with the European Investment Fund



<sup>1</sup> The Single Area Payment Scheme, funded by the European Union, can be applied for independently of the utilisation of land for the areas defined by Community legislation. The beneficiary of the grant is the legitimate user of the land.



## Consultancy services on the utilisation of European Union funds

Due to the shift in the emphasis of the tender system in Hungary towards companies and the increasing financial crisis preceding the debt consolidation of municipalities, the clientele of OTP Hungaro-Projekt was substantially restructured in 2012. We tried to move away from SMEs towards medium and large enterprises, characterised by the presence of far more preparation and development funds and far better willingness to pay.

The municipal projects for which the OTP Hungaro-Projekt paved the way were aimed at developing the potable water network and the road network within municipal boundaries. In terms of companies, the tenders prepared for them were aimed at developing corporate innovation and, to a lesser extent at corporate headquarters development and the related technological developments.

OTP Consulting Romania's clientele still mainly consisted of municipalities in 2012. The company also took part in disbursing support funds in the Mihail Kogalniceanu programme launched by the Romanian Ministry for Economy, in 2011 in partnership with the SME Tender and Program Executive Agency. The goal is to foster the creation of SMEs by creating a credit line of at most HUF 8.1 million per year at a subsidised interest rate and backed by a state guarantee. Following the launch of the programme OTP Consulting Romania registered a record number of applications and disbursed 239 loans by the end of 2012, adding up to a total of HUF 1.74 billion.

Our Croatian subsidiary OTP Consulting undertook preparations for the grant projects to start following Croatia's admission to the EU in 2013.

### Corporate Consulting Programme

OTP Bank plays a unique role among Hungarian banks in the mediation of support; from 2012 the Bank carries out support mediation services of the Corporate Consulting tender programme in the context of a consortium incorporating OTP Hungaro-Projekt Ltd., the Hungarian Foundation for Enterprise Promotion (MVA) and the National Federation of Traders and Caterers (KISOSZ) in three Transdanubian regions and Central Hungary. This form of support covers 50% of the costs of applying SMEs, and has so far distributed HUF 2 billion to micro enterprises and SMEs. The aim of the consortium is to contribute to the effectiveness and competitiveness of beneficiary SMEs as a mediator of support. The programme has added five employees to the staff of OTP Bank and one to that of OTP Hungaro-Projekt. A total of 616 applications were received in the context of the programme by the end of 2012, with a total funding requirement of HUF 1 billion. Of these, 81 were implemented by the end of the year and HUF 180 million was disbursed.

**52** realized projects

The OTP Hungaro-Projekt prepared **16 tenders** for municipalities and non-profit organisations in 2012 and managed another **13**, alongside providing tender preparation and project management services for its **100 corporate clients**. The **52 projects** granted funding and implemented represented a total investment value of **HUF 19.6 billion**.





## Investment and development facilities targeted at medium and large enterprises

Companies are increasingly prudent in Hungary in light of the 3.8% dip in investments and credit demand has fallen. OTP Bank would like to increase its share on the corporate loan market by granting new loans, however demand is very weak for development loans. The OTP Széchenyi 500 credit scheme was aimed at supporting short term lending, while the OTP Europe Investment Loan introduced in 2012 was aimed at promoting developments.

In order to promote lending, we have created the option of submitting credit applications online and also performing their pre-evaluation online, helping clients draw up final credit applications. Although demand was low for this product, it has confirmed that our network is strong and effective; weak credit demand stems from reasons beyond our control.

In 2012 we focused on promoting EIB credit and funded 12 new developments under the scheme. We also joined the loan providing advance financing for the Széchenyi grant and the Széchenyi Own Contribution supplementary loan. MFB loans for enterprise development and municipal infrastructure development remained available in 2012.

Projects aimed at fostering renewable energy use were completed by OTP Banka Slovensko in 2012, primarily the funding of sun-panel powered buildings and biogas facilities.

## 2.5 Risk Management

There are many processes underlying safe and prudent banking operations that are nearly imperceptible for an outsider and whose importance is revealed only when they fail to function properly. The OTP Group has always paid particular attention to processes that are crucial and indispensable for the stability of the Group.

The Group's basic principles concerning risk management have remained unchanged, however, we consider it a major accomplishment that OTP Bank and certain Group members in Hungary, as well as the subsidiaries in the Ukraine and in Russia have been applying the advanced method for determining the capital requirement<sup>1</sup> for their operational risk since 2012. This method will have been adopted by the entirety of the OTP Group by 2017. The introduction of the advanced method following years of preparation allowed a significant reduction in the capital requirement. Its calculation is based on actual loss data, and the reliability of the measurement and evaluation of risks has improved.

To ensure the data management integrity and data security the Bank Group applies and develops cutting edge information technology solutions, continuously checking and testing them. Various forms of white-collar crime such as fraud aimed at illegally obtaining and using bank card data or manipulating customers' online banking transactions have been on the rise recently. OTP Bank is well protected against these types of hostile activities and adequately protects its customers, as confirmed by relevant statistics. With the aim of prevention, great emphasis is placed on providing customers with adequate information and warning them of potential risk factors.



After the failure in June 2012 of the Soltvadkert és Vidéke Takarékszövetkezet savings cooperative we immediately provided assistance to local residents, our colleagues were promptly dispatched on location and we even opened a branch office that had been closed earlier.

### operational risks

- ▶ The main sources of operational risk in 2012: attacks from the internet, credit fraud.
- ▶ In the case of OTP Bank the ratio of the cases of fraud involving bank cards issued by the Bank relative to turnover was lower (0.01915%) than the European average published by MasterCard (0.0250%).

<sup>1</sup> The group level operational risk capital requirement covers expected and unexpected losses.





## OUR GOALS

2013

Ethical service provision and transparency	To continue the process of introducing the determination of the group-level operational risk capital requirement based on the advanced methodology and meeting further expectations of HFSA in this regard
	Further development of anti-money laundering screening systems
	Development of internal regulations, manuals and training to transfer knowledge on various forms of anti-competitive conduct and to allow prevention
	Setting Mobile Signature for every single transaction for all customers using internet bank services, creation of usage patterns depending on the setting of Mobile Signature as a means of protection against online attacks
	Introduction of business intelligence allowing the improvement of quality control of telephone and e-mail customer service and the provision of faster service. Modifying the processes for requesting debtor protection measures in accordance with the relevant HFSA recommendations
	Updating and improving the transparency of the notices on OTP Bank retail bank accounts and the associated services
	The transfer of Retirement Saving Account and Long Term Investment Account information documents and declarations will be integrated into the process of Retirement Saving Account and Long Term Investment Account payments and also the account closure procedure
Improving accessibility and equal opportunities	Ensuring conformity to the relevant HFSA recommendations, setting up a working group to further improve the services for people with disabilities and at the same time to ensure that the legal regulations on data protection and personality rights continue to be observed as fully as possible
	To suitably convert the reference branch office dedicated for people with limited mobility To develop special customer service to facilitate easier access to services for people with disabilities
	To hold presentations and to implement financial consultancy programmes for the deaf, hearing impaired and people confined to wheelchairs in major rural towns
	Creating a function for the management of guardians' deposits through OTPdirekt online banking service





## OUR GOALS

2013

<b>For enhancing service standards and customer experience</b>	To upgrade the savings website of OTP Bank (including product selection functions)
	To employ customer floor officers in the 30 busiest branch offices
	To reduce waiting times in OTP Bank branch offices
	To create and adopt standardised complaint management guidelines across the Group
	To make it possible for all Hungarian retail customers to make appointments on the online interface of the OTPdirekt function
	We plan to extend the programme aimed at introducing quality assurance elements to a number of additional product and service types, such as for instance to the express delivery of deposit cards
	To make it possible to query balances on and transaction data relating to OTP Health Insurance Fund, OTP Voluntary Pension Fund and OTP Building Society accounts through the OTPdirekt online service
	To further develop the functions of the SmartBank service and to expand it to other divisions, to start the Windows Phone version
	To review the possibility of extending Simple to other target groups
<b>For corporate clients</b>	To develop an energy saving programme in cooperation with E.On for the financing of mini power plants, solar collectors and gas turbines
	To review export financing with Eximbank; to offer cross-border Eximbank financing under favourable terms and conditions
	To develop cooperation with the Budapest Chamber of Commerce and Industry in regard to services provided for micro and small enterprises
	To collaborate with OTP Hungaro-Project in an arrangement in which we assume part or the whole of the OTP Hungaro-Project consultancy fee for our customers
	To review the Bank's risk management system from the aspect of the special characteristics of the agricultural sector
	Employment of one agricultural expert in each region
	To expand the range of lending to integrators
	To launch agricultural product development projects in the Ukraine, Russia and Bulgaria
<b>For municipal and civil society organisation customers</b>	To transform credit policies in the recently changed regulatory environment
	To participate in the development and financing of LED based street lighting systems
	To shift emphasis towards churches and their communities offering services and loans, in relation to the modernisation of the heating and lighting systems of a large number of schools taken over by churches in the recent period
	The OTP Hungaro-Project helps establish a connection between its corporate clients and the representatives of the civil sector and facilitates civil society organisations' access to funding by drafting applications



# responsible employer

3

**HUF 889 million spent  
on training**

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**1008 interns**

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**12 individual  
and 7 group awards  
within the Bank**



OTP Bank is a main employer in the region. Our employees play a key role, therefore it is our primary goal to form and retain talented and committed employees.

*"We can all be proud of working for OTP, we have weathered many a storm, we see lots of failures around us in the banking sector both in Hungary and abroad, while OTP Bank is capable of functioning as one of the most stable banks in Europe and of providing secure livelihood for the employees."*

**Ágnes Rudas**  
*HR Manager,  
 Human Resources Management Directorate*

As a main employer in the region we are responsible for our employees and for retaining jobs. Our employees play a key role in the performance of the OTP Group, therefore it is our primary goal to form and retain talented and committed employees. Our responsibility for our employees is the second pillar of our corporate social responsibility strategy.

To promote the skills and to boost the satisfaction of our employees we focus on the following areas:

- training — development of technical/professional skills and human competencies;
- employee involvement — an employee-friendly workplace culture fostering cooperation and innovation;
- performance-based, fair remuneration and career opportunities;
- conditions of equal opportunities, healthy work environment and efficient work<sup>1</sup>.

For our basic principles and comprehensive objectives relating to employees see our website.



## OUTSTANDING RESULTS

2012

Renewing the Bank's moral recognition system

Questionnaire based surveys and launching a pilot project concerning atypical employment forms

Renewing the performance assessment system for branch office managers and network managers

<sup>1</sup> Initiatives to promote efficient work are dealt with in the chapter entitled Responsible Service Provider.

UNDERTAKINGS		2011	2012	RESULTS
Continuation of the implementation of the medium term HR strategy	✓			Completed
Upgrading of the career site, widening the range of opportunities for building up practical experience	↻			Developments towards upgrading the career site have been launched, fundamental operational problems have been eliminated by developments
Introduction of rehabilitation supplement for employees with disabilities	✓			Completed, the supplement is provided for OTP Bank employees
Expanding the range of atypical employment arrangements	↻			A survey has been conducted and a pilot project has been launched
Introduction of a renewed moral rewarding system	✓			The individuals and teams promoting the values of our corporate culture and setting an example for others to follow are recognised and rewarded in a transparent and consistent way within the renewed system
Training on customer relationship communication for the employees concerned	↻			Implementation in progress
Further development of the mentor programme for branch office managers and for relationship managers dealing with premium clients	✓			The mentor system has been introduced for premium relationship managers. The branch office managers' training system has been updated
Development of manager training programmes for the Bank's central managers	↻			The Management Academy's concept has been worked out, the central manager training programmes will be introduced in the context of this from the second half of 2013
✓ COMPLETED      ↻ UNDERWAY      ✗ NOT ATTAINED				





### 3.1 Employment

The overall headcount of the OTP Group increased in 2012, while that of OTP Bank remained more or less unchanged. The Group employs more than 50,000 people. The number of agents employed by the subsidiaries increased particularly in Russia and Ukraine, in the case of the latter this resulted from the merger with OTP Credit but this staff increase will not be sustainable in the long term.

Labour lawsuits were instituted against the Bank in 2012 for the review of the lawfulness of the employer's actions concerning the termination of the employment relationship or of actions establishing employees' obligation to pay compensation for damage or loss. In the lawsuits closed definitively in 2012, the Bank was the prevailing party. On one occasion OTP Bank Slovensko was ordered to pay compensation on account of the termination of an employment relationship.

OTP Bank Russia was voted second best employer in the financial sector of Russia by employees of financial institutions in a survey conducted by an online news portal.

**52 thousand** people employed by the OTP Group

The headcount of OTP Group:

- » more than **52 000** (31 December 2012), **7%** up on the number recorded in 2011,
- » the number of full time employees increased by **15%** in comparison to 2011.

### 3.2 Education and Training

For high standard and customer-oriented services and for the efficient operation of the organisation, we attach particular importance to the training delivered to our staff. **In addition to professional expertise, we also aim at human skills development.**

Our most important training and development programmes included the following:

- OTP Bank has concluded the LEADER project launched in 2011 with the aim of developing a supportive management culture in the context of which network managers' complex performance assessment took place in 2012. The performance assessment was followed by a comprehensive attitude shaping training programme as a result of which the performance of the manage-

rial roles and the embracing of managerial values became a more conscious undertaking among the network managers.

- One particularly important step towards promoting employee involvement and facilitating individual development was the 360 degree evaluation of all network managers at the end of 2012 as a follow-up to the project. The individual competence development programme based on performance assessment will take place in 2013.

- It did not take long for the Customer Relationship Communication Training, introduced in 2011, to become widely known among the Bank's employees. By the end of the year some 2,000 staff members had participated in the programme. The participants mastered the skills transferred in the training to a degree of 94%. In the customer service practices in branch offices covered by the measurements at the branch offices where the training had been held (general impression concerning the administrative formalities, the relationship managers' helpfulness and kindness) a 1% improvement was observed. The range of the target groups of the training was expanded in 2012 (e.g. to private banking advisers, medium and large corporate relationship managers). The programme applies to all relationship managers and branch office managers, i.e. a total of about 4,600 staff members will complete the course by 31 March 2014.

- A new basic sales training programme has been put in place to strengthen customer orientation, which has to be completed by all newly hired staff performing customer service tasks since 2012 Q4.

- The regions' managers were assisted in the completion of the updated performance assessment by comprehensive programmes focusing on giving positive feedback on performance.

- In several countries (e.g. sales training in Slovakia and Romania) e-learning programmes were created.

**The expansion and updating of the sales training programmes is expected to help our employees adopt an increasingly customer-focused attitude in a longer run. Manager and support programmes facilitate the development and strengthening of an employee-focused management culture.**

**889 million HUF** spent on training

The OTP Group spent a total of **HUF 889 million** on employee training.





### 3.3 Rewarding of employees, career opportunities

To retain high performing and talented staff members we apply both financial and moral incentives. Rewarding subject to objective performance continues to play a dominant role in the Bank Group's remuneration policy. The recognition of technical/professional performances and of efforts made for the community, as well as the available career opportunities are also important elements.

In 2012 the Bank updated its **moral rewards** system. Our aim was to recognise and reward the key values of our organisational culture under standardised conditions and in a transparent way.

As a basic principle, in addition to recognising and rewarding outstanding performance, emphasis is laid on customer orientation, innovation, employee orientation, team work and cooperation as well, in order to boost employees' feeling of being appreciated, to strengthen their satisfaction and motivation and thereby to further improve individual and collective performance. Moreover, emphasis was also laid on expanding the various forms of moral recognition and rewarding to a wider range of the Bank's employees and on increasing the weight of recognising and rewarding the performance of central functional areas as well, alongside the network. Particular attention was paid to extensive organisational communication on the objective of the updating of the system and on the awardees.

In the renewed system the bank rewards outstanding performance delivered over a shorter or a longer period of time with 12 individual awards while branch offices and region centres/central service locations/organisational units of outstanding performance according to a set of criteria based on organisational values were bestowed by another 7 team awards.



## AWARDS

### 'For the Community' Award

In relation to the updating of the moral rewarding system the content elements of the former 'For the Employees' Responsible Branch Office Award were modified and the award was re-named 'For the Community' Award. The award was handed over in both the branch office and the central categories.

The branch office that won the award in the branch office category was one that adopted and implemented the best practice relating to the retaining and development of the employees, to their cooperation and to the responsibility they assume for one another.

The **Tatabánya branch office**, the winner of the category in 2012, implemented a host of individual ideas and other programmes of their own, in the fields of knowledge sharing, cooperation and health preservation. The conscious exercising of the practices adopted by the branch office and quick response to changes in the business processes had — besides employees' effective cooperation — a positive impact on the branch office's performance as well. One of the secrets of the coherence of the community lies in employees' turning towards and paying attention to one another in both critical and regular day-to-day situations.

In the central category the 'For the Community' Award was granted to a community that is operating practices, by its members' own initiative, that are unprecedented in terms of the development of the staff members, of team work and responsibility felt for one another, setting a worthy example for the Bank's other organisational units as well. The main merits of the winner — Electronic Banking Directorate, Telephone Past Due Item Management II Department — included team spirit, the importance of getting to know each other, a positive attitude and trust, as was proven by their active community life as well.

#### To ensure career opportunities:

- No comprehensive programmes involving wider groups of employees could be implemented in 2012 in the talent fostering programme owing to the protracted recession. The bank group's rotation programme, however, continued to function successfully and a record number of participants was recorded in 2012.
- The basic principles for the system of succession for branch office network managers were worked out and approved at OTP Bank.
- The Premium Mentor System discussed in Chapter 2.2 provides mentors with opportunities for progress in the hierarchy, coupled with moral rewards.
- OTP Bank is hosting an increasing number of young people for professional training programmes. A programme aimed at further improving the practical training system was launched in late 2012 with the involvement of tertiary education institutions considered by the bank as its strategic partners.

**1008** interns

- ▶ OTP Bank took on a total of 510 secondary school and university students in 2012.
- ▶ The OTP Group employed as many as 1008 trainees in 2012.



### 3.4 Employee involvement, internal communication

Experience exchange mechanisms between functional areas are operating in accordance with proven practices within the Group, and a number of subsidiaries have their own extensive systems of internal communication channels (e.g. newsletters, papers).

In relation to the updating of OTP Bank's moral rewarding system cooperation and employee orientation was assigned a more important role in internal communication as well. The Bank's internal online forum called OTP Magazine is as popular as ever, as confirmed by the findings of a survey of internal communication. It is known to and read by practically every single employee: a total of 9500 readers visited the pages of the Magazine in 2012, often viewing up to 70-80,000 pages in all. Detailed statistics were compiled on readership month after month. Readers were enabled to evaluate the articles and the results of the evaluations are visible for all visitors. News is definitely the most read content element, but themes offered simply for entertainment or chilling out (e.g. photo galleries, programme tips) also attracted an outstanding number of visitors. The most frequently viewed pages of the Community section were related to the Voluntary 50 Programme competition (see the chapter on Corporate Social Responsibility).

OTP Banka Slovensko in Slovakia launched a 'best ideas' project to collect its employees' ideas. The ideas put in by staff members were evaluated once every quarter. The initiative quickly gained popularity so the project will be continued in 2013 as well.

OTP Bank Romania put an internal communication platform — Engage+ — in place in 2012 and it started an internal campaign to raise employees' environment and health awareness (see the chapter on Environmentally Friendly Operation).

Most of the subsidiaries of the OTP Group organise events for their employees and sometimes for their families as well, with the aim of spending time together in an informal setting, of cementing the community and at expressing the appreciation of the staff members. Sports are almost always among the programme elements in such events. We are happy to be able to conclude that according to feedback these community events are attended by large numbers of employees who take part in the programmes actively and with enthusiasm. Representatives of four foreign subsidiary banks participated in the event called International Sports Days along with OTP Bank, thus the total number of participants was nearly 400. Some more examples: about 6500 participants were counted in OTP Bank's Family day, with a wide range of sports events; OTP Fund Management Ltd's employees for instance,

went canoeing in 2012 and they participated in a large scale biscuit baking course; Monicomp Ltd.'s employees staged a bowling and snooker competition again.

Three subsidiaries of the OTP Group — the Croatian OTP banka Hrvatska, the Serbian OTP banka Srbija and Merkantil Group — conducted employee satisfaction surveys in 2012. The annual surveys have become something of a tradition at Croatian subsidiary and Merkantil Group. Satisfaction improved at the Croatian subsidiary in every single dimension of the survey. Employees appreciated internal communication the most (66% of the respondents were highly satisfied or satisfied), while it was salaries that they were the least satisfied with (29% of the respondents were highly satisfied or satisfied). The results of OTP banka Srbija were high — ranging between 80% and 90% — except for salaries, where the level of satisfaction was as low as 60%. Employees found the training and development opportunities to be the best (90%). Satisfaction also grew in all areas in Merkantil Group. Employees were most satisfied with their pays (80%), while they were least satisfied with internal communication and the company's responsibility programme.



**1850** employees on child care leave

At the group-level a total of **1850 employees** (3.5% of the total workforce) were absent on account of child care, the largest numbers recorded at JCS OTP Bank, OTP Bank and DSK Bank.

## 3.5 Equal opportunities, working environment

### New jobs for the blind and people with visual impairment

In 2012 part of our telephone activities — branch office customer service measurement (SQM) calls — were outsourced to Debrecen in cooperation with a non-profit civil society organisation called Egyesület a Sérült Emberekért (Association for People with Disabilities), thereby creating new jobs for the blind and people with visual impairments. The training of the new call centre employees was something of a challenge owing to the lack of established practices and to the conditions that were quite unusual for us, but we are happy to be able to report that the difficulties were resolved by a joint effort. The employment of blind people and people with visual impairments is expected to even improve our services since experts say that those who have lost their eyesight have a much more refined sense of hearing. The staff members who used to perform this task were given new duties so they did not lose their jobs.

### Atypical employment

OTP Bank carried out a questionnaire based survey to identify employees' and managers' requirements concerning atypical forms of employment and to find out about their opinions.

Employees' preferences were also examined, along with their opinions on the extent to which they considered their own jobs to be suitable for being converted into atypical forms of employment. Managers' opinions on the adoption of such forms of work were also reviewed.

One general conclusion drawn from the analysis is that flexible working hours is the atypical work arrangement that would be preferred and that would be considered as the most easily feasible by the overwhelming majority of the employees. Some 78% of the managers also had positive views of the possibility to introduce flexible working hours. According to the questionnaires some 90% of the managers would prefer the introduction of some atypical work arrangement for both their own organisational units and the central areas and region centres.

Based on the above findings preparations for of a pilot project have gone underway to test flexible working time. The system may then be extended to the whole of the bank on the basis of the findings of the pilot project.

No significant change was observed at OTP Bank in the number of overtime hours despite the substantial additional work load resulting from the final repayment of foreign currency debts and the debtor protection-related tasks. The Bank is making efforts to provide the capacities required for the performance of the tasks by means of capacity management and by the continuous monitoring of the resource requirements.

## For healthy employees 📁

We continue to promote and popularise a healthy lifestyle among our employees. Health services in excess of the statutory requirements — primarily: screening examinations — continue to be typically provided in Hungary, Romania and Bulgaria. In the Ukraine company insurance — including medical and accident insurance — is available for employees and their relatives alike. The range of medical examinations available for our employees was further extended in 2012.

After an overall medical test OTP Bank pays a rehabilitation supplement to employees with disabilities.



**427** employees with disabilities

The OTP Group had a total of **427** employees with disabilities in 2012, again primarily at DSK Bank and JSC OTP Bank.

## OUR GOALS

2013

To further expand the range of manager development programmes in the branch office network and at the headquarters

To operate the system of 360 degree performance assessment in the branch office network

To introduce atypical work arrangements

To introduce a succession system for managers in the branch office network

Individual competence development for branch office managers

To update OTP Bank's intranet system

To standardise labour and fire protection regulations across the Hungarian members of the OTP Group

To create a framework programme referred to as ÉRTED (a combination of 'for you' and 'you understand' in Hungarian) in order to keep employees better informed of the developments in the bank's processes.







# social responsibility

4

**HUF 1.4 billion donated**

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**Free of charge training  
for Secondary School  
Students**

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**Educating  
20 000 students  
annually**



The OTP Group assumes its role in initiatives serving the interests of the entire community through programmes run alone or in co-operation with other organisations.



As a responsible financial service provider, the OTP Group finds it important to contribute — to the extent permitted by its economic resources — to the community's achievements, by sponsoring sports, culture and a responsible way of thinking, and by assisting those in need.

We aim to provide actual and effective help by supporting programmes and causes promoting the interests and needs of society as a whole. Our efforts are focused primarily on:

- developing financial literacy, attitude-shaping;
- creating and preserving values; and
- creating opportunities and building communities.

For more details on the basic principles of our corporate social responsibility and the programmes we are sponsoring, please visit our website.

## OUTSTANDING ACHIEVEMENTS 2012

The National Financial and Economic Training Centre for Secondary School Students was opened

OTP Volunteer Programme

Equestrian World Cup charity campaign in association with LEGO

### OUR UNDERTAKINGS

2011

Further expansion of the programmes implemented in the Model School, continued development of the concept



Expansion of the 'Back to the Alma Mater' programme, delivering the training material to the branch office managers



Supporting and encouraging voluntary undertaking



Strengthening of the involvement of communities in our sponsorships



COMPLETED

UNDERWAY

NOT ATTAINED

### OUR ACHIEVEMENTS

2012

Implemented, the Model School programme has become an integral part of the life of the Buda Secondary School

The programme was continued and branch office managers were prepared in a standardised way, but the programme was not expanded

Completed

Accomplished, e.g. in the Equestrian World Cup - LEGO charity campaign

## 4.1 Developing financial literacy



*“In addition to the hard facts of life financial behaviour is also related to cognitive phenomena. An increasingly profound knowledge of financial matters entails increasingly conscious financial behaviour. Low levels of financial awareness are typically accompanied by present-orientation and often by anti-bank sentiment, while conscious financial behaviour is usually accompanied by future-orientation and a pro-bank attitude.”*

**Zoltán Péter Nagy**  
Marketing Director

### Survey on the financial awareness and preparedness of the population<sup>1</sup>

A nationwide representative survey on a large population was carried out in Hungary in 2012 in which basic financial indicators (people’s financial relationships and instruments) were assessed along with people’s knowledge of financial matters. Knowledge of financial matters and financial attitudes were, as a new element, also assessed this time. The findings were not very positive, as had been expected. There is a lot of room for improvement in financial awareness and knowledge. Some of the most important findings of the survey:

- A total of 47% of the adult population (3.8 million people) have bank cards and 11% (920,000 people) have credit cards.
- 1.4 million people — 18% of the adult population — have repayable bank loans or credits.
- 800,000 individuals — a tenth of the adult population — have savings kept with banks.

More than half of the **18+ age** group consider themselves to be less versed than the average in financial matters and very few of them assume that they are more knowledgeable than the average. In terms of objective indicators — comprising the understanding of financial terms and concepts, arithmetic skills and money market knowledge — about three quarters of the population have the basic knowledge of financial matters required in day-to-day life, while the remaining quarter has more extensive knowledge. The level of financial knowledge depends primarily on schooling and secondarily on wealth.


About a fifth of the 18+ population are characterised by truly conscious and prudent financial behaviour, while another fifth do not care much about the future and make no carefully planned decisions in financial matters. The majority of the population was found to be relatively conscious and, as far as possible, forward-looking in terms of dealing with cash and of financial planning.

A higher proportion of today’s **adults** make efforts to teach their children about how to manage their funds than the proportion of those current adults who had been taught about such things by their own parents. The schooling system however, is still providing only a minority of students with financial skills and knowledge of use in their day-to-day lives.

**Financial planning:** About three quarters of the Hungarian adult population spend some time at least once a month on reviewing their day-to-day finances and at least once a year on working out longer term financial plans as well as on carrying out the financial activities required for accomplishing their plans. Women spend time more frequently on short term financial planning than men. The higher the social status, the higher the percentage of those engaged in longer term financial planning. Lack of financial awareness is observed primarily among young people.

<sup>1</sup> Source: Ipsos, The population’s knowledge of financial matters and its financial behaviour — 2012, Quantitative market research among Hungarians aged 18 or more

## OK, that is: The National Financial and Economic Training Centre for Secondary School Students

The Training Centre  — a unique initiative in Europe — was launched at end-2012, with support from the European Union and OTP Bank, with the aim of providing training for as many as 20,000 students a year. The training centre established and operated by the OTP Fáy András Foundation:

- provides training free of charge for students from all over Hungary after registration, using the latest audiovisual instruments,
- operates a network of trainers visiting secondary schools,
- uses training materials it has developed for its own purposes, all of which meet the requirement of 'teaching by entertainment',
- will, in the future, train professionals/teachers to work on raising financial and economic awareness among young people, and it will also conduct public surveys to probe students' knowledge built up in these areas.

The establishment of the training centre was financed by a HUF 1.1 billion contribution from an application scheme (TÁ-MOP /Social Renewal Operational Programme/ 3.2.1 B-11/1-2012-0001) and a HUF 500 million contribution from OTP Bank. After two months of preparation, the test operation of the Centre was started in December 2012 and it lasted until its official opening in February 2013.

### Further programmes aimed at developing financial literacy

In the framework of the **'Back to the Alma Mater'** programme senior and middle managers of the Bank deliver presentations on financial matters in their former secondary schools. 12 branch office managers and 4 senior managers of the bank delivered presentations in 2012 in 17 schools to 1235 students. It is important that an increasing number of managers participate in the programme; our branch office managers attended standard briefing sessions in 2012. The aim is to make the presentations even more enjoyable and to give a modular structure to the training material.

A **financial education game** entitled **'Grab the money and win' (Fogd a pénzt és nyerj)** was launched in the spring of 2012 in the form of a pilot programme with the aim of improving secondary school students with knowledge about financial matters and to raise awareness among them, in the context of a game. The students had to answer questions concerning five themes (Home/family, School, Work, Spare time, Bank), with the aim of transferring knowledge that can be of use in their day-to-day lives. A total of 947 students registered to participate in the programme and they gave as many as 79,230 answers. Students of 9 of the 13 invited schools participated in the game and a successful 'school day' was organised in Sopron, with the participation of about 400 students and teachers.

The **'Resourceful Quiz' (Életrevaló Kvíz)** is another financial educational game for secondary students, relying on experience drawn and the mechanism applied in the 'Grab the money and win' game. The 3-week contest was organised in the autumn of 2013 via Facebook, the communication channel most frequently used by the age group concerned. The popularity of the initiative is clearly shown by the fact that more than 6000 players from 95 institutions all over the Hungary gave a total of 508,570 answers during the game.

On our Facebook page, under **'Tudásbázis' ('Knowledge base')** the short films focusing on the theme of savings, entitled 'A bankrendszer' ('The banking system') and 'Te mit dobsz be a jövőért' ('What do you throw in for the future') help visitors acquire the basics of financial matters.

To bolster the population's financial education a series of interviews focusing on the theme of savings was relaunched in the radio channel Jazzy Rádió. The morning radio programme entitled Millás Reggeli (smartly combining the Hungarian words for a solid morning meal and a million in cash) discusses various themes relating to self-provision and to savings, ranging from basic savings products through saving up for pension benefits to tax optimising.

On the World Savings Day, in the framework of the programme entitled **'Green light to knowledge'**, OTP Banka Hrvatska organised educational visits to its branch offices for children across the whole of Croatia — nearly all branch offices received such groups. In the course of those visits the branch office managers explained to the children, in simple terms, the way banks function and what all those bank officers do there. Celebrating the World Savings Day with a variety of special programmes has come to be a tradition at the Bank.

In the framework of a series of voluntary events called **'Day for knowledge about finances at educational institutions'** employees of OTP Bank Russia delivered presentations in a number of towns across the country for students and teachers. The officers of the Rostov, Saint Petersburg and Samara divisions attended a variety of events and organised open presentations in the towns of their respective regions. Students were explained the basics of banking activities, they were told about what money is in essence and how it should be properly dealt with.

## 4.2 Our CSR programmes

Members of the OTP Group implement their support activities independently of one another, meeting local needs. The first and foremost priority of our role is to assist social groups facing disadvantages, to help community initiatives that contribute to deepening human relationships, as well as events that generate value for the entire society and to sponsor high profile sports events.

Our sponsorship activities are focused on

- assisting — primarily young — **people facing disadvantages,**
- **education,**
- **culture, arts and local community** events and
- **sports.**

The OTP Group is committed to long term cooperation therefore many of our collaborations launched earlier on have been continued.



### OTP Bank 'Együtttható Program' ('Co-efficient Programme')

The programme was launched in 2011 with the aim of involving our customers and residents in the selection of the recipients of our donations.<sup>1</sup> Three winning projects were implemented in 2012: the amount of cash rewards was increased from the originally planned HUF 5 million to HUF 7 million. Eventually, AutPont and Budapest100 were given HUF 3 million each, while Tánc ház napja (Dance house day) was provided with HUF 1 million to support their activities.

In the context of the programme of **AutPont** Foundation Children and Youth with Autism two half-day attitude shaping programmes were organised in two mornings in day-care camps in Békéscsaba. The children familiarised themselves with the day-to-day lives of children with autism through interactive tasks and games, and then they participated in a drawing contest on the basis of their experiences. A total of 150 children participated in the programmes.

It was for the second time that Kortárs Építészeti Központ Alapítvány (Contemporary Architecture Centre) staged **Budapest100**, a celebration of one hundred-year-old buildings on 14-15 April 2012. In 2012 the residential buildings were joined by 25 institutions as well (including theatres, ministries) and the number of visitors increased to 18,000. Volunteers led tours showing the participating buildings and the resident communities, or they organised picnics, house concerts or even small exhibitions for visitors.

Hagyományok Háza Baráti Köre Egyesület (Hungarian Heritage House) association organised a full day's outdoor event entitled **Dance House Day** on Budapest's Liszt Ferenc Square. Flash-mobs were organised on four occasions in four different venues (in Budapest and in non-Budapest-based places) partly to draw attention and partly to create opportunities for passers-by to join them in singing and dancing.

OTP banka Hrvatska organised a public application scheme for the allocation of funds intended to be given away as donations. Applicants could submit project proposals in four categories: youth, education and science; cultivation of cultural, historical and ethnographic traditions and environmental protection; humanitarian projects; and sports. A total of 285 applications were received from all over Croatia, from among which the selection committee chose 30 projects.

One of the winners was the 'Bubamara' kindergarten of the town of Glina with their project entitled 'Let us save the trees'. The project was aimed to raise environmental awareness among pre-school children in order to have them grow up to be environmentally aware adults. The kindergarten purchased nine ash tree saplings, three plane trees and 247 ornamental hedge plants, which they planted in late October with the help of the branch office personnel.

<sup>1</sup> Our professional partner called NIOK (Non-Profit Information and Training Centre) selected the programmes of 30 out of 120 applicants for which people could vote on Facebook.



## Sponsoring the agricultural sector

As strategic focus has shifted onto the agricultural sector we are now sponsoring a number of corporate social responsibility programmes in relation to the agricultural sector in cooperation with the Association of Young Hungarian Farmers, an organisation providing assistance to the career of young farmers:

- In the 'Vest bele magad' ('Sow yourself') programme children mostly aged 6-10, were allocated packets of sowing seeds in order to sow those seeds at home or in the school yard and to have the harvest eaten by the family. A total of 21,000 children in 339 schools applied to participate in the programme in 2012.
- The aim of the 'Vidéki Kaland Program' ('Rural Adventure Programme') was to show young people by hands-on experience how agriculture functions, to let them have a glimpse into the day-to-day activities of farmers, to have a feeling of a farmer's way of life. A total of 40 town-dweller young people participated in the programme last year.

Encouraged by the success of the programmes we intend to allocate even more money in 2013 to sponsoring these objectives.

# 1.4 billion HUF donated

1.4 milliárd

- The OTP Group spent **HUF 1.4 billion** on donations and **HUF 967 million** on sponsorship in 2012.
- The OTP Group provided support in the form of in-kind contributions in an amount of more than **HUF 115 million<sup>1</sup>**, in the scope of which the Ukrainian JSC Bank played an outstanding role.

## Volunteering

Voluntary participation is a tradition at most of the members of the OTP Group. Our staff members regularly participate in or collect donations for activities for good causes — assisting primarily children and people of ill health — or programmes for social and/or environmental objectives.

### OTP Voluntary 50 Programme

In the context of the OTP Voluntary 50 Programme we launched in-house application schemes on three occasions in order to provide financial assistance to initiatives of voluntary teams. The most important selection criteria included the intensity of on-site activities, local partnership and the intensity of the impact on the local community, alignment to OTP Bank's sponsorship

priorities, creativity and the activity's reputational impact. The applications were evaluated by a panel of 7 — comprising OTP Bank managers and two external experts — and financial assistance was then provided for 40 projects.

In addition to the application schemes the Bank enables its employees to provide help in a variety of ways. These include team building training sessions, regular in-house blood donation, joining of centrally organised voluntary programmes.

The projects and their descriptions are accessible on the Bank's Facebook assistance map and the summary video films among the videos on the CSR page of the website.



## AWARDS

The OTP Voluntary50 programme won the **'Exemplary CSR Project'** title in the MPRSZ Best Practice contest.

### Other voluntary programmes

- A number of the member companies of the OTP Group continued their proven practices for example in blood donation.
- The members of the bank group joined national and international programmes. Such programmes included for instance the 'TeSzedd!' ('You pick!') one-day campaign to eliminate illegal waste dumps, the 'Föld órája' ('Earth Hour') initiative and the 'Egészség Hídja Összefogás' ('Bridge of Health Association') movement in the 'Egészségért a Mellrák Elleni Program' ('For Health against Breast Cancer') Programme.
- The employees of Bank Russia's Chelyabinsk division organised a voluntary campaign to help stray animals. The participants collected money, medicines and food which they handed over to a shelter providing stray animals even with medical care. On the International Children's Day they cleared up an area designated for the construction of a children's village for children living in orphanages, they created plots for growing vegetables and planted flowers.
- A number of organisational units of OTP Bank organised team building exercises pursuing some social objective, assisting children in the majority of cases. The Card Business Division for instance participated in the refurbishment of a children's home with 40 staff members, while 28 employees of the Marketing Division participated in a marmalade cooking event for the International Children's Safety Service's Everyone's Christmas.

<sup>1</sup> This included the value of the time devoted to such activities as well as the management costs.



## STATISTICS ON OTP BANK'S VOLUNTARY PROGRAMMES

	2010	2011	2012
Number of applicants (teams)	49	67	100
Number of sponsored and implemented projects	10	38	40
Number of employees participating in implemented projects	96	376	533
Number beneficiaries participating in the projects (est. number of persons)	892	3700	3626

## STATISTICS ON BLOOD DONATION

Number of blood donors	634	808	860
Number of blood donation	1127	1421	1568

85 voluntary projects

More than 85 different voluntary projects were implemented at OTP Bank in year 2012.



### Assistance to disadvantaged children

Some examples for our activities in this areas:

- OTP Bank has been supporting the 'Mozgó játszótér' ('Mobile playground') programme of the Hungarian Maltese Charity Service with a donation of HUF 25 million for the second consecutive year.<sup>1</sup> These mobile playgrounds delivered programmes on more than 200 occasions in 2012 that will be long remembered in small communities — a total of 9545 children participated in those programmes along with more than a thousand parents and teachers. The playground buses visited villages in the micro regions of Barcs, Bodrogköz, Encs, Fehérgyarmat and Kadarkút, where their appearance was met with festivities.
- OTP Bank was among the chief sponsors in 2012 again of the dressage and equestrian therapy competition organised by the International Children's Safety Service and the Hungarian Equestrian Therapy Association near the town of Fót.
- We sponsored the 'Szállj be te is' ('Get into it') Hungarian Special Olympics Association<sup>2</sup>. In our model school — Secondary School of Buda — an entire grade, that is nearly 300 tenth graders, participated in a programme in February and March, then staged a performance to show what they had learnt, to the entire school.

<sup>1</sup> There are 500 to 800 villages in Hungary without playgrounds for children. In 2011 the Charity Service purchased five buses carrying mobile playgrounds from the HUF 25 million offered by the Bank. These are special vehicles calling at small villages over weekends, each with a small crew of qualified teachers and volunteers.

<sup>2</sup> Through the 'Get into it' programme students get to know the activities and goals of the Hungarian Special Olympics Association. They come to understand the immense effort, perseverance and values underlying the athletes' achievements and the boundless opportunities these provide for them in both sports and in other walks of life.



- We continued to sponsor the 'Fogadd el, fogadj el!' ('Accept it! Accept me!') campaign of the 'Kézen Fogva Alapítvány' ('Hand in Hand Foundation') strengthening connections between people with and without disabilities by showing what the world of people with disabilities is like to those belonging to the 'majority'.

- OTP Bank and the Ministry of Human Resources (EMMI) announced a joint application scheme to provide support to families of foster parents socially in need along with families raising adopted children, in improving their living conditions by modernising their homes. Applications were to be submitted by November 2012 and implementation will take place in 2013. The scheme provides a budget of HUF 19 million for projects aimed at improving the standards of convenience, energy efficiency and/or modernisation of, and/or for developments aimed at reducing the costs of maintaining/running the residential buildings/dwellings owned by the applicants. Under separate contracts — in cases where this is requested by the applicant who meets the conditions for borrowing — the Bank even provided housing loans with interest subsidy for modernisation. The maximum amount that could be allocated to an applicant was HUF 4 million. The application process was carried out by NIOK (Non-Profit Information and Training Centre).

- A team of volunteer doctors associated with the International Children's Safety Service — an organisation to the sponsoring of which OTP Bank has been attaching particular importance for nearly two decades now — travelled to Hargita County in Transylvania, Romania twice also in 2012, where they carried out screening tests and examined and treated children in need in hospitals, schools and kindergartens. The dentist bus of the International Children's Safety Service examined thousands of children in 2012 as well, with OTP Bank's support.


- CKB Bank in Montenegro donated binocular microscopes in an amount of about HUF 870,000 to the Montenegro Clinic Centre. The Bank's employees contributed their own money to purchasing the instruments which will be used by paediatric surgeons.

- The Blind People's Association of Sisak signed a contract with the Croatian OTP banka Hrvatska which contributed about HUF 193,000 to the financing of their project entitled 'From weaving to the labour market'. The donation helped the association purchase a loom whereby they can provide an additional source of income for permanently unemployed women and for people with disabilities.

- The 'Large Family' programme assisting disadvantaged families with many children, has been operating at OTP Bank Russia since 2008. The Rostov division of the Russian Children's Foundation has been providing help for children of large families in their preparations for entering school, for the second consecutive year, with support from OTP Bank.

## Education

The parent company contributes to education primarily through OTP Fáy András Foundation. The foundation continued its programmes that have become something of a tradition, in 2012 as well:

- **Funds Programme — financial, economic and financial management education programme** 

The training material was updated by the Foundation on the basis of 9 years of professional experience and current international trends, in cooperation with Szent István University, Mathias Institute and the Budapest Corvinus University. The most important change was that from this point on, instead of one-off training sessions, students will learn about the subject over a four-year period through a series of modules, each one based on the one before it, integrated in their regular studies, and training will also be developed for their teachers. The new methodology was tested by way of experimental courses in the Foundation's model school, called Secondary School of Buda. Another important change has been the launching of accredited training in financial/economic subjects in the form of teachers' in-service training, in cooperation with ELTE's Faculty of Education and Psychology. This was the first time that such knowledge elements had been integrated in the in-service training system of teachers of subjects not related to economics. A total of 15 teachers participated in this training course in 2012.

- **mileszel.hu vocational guidance and career advice programme**

On the mileszel.hu interactive vocational guidance website the Foundation's permanent advisor awaits and answers questions from interested secondary school students throughout the year. We also participated in a host of other events specifically for young people (Kapunyitási Pánik Fesztivál /Doors Open Panic Festival/, summer camps for first year students, school days, etc.). Moreover, work has been started in cooperation with Mensa Hungarica on developing an IQ test specifically for 17-18 year old people (to accurately measure them) the standardisation of which was carried out also with the participation of the students of the Model School.

- **Model school** 

2012 was the first 'full' calendar year of the Model School. To raise (future)-awareness among students the various programme elements were implemented in the course of the project in a pre-planned and carefully scheduled way in a variety of specific fields including finance, economy and financial management, career and vocational guidance, environment and health, social sensitiveness, etc.



All participants managed to find specific elements of importance: the school benefited from developments, students and teachers enjoyed meaningful programmes and the Foundation gathered essential information (for its own programmes).

Thanks to the various programme elements (e.g.: Foundations Programme, career guidance, etc.; sponsoring various events — School Day, Sports Day, Freshers' Camp; development of community areas; donations — stage, drum set, civil programmes — e.g. in cooperation with Demokratikus Ifjúságért Alapítvány / Foundation for Democratic Youth/ and Kézbenfogva Alapítvány / Hand-in-Hand Foundation/; application schemes, etc.), the Model School programme has become an essential and inseparable element of the life of the Secondary School of Buda.

The library development programme was continued and nearly 700 schools applied for participation in the 'Hatodik Könyvhullám' ('Sixth Wave of Books') event in 2012. The Board of Trustees selected 100 beneficiary secondary schools the libraries, each of which received HUF 100,000 for purchasing books, two e-book readers and one-year subscriptions for the environmental and scientific periodicals Természet Világa, and Élet és Tudomány.


The Croatian OTP banka Hrvatska provided assistance for education in a variety of ways by sponsoring scholarships. The Bank contributed to the sponsoring of 65 students in an amount of HUF 6.3 million in Istria County, Benkovac and Zadar.

OTP Bank Romania continued its 'The right to read' programme in 2012 as well. The campaign was started in 2010 with the aim of assisting the development and expansion of schools' libraries. In 2012 a total of 143 disadvantaged rural schools received library equipment and books in the framework of the programme, as a result of which 92,100 books were made available for more than 29,000 children.



## AWARDS

OTP Bank Romania's 'The right to read' campaign won the **Oscar prize awarded** by Capital magazine and it also won the gold medal in the renowned SAPRE Award.

The Slovakian daily Új Szó compiled teaching aid materials for ninth graders with the assistance of OTP Banka Slovensko, focusing on the impacts of the economy on the environment as part of the subject of 'civic education'.  The publication was put together with a view to helping students adopt an attitude of environmental awareness (economical housing, selective waste collection, the importance of economising at home, reducing one's eco-footprint), without losing sight of the need for being entertaining at the same time. A total of 600 sixth graders of 15 educational institutions participated in the project.

## Cultural and arts programmes, local community initiatives

- OTP Bank pays particular attention to facilitating the cultivation and preserving of community values and traditions, thus we were very happy to give our support to the talent spotting competition show entitled 'Fölszállott a páva' ('The peacock takes its perch'), the event called '**Országos Táncház Találkozó és Kirakodóvásár**' ('**National Dance House Festival and Fair**'). The Hungarian 'dance house method' found its way in 2012 to UNESCO's list of intellectual cultural world heritage. OTP Bank founded the Dance House Prize together with 'Táncház Egyesület' ('Dance House Association'). The prize is awarded once a year to a folk musician or dancer in recognition of his or her work producing great results both as an active performing artist and as a teacher. The prize was first awarded to Norbert Busai, folk dance teacher.

- We sponsored the '**Veszprémi Utcazene Fesztivál**' ('**Veszprém Street Music Festival**'). Votes could be cast for participants of the festival on two occasions on OTP Bank's Facebook page: during the period preceding the festival it was determined on the basis of the audience's votes who the twentieth performer is to be given a second chance through OTP Bank besides the nineteen performers of the festival. The voting continued even during the festival, which is when the performer who would be given the HUF 500,000 prize offered by OTP Bank for the audience's favourite was chosen.

- OTP banka Hrvatska has been supporting the programmes of the **Dubrovnik Summer Festival** for years now. The last theatre premier of this year's 63rd festival was George Büchner's Danton's death directed by the award winning Croatian artist, Oliver Frljić, who is considered by many to be the most provocative of all. OTP Bank donated nearly HUF 7 million to the staging of the drama.

- Students who opened student accounts with OTP Bank between 1 October and 15 November were given **theatre season tickets** as a gift, worth some HUF 8000. The action was initiated by the Croatian National Theatre of Zadar to encourage students to go to the theatre more frequently.





### Application scheme for condominiums

OTP Bank's Application Scheme for Condominiums attracted avid interest in 2012 as well. From among the categories — Environmental Protection, Community Building and Life Quality Improvement — in which applications were invited, the latter was the most popular theme.

A total of 971 proposals were received in response to the call for proposals of a total budget of HUF 7,300,000, where no co-financing was prescribed. The first 500 applicants were given subscriptions for the trade periodical 'Társasházi Ház-tartás' ('Condominium Household') and they could participate free of charge in the conferences of the Társasházak és Társasházkezelők Országos Egyesülete ('National Association of Condominiums and Condominium Managers').

For more detail on the results of the application scheme see our website (<http://www.hazforum.hu/otp-palyazat/nyertes-palyazok-2012/>).

### Sports programmes

The members of the bank group are sponsoring a number of high profile domestic and international events, public sports events and teams, some of the latter are even bearing the names of their sponsors. **We sponsor sports that require physical and mental perseverance, high concentration and precise team work. It is important for us that young generations should be encouraged to come to like sports.**

OTP Bank is the name giver sponsor of the **OTP Bank Equestrian World Cup**: In relation to the OTP Bank Equestrian World Cup in 2012 the Bank sponsored the Hungarian Equestrian Therapy Association by a charity campaign launched in co-operation with LEGO Monobrand Store Budapest Árkád. Anybody could contribute to our sponsorship by purchasing the HUF 200 Lego charity package. It was also possible to participate in putting together the youngest and most colourful pony of the equestrian therapy centre using the colour cubes in the package, or ones brought along from home or even virtually, through OTP Bank's Facebook page. People could bid for the LEGO pony at [www.otpjotekonysag.hu](http://www.otpjotekonysag.hu). The amount received in the auction was doubled by OTP Bank so together with the

amount received from the sale of the charity packages during the campaign we could contribute a total of HUF 1,000,000 to the work of the Hungarian Equestrian Therapy Association.

The structure of the **OTP-MOL Bozsik Programme** sponsored by OTP Bank (registry system, objectives, competition and training system, etc.) was transformed in order to make it possible to ensure the accomplishment of technical/professional objectives.

As a result of the restructuring:

- the number of people attracted to men's and women's football increased;
- the process of talent spotting improved and became more efficient;
- the number of those participating in the institutional programme increased massively (more than 60,000 players in the 2012/13 school year), the range of those involved expanded (5-14 year age group).

A School Year Closing Child Football Festival was organised in June 2012 in the context of the OTP-MOL Bozsik Programme. On the opening day of the three-day event a total of 720 young people took over the training centre of the Hungarian Football Federation (MLSZ) in the village of Telki, with 20 teams representing 5th and 6th grader girls, 7th and 8th grader girls and 7th and 8th grader boys categories each. The event was opened by the federal trainer of MLSZ Géza Mészöly. The event was also attended by László Kiss, Frigyes Tuboly and the Hungarian select team's midfielder Tamás Hajnal.

## THE NUMBER OF PARTICIPANTS IN THE OTP-MOL BOZSIK PROGRAMME

	Sports Club Programme	Institutional Programme
October 2010	38 728 persons	28 500 persons
October 2011	46 871 persons	50 780 persons
December 2012	58 688 persons	60 141 persons



### 4.3 Communication of corporate social responsibility, transparency

The communication of our corporate social responsibility efforts has been given a new (transparent, value-driven, emotional) image (linking the various areas of activities). Even in the course of communication we are making efforts to link multiple parties and instead of the fact and the volume of support we focus on popularising and promoting the cause. We have shared all these with the foreign subsidiary banks as well. We have updated the corporate social responsibility section of OTP Bank's website in view of the relevant expectations and requirements and international benchmarks. The page was supplemented with topical information, missing themes and contents as well as a newsletter.

Corporate social responsibility was intensively communicated in the Hungarian media according to a plan in 2012, both in general and with a focus on our own efforts and activities:

- we sponsored a radio programme on Neo FM concerning sustainability and responsible corporate behaviour,
- a full day was devoted to corporate social responsibility in InfoRádió,
- in rural dailies we popularised events taking place with co-operation of OTP Bank (e.g. local programmes organised by our volunteers, the Street Music Festival in Veszprém),
- we also communicated the theme in the daily SzabadFöld, the magazines Éva and Joy and in programmes Mokka and Aktiv of Channel TV2.

Our aim was to show results, provide our civil society organisation partners with opportunities to deliver their messages and to introduce the corporate side.

Corporate social responsibility was also communicated:

- on OTP Bank's website,
- in the above mentioned newsletter delivered to about 100 professionals and individuals involved in CSR issues.

Year 2013 will see a great step forward in that we will install touch screen experience points and LED walls in many of our branch offices, which will also be used for communicating our corporate social responsibility activities, our achievements and our calls and invitations.

The **internal communication of corporate social responsibility** towards our own employees continuously features in the OTP Magazine (a special column, programme offering, quizzes) and in events organised for our staff members (OTP Family Day, Volunteers' Evening, OTP Gala).

A survey was conducted in 2012 among employees on internal communication. We found that over a three-year period the communication of corporate social responsibility excelled within the bank, ranked ahead of the communication of themes such as product range, branch office design, service standards, innovation, stability or customer satisfaction.

A rating agency called 'Reputacija' regularly assesses the corporate social responsibility activities of business organisations. According to the most recent survey, OTP Bank Russia was rated 'A', which is all the more significant since this was the first occasion on which an enterprise that is not Russian took the first place.







## AWARDS



### Corporate Social Responsibility Award 2012

OTP Bank rewarded the organisational unit that displayed outstanding commitment to Corporate Social Responsibility. A total of 15 branch offices and 4 central organisational units vied for the award in 2012.

Among the branch offices the **Pécs Directorate Branch Office** fetched the award. The branch office's staff implemented a host of voluntary programmes, thereby widely assisting the resolving of local social and environmental issues. All of the employees participated in those programmes.

The branch office sponsored the artistic community of the Pécs Children's Home by donating supplies and toys collected by the staff members. In relation to the sponsorship an exhibition was staged on the branch office's customer floor of the drawings produced in the organised sessions — thus the collection of donations was continued. The children were also invited to the branch office and later on they were given some desks as gifts.

Moreover, the branch office's employees donated beds and toys to Éltés Mátyás Kindergarten for Children with Special Needs for children with mental handicaps and physical disabilities, tidied up the school yard and the running track of Illyés Gyula Primary School; collected blankets, they also participated in tending pets for Misina nature conservation and animal protection association and they participated in the street cleaning campaign organised by the Municipality of the town of Pécs and BÍOKOM. Our employees make efforts to make customers aware of environmentally friendly options (switching to electronic statements, online bank).

From among the central organisational units the Asset Management and Investment Services Directorate won the Corporate Social Responsibility award for its outstanding voluntary work:

- On the weekend of Easter they prepared and gave breakfast to 120 homeless people at the day shelter Práter utca operated by 'Mehely Alapítvány' ('Shelter Foundation'). They also handed over the clothes collected by the staff members and the cleaning articles they had purchased. They distributed food at Christmas again.
- In the summer they took children nursed in the Special Children's Home unit of the Fót Children's Home (children with disabilities) to the Bear Park in Veresegyháza, where with the assistance of the personnel of 'Fehérkereszt Állatvédő Liga' ('White Cross Animal Protection League') the children familiarised themselves with the animals kept there. Later on, the children were invited to a drawing contest about their experience in the Park. On the second day of the programme a team of 42 comprising members of several units of OTP Bank helped clean up parts of the Bear Park. Moreover, from the donations they had collected they donated a high capacity lawn mower to the organisation.

**33** <sup>csr</sup> conferences

In 2012 the members of the OTP Group participated in **33** corporate social responsibility conferences, at **22** of which they even delivered presentations.

## OUR GOALS

2013

The OTP Fáy András Foundation intends to address primary school students as well with its new project aimed at developing the financial, economic and financial management culture.

Continued development of the mileszel.hu website, adding new elements (an unparalleled IQ test and focus on students' business undertakings).

The OTP Fáy András Foundation is planning to open new regional centres and launch distance learning projects.

Communication of the activities of corporate social responsibility on the branch offices' touch screen and LED surfaces.

More intensive and focused communication of our corporate social responsibility.

Education as a focal area in 2013.

Provision of access and equal opportunities and the communication thereof.



5

environ-  
mentally  
friendly  
operation

Energy consumption  
dropped by 9%

606 tonnes of waste  
collected selectively



In addition to providing our services, we year by year strive to do more and more to reduce the harmful impacts of our operation, and we are constantly searching for environmentally friendly solutions.

OTP Group is committed to protecting the environment. The environmental impacts stemming from our operations — as a banking service provider — and our possibilities in environmental protection are somewhat limited; nonetheless, we are making unceasing efforts to reduce our impacts.

The environmental impacts and activities relating to our operations are related to the following:

- procurement;
- use of resources (materials, assets, energy, water, travelling);
- waste management; and
- the resulting carbon-dioxide emission.

For our basic principles and the basic tenets of our practices visit our website. The indirect impact of our activities and our opportunities are primarily linked to our role as a responsible service provider and employer. 🔍

Our actions and activities in 2012 were fundamentally determined by the Bank Group's efforts — which have been made continuously for years now — to keep our operating costs under control. Consequently, we limited our investment projects.



## OUTSTANDING ACHIEVEMENTS 2012

Installation of LED lighting


Reduction of the use of paper and printing in relation to documents handed over to customers

Our employees' voluntary environmental actions.

OUR UNDERTAKINGS 2011		OUR RESULTS 2012
To reduce the per-capita carbon-dioxide emission in comparison to the preceding year	✓ ✗	Emission was substantially reduced at group level OTP Bank's emission increased slightly
To reduce the amount of toners and ink cartridges per capita	✓	Decreased by 12% — to 1 kg — at group level
Further reduction of the amount of paper used	✗	The amount of paper used at group level increased but this is partly related to the increasing accuracy of data collection
Increasing use of LED lighting for branch office refurbishments	✓	The lighting systems of 270 branch offices of OTP Bank have been upgraded
Integration of the distribution of marketing materials into centrally organised transport	🔄	Implementation is carried over to 2013
Tidying up the environment of the refurbished branch offices	✓	Completed subject to local needs and possibilities
<span>✓ COMPLETED</span> <span>🔄 UNDERWAY</span> <span>✗ NOT ATTAINED</span>		




## Procurement

The procurement system did not change materially within the OTP Group in 2012. At the bank group level **standardisation** and **centralisation determine our efforts**; procurements of larger volumes and higher values are centralised (e.g. IT procurement, motor vehicle procurement). Transparency and the requirement of responsible and ethical conduct on the part of suppliers are among the principles governing our investment activities, along with taking the total life cycle costs into account. Compliance with the environmental regulations is monitored. In the course of our procurements we strive for **reusability and reparability**. 

As for promotional gifts, the members of the OTP Group lay particular attention on environmentally aware and ethical procurement. For instance, in 2012 in the case of custom manufactured products (aprons, gift bags) for the bank we retained the services of employees with disabilities and the used advertising materials (banners, flags) were recycled. In the case of products purchased in larger quantities — e.g. pens, notebooks, folders — we continue to favour those made of environmentally friendly materials in the course of our procurements.

## Economical resource use

In 2012 we primarily continued the practices we had developed earlier on, and we sought for possibilities for further savings of resources. 

OTP Bank is unceasingly modernising its systems. Furthermore, both the applied technologies and practices provide for economical use within the limits of rationally available possibilities.

- We continued the installation of LED lighting systems. External refurbishment was completed by the end of the year in the case of two thirds of OTP Bank's branch offices (270 branch offices), as a result of which the lighting installations — including façade lights, logos, poster holding boards in the branch offices — are all LED lighting apparatuses. LED lighting saves some 85% of the energy in comparison to the conventional lighting systems replaced by LED. Moreover, we reviewed the operating times of the external lighting systems and in less busy areas we shortened the lighting time; for internal spaces energy saving light bulbs are procured continuously.


- The heating and cooling energy consumption of OTP Bank's branch offices is reduced by the installation of a remote monitoring system, which was put in place in 32 branch offices in 2012 and which is planned to be extended to 50 more branch offices in 2013.
- The recovery of the heat generated by the air conditioners was further expanded in OTP Bank's central buildings, substantially reducing the amount of passive heat. Heat recovery is also applied by OTP Bank Russia.
- OTP Bank Russia has also implemented a number of projects towards energy saving through the reconstruction and modernisation of its buildings.
- The OTP Group is increasingly exploiting the possibilities of video conferencing, year after year, lowering substantial carbon-dioxide emissions by doing so.

We are constantly striving for reducing the amount of **paper used** by reducing the amount of printing in relation to the processes within the bank and also in our communication with customers. Printing was reduced in 2012 by the following measures, among other things:

- updating and standardising notices, and
- introducing 'Simple' and
- introducing the e-mail as a channel in Direct Marketing processes.

Thereby we reduced the number of DM letters by about 100,000 DM letters/year according to 2012 campaign statistics. The introduction of the e-mail channel is expected to in-

# 9% drop in energy consumption

- ▶ OTP Group's energy consumption<sup>1</sup> dropped by nearly **9%** in comparison to 2011. 
- ▶ A total of **1950 GJ** energy was generated in 2012 using solar energy. A total of **3866.85 GJ** energy was generated in 2012 with heat pumps.
- ▶ **2100<sup>2</sup> video conference calls** of a total of **3000 hours** (375 work days). By way of video conference calls a total of **1105 tonnes** of carbon dioxide was prevented from release (equalling the annual emission of about 140 people).
- ▶ In Hungary our customers received electronic bank account statements concerning **931 000** retail accounts in 2012, **20%** more than in 2011.

<sup>1</sup> Direct and indirect energy consumption.

<sup>2</sup> Group-level estimate based on OTP Bank's accurate data.



crease our customers' satisfaction as well since in many cases the feedback requested in the form of questionnaires (e.g. in relation to products/services) can now be returned to the Bank conveniently from home.

The operation of the Central Credit Information System (KHR) as prescribed by law, however, entailed an increase in paper use. One of our important plans for 2013 is that the account statement letters for OTP Bank's retail customers will be printed on recycled paper.


## Travelling

The provision of banking services entails extensive travelling and transport. Rationalisation is a continuous effort in both areas, we are trying to reduce the amount of travelling just as much as minimising consumption. Cars are kept in service as long as this is economical and safe.

**Bicycle storage facilities** and the related infrastructure have been installed at OTP Bank. The number of our employees commuting to work by bicycle is on the rise, bicycle stands are adequately utilised.

## Waste management

The replacement of IT equipment is a continuous task and of course in regard to the scrapped devices we provide for waste management in line with the applicable environmental regulations. Thousands of POS terminals, computers, monitors and other devices were scrapped in 2012 again. OTP Bank continued its practice concerning secondary utilisation: using the services of an external partner computers were restored into an operable state and then they were sold, while the rest of the devices were handed over to an organisation employing people with disabilities for environment friendly disposal through the removal of reusable parts and components that can be collected selectively. For years, a part of the scrapped devices has been offered for charity causes, to civil society organisations in the majority of cases. Among subsidiary banks OTP banka Srbija, OTP Bank ROMANIA and DSK Bank hand over electronic waste for recycling.

As for selective waste collection, the selective collection of **PET bottles, paper waste and used toners** has been partly implemented by several members of the OTP Group. The amount of the selectively collected waste is continuously increasing.  We are planning to introduce selective waste collection in OTP Bank branch offices as well.

**606 tonnes** of selective waste

- ▶ We collected a total of **600 tonnes** of waste selectively in Hungary in 2012.
- ▶ The OTP Group collected **631 tonnes** of paper selectively.

## Fellow workers for the protection of the environment

An increasing number of OTP Group member companies are laying emphasis on drawing employees' attention to involving them in the protection of natural resources.

- OTP Bank Romania launched a campaign in 2012 in the course of which they posted environmental protection related messages in the busiest places of their central buildings, e.g. 'While using paper napkins think of the Earth and its scarce resources! Congratulations for taking the stairs — you will be healthier and do something to save the Earth!' Also, OTP Bank Romania's employees have for years been participating in voluntary actions focusing on environmental protection and they regularly organise electronic waste collection campaigns.

- OTP Bank joined several international initiatives as well in 2012, such as the Earth Hour or the 'TeSzedd! ('You Pick') waste collection campaign. OTP Bank is planning another campaign for 2013 to draw employees' attention to environmental issues. (Economical use of resources has been encouraged on several occasions since 2008 by way of placing stickers and by sending circular messages.)

- OTP Bank Russia also participated in a number of initiatives, such as the Earth Hour, the Day Without Cars, and a programme aimed at restoring an ecosystem. In some of our branch offices employees carried out voluntary actions in co-operation with civil society organisations.

- The Ukrainian OTP Bank also joined the one-day campaign entitled 'Let's do it Ukraine!' to eliminate illegal waste dumps.



## OUR GOALS

2013

To expand the energy remote monitoring system in OTP Bank's branch offices

The notices to be provided for customers on a mandatory basis are planned to be displayed electronically to reduce the use of paper and printing ink

To print account statement letters for OTP Bank's retail customers on recycled paper

To extend the system of elective waste collection to the largest possible number of OTP Bank branch offices

To implement attitude forming campaigns among OTP Bank employees

## More about the report

The Corporate Social Responsibility Report of the OTP Group was put together with a view to the fact that the Bank Group cooperates and deals with a large number of different stakeholders, each with their specific expectations. We made efforts this year again to find a balance between high professional standards and interesting and informative presentation.

- In line with the **interests** of investors we aimed to provide accurate data and to describe processes and directions of development.
- **Our customers** prefer interesting presentations of information, they are more interested in our measures aimed at improving business processes and formalities at the branch offices and the safety of their money and data.
- Other important stakeholder groups include **employees, the general population (civil society organisations), suppliers, authorities and competitors**, some of whom and which are more or less sensitive to responsibility. Their fields of interests are highly varied, they often focus on only one area but they are typically responsive to graphic or palpable presentation.

We present information on two interfaces:

- **in this Report:** a concise, readable form focusing on 2012, structured according to the priorities of the Corporate social responsibility strategy, presenting data in a separate chapter;
- **our website:** providing information on general principles and relationships underlying our corporate social responsibility.

The **CSR brochure** will be available for our customers this year again at the branch offices, providing brief information on corporate social responsibility programmes that we consider to be the most important for them.



## In the report:

- **Data** will be presented concerning the OTP Group as a whole and to the parent company. Financial data are an exception; the report presents the performance figures of OTP Core (core activities in Hungary, including OTP Bank, OTP Mortgage Bank, OTP Building Society and OTP Factoring) instead of the OTP Group, in line with our financial report.
- In the presentation of **non-data type information and practices** references are made concerning the actual entities or groups they apply to. The amount of written information on the Hungarian OTP Bank slightly exceeds the coverage of the subsidiaries, which is justified by two factors: on the one hand, the headquarters of the Group is in Budapest, thus the Hungarian environment is strategically highly important, on the other hand, a number of developments are first introduced in the Hungarian bank and then in the subsidiaries — just think of the children's corners or the OTPdirekt system.



data

6

24 companies

10 000 pieces of data

32 basic indicators

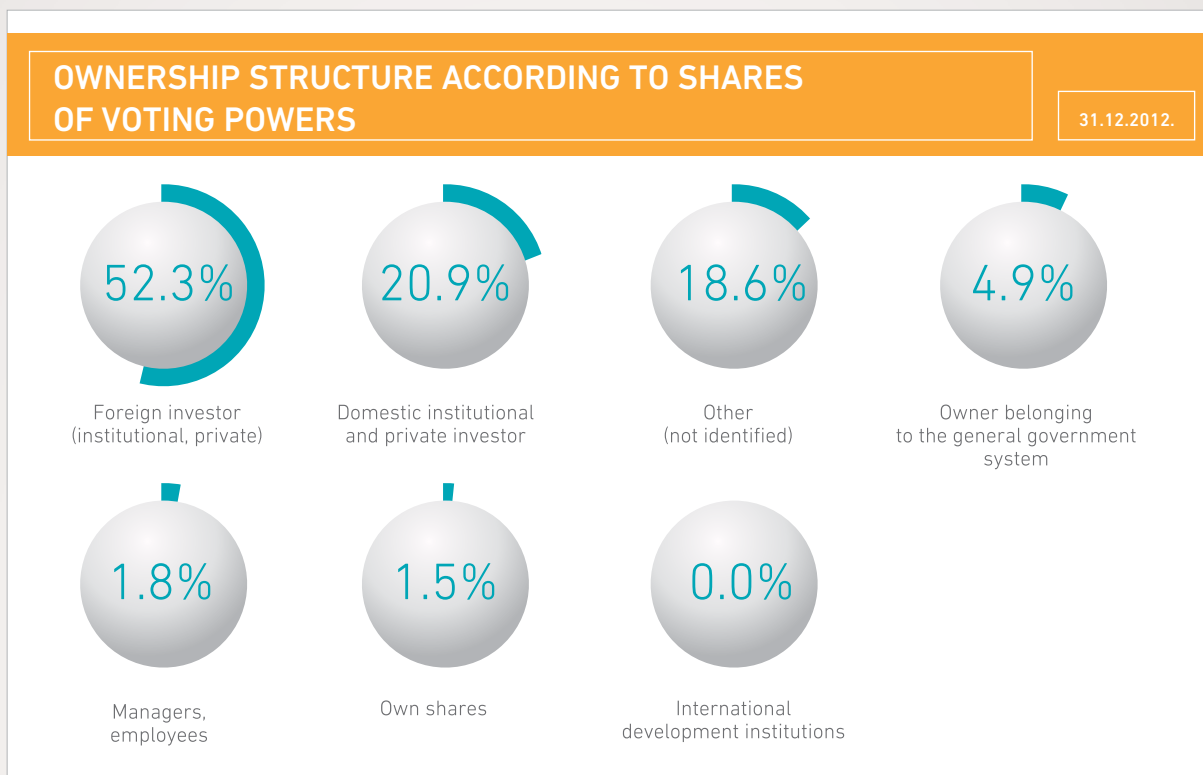
6 additional indicators



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



## 6.1 OTP GROUP'S DATA



SHAREHOLDERS (WITH STAKES OVER 5%)	31.12.2012.	INFLUENCE	VOTING RIGHT
Medget, Timur and Ruszlan Rahimkulov		9.02%	8.88%
MOL Hungarian Oil and Gas Company		8.70%	8.57%
Groupama Group		8.43%	8.30%
Lazard Group		5.73%	5.64%

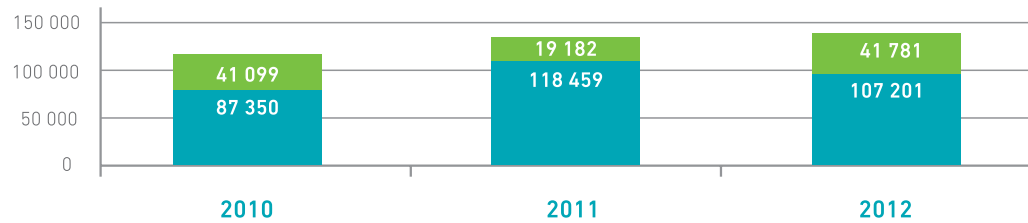


## DATA ON ECONOMIC PERFORMANCE

<b>ECONOMIC VALUE GENERATED AND DISTRIBUTED</b> (BASED ON CONSOLIDATED, AUDITED IFRS PROFIT AND LOSS STATEMENT, IN HUF MILLION)		2012	OTP CORE	OTP GROUP
<b>I. Direct economic value generated</b>	<b>= 1</b>		<b>394 243</b>	<b>844 553</b>
1. Net sales revenue	Interest revenue + non-interest type revenue (net fees) (adjusted)		394 243	844 553
<b>II. Distributed economic value</b>	<b>= 2+3+4+5</b>		<b>185 632</b>	<b>391 109</b>
2. Operating costs + payments intended to be made to investors	Operating costs - Staff costs - Depreciation - Taxes reducing the corporate income tax base		76 819	158 517
3. Employees' wages and allowances	Staff costs		84 731	188 953
4. Taxes paid	Total tax liability (without contributions on wages)		22 933	42 243
5. Community investments	Donations		<b>1 149</b>	<b>1 396</b>
<b>III. Retained earnings</b>	<b>= 1-(2+3+4+5)</b>		<b>208 611</b>	<b>453 444</b>

### OTP GROUP'S TAX LIABILITY

HUF mn



- Any and all further taxes (linked to personnel type expenditures, taxes on profit, corporate income tax)
- Special tax on banks

STATE SUBSIDIES, RELIEFS	OTP BANK	OTP GROUP
<b>2010</b>		
Tax relief (HUF)	987 million	1029 million
R&D subsidy (HUF)	1079 million	1092 million
Other funds received for good from any government for any activity	—	—
Total state subsidies, reliefs	2066 million	2121 million
<b>2011*</b>		
Tax relief (HUF)	3 718 million	4 718 millió
R&D subsidy (HUF)	1 240 million	1 240 million
Other funds received for good from any government for any activity	—	—
Total state subsidies, reliefs	4 958 million	5 958 million
<b>2012</b>		
Tax relief (HUF)	0**	177 million
R&D subsidy (HUF)	0***	—
Other funds received for good from any government for any activity	—	50 million
Total state subsidies, reliefs	0	227 million

**NOTE:**

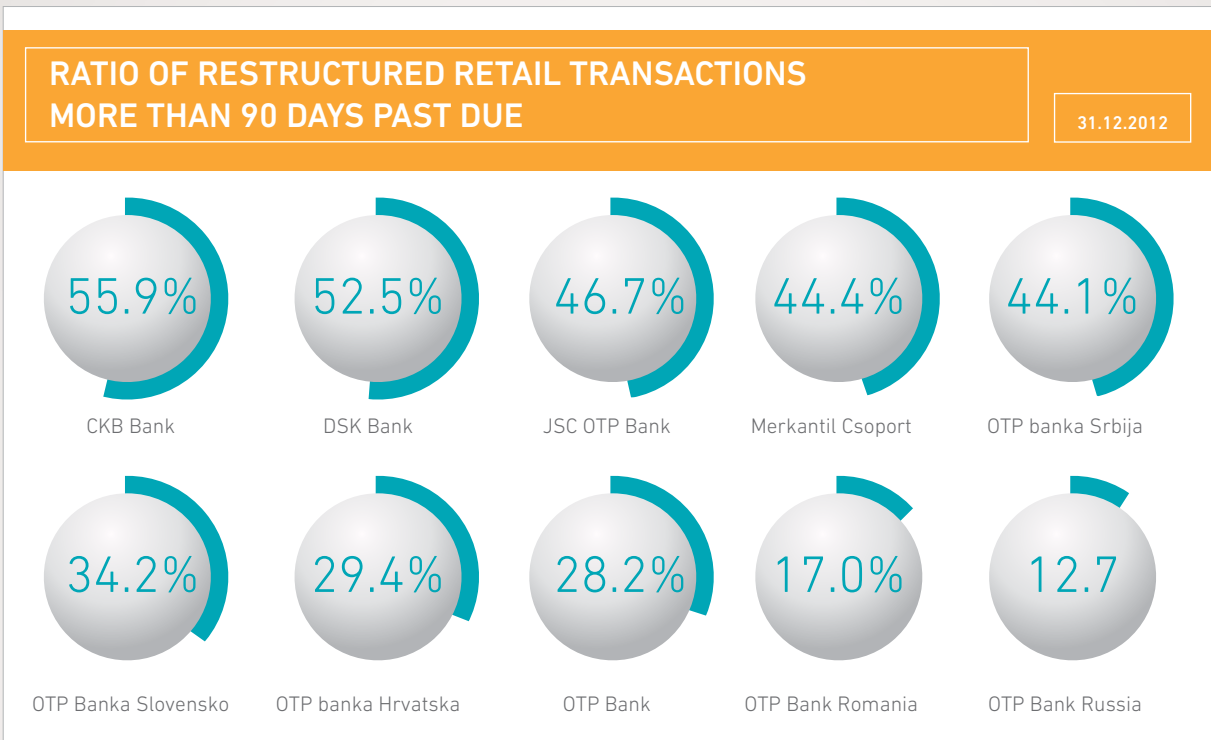
\* Since 2011 H2 corporate income tax relief is also available for the sponsoring of spectator sports and the amount of tax relief comprises the tax relief due on account of sponsorship of films and performing arts as well.

In comparison to the preceding year, this change is the cause of the significant increase of the tax relief used.

\*\*OTP Bank provided sponsorship to film making and spectator sports in 2012 as well, which made it possible for the Bank to use the corporate tax relief, up to 70% of the calculated amount of the corporate income tax payable. In the tax year of 2012 OTP Bank Plc. did not have a positive corporate income tax base required for applying the corporate income tax relief based on its sponsorships that give rise to entitlement to corporate income tax relief, i.e. it had no calculated corporate income tax payable. The taxpayer providing sponsorship can also decide to apply the tax relief for the tax year's sponsorships not in the given tax year but in any of the next 3 tax years, regardless of whether the corporate income tax payable in the tax year of the sponsorship does or does not enable the applying of the tax relief.

\*\*\*As a consequence of changes in the applicable legislation since 1 January 2012 the Bank cannot, at its discretion, reduce the amount of the innovation contribution it has to pay by subtracting the direct costs of R&D activities, i.e. neither the costs of its own R&D activities nor those of such activities ordered from external organisations can be used as items reducing the amount of the innovation contribution payable.

## 6.2 DATA ON RESPONSIBLE SERVICE PROVISION



### Assets managed by responsible investment funds

The amount of the assets managed by OTP Climate Change 130/30 Fund at end-2012 was HUF 0,773 billion (2011: HUF 1.007 billion, 2010: HUF 1.4 billion, 2009: HUF 1.3 billion).

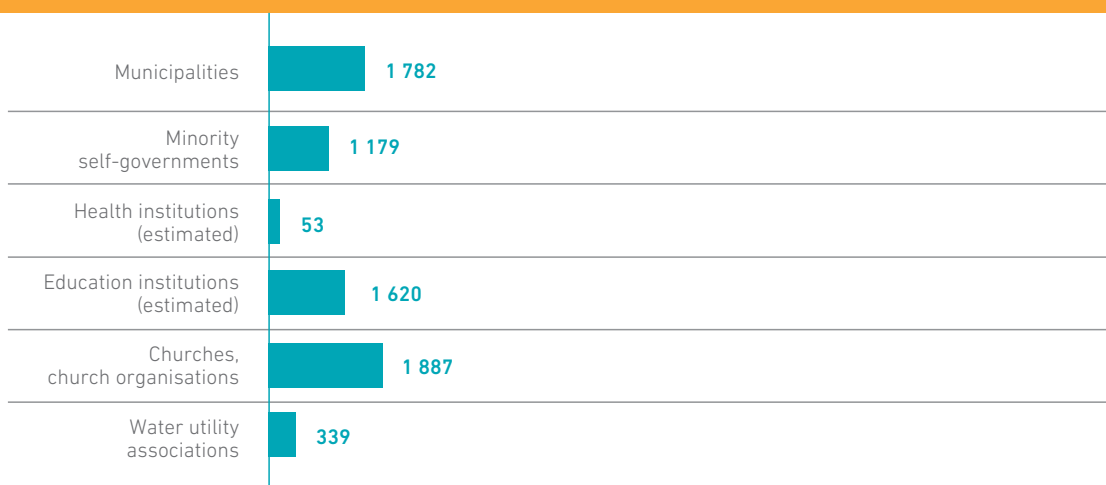
The amount of the assets managed by OTP Green Energy Fund is about HUF 636 million (2011: HUF 400 million, 2010: HUF 600 million).

In our view the existing investment culture in Hungary and in our region still only recognises investments laying particular attention on responsible corporate operations to a modest extent, therefore no major boom in such funds should be expected in the near future.



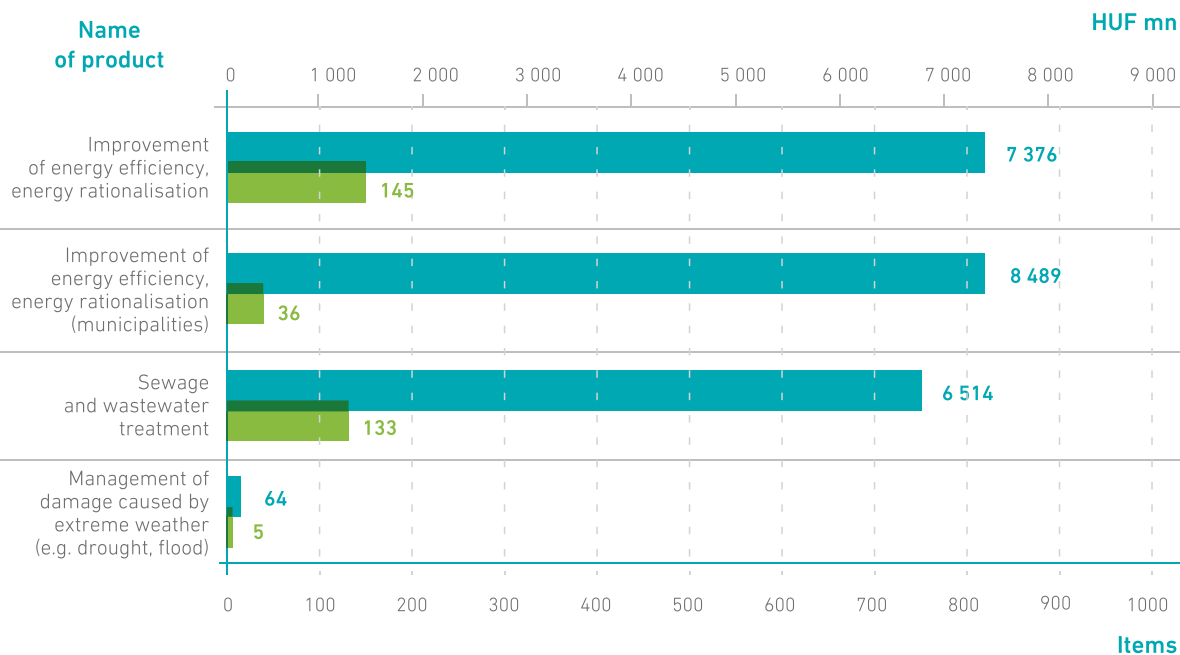
## SPECIAL CORPORATE AND MUNICIPAL GOVERNMENTAL CUSTOMERS, OTP BANK

31.12.2012



## ATTRIBUTES OF SPECIAL ENVTL LOAN PRODUCTS, OTP BANK

31.12.2012

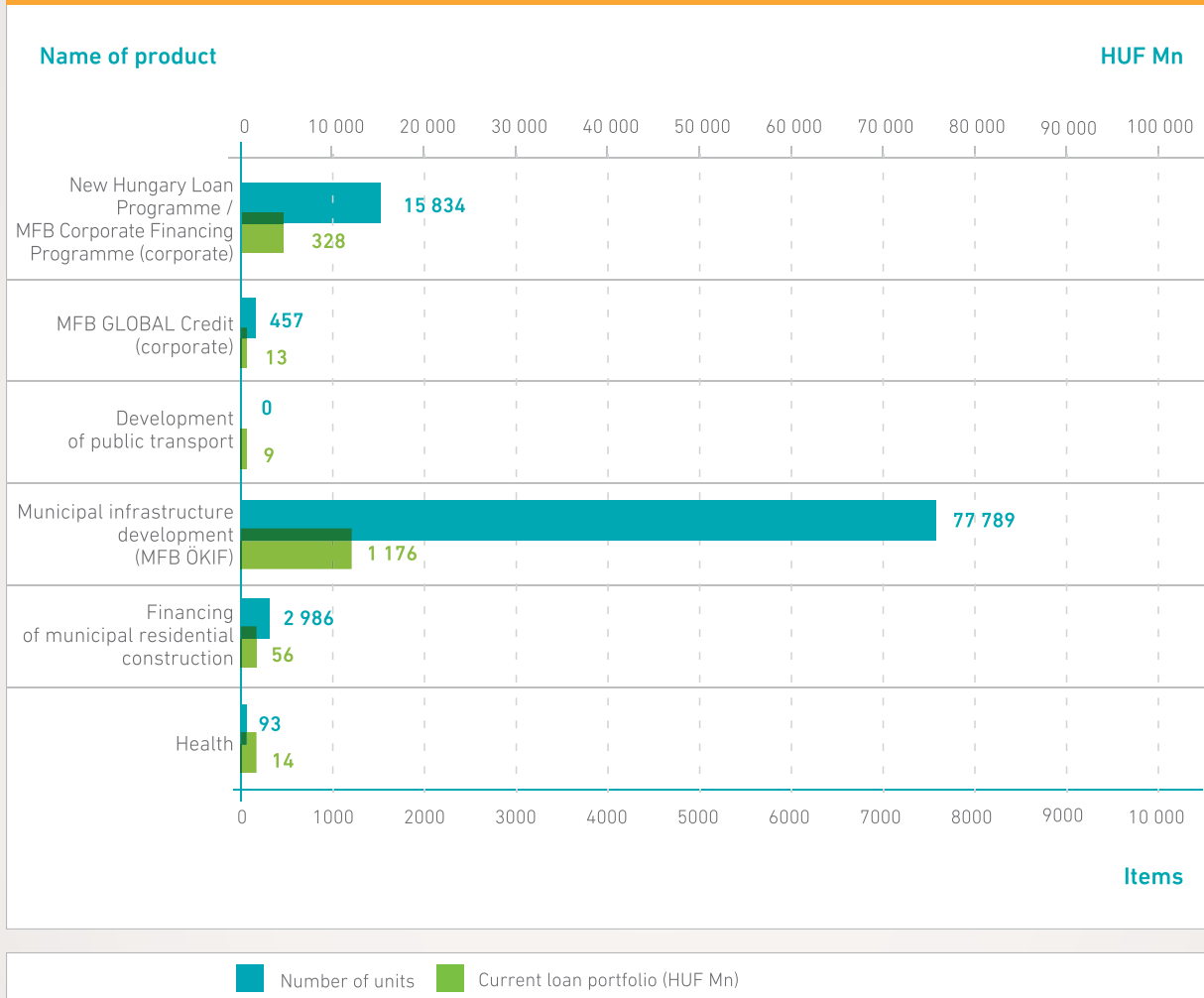


■ Number of units ■ Current loan portfolio (HUF Mn)



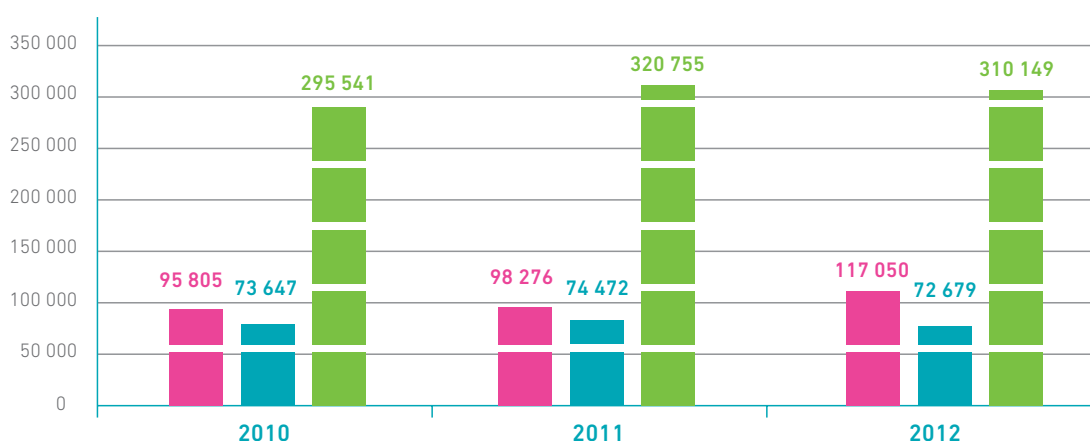
## ATTRIBUTES OF SPECIAL CORPORATE/MUNICIPAL LOAN PRODUCTS, OTP BANK

31.12.2012



- OTP Bank Romania financed 12 new municipal infrastructure development projects in 2012.
- JSC OTP Bank provided special loans in 2012:
  - > on 1 occasion for education-related purpose,
  - > on 10 occasions for health-related purposes,
  - > on 5 occasions for natural science and technical research and development purposes.

## CUSTOMER COMPLAINTS OTP BANK



■ number of closed complaints 
 ■ number of justified complaints 
 ■ compensation paid (HUF th)

## CUSTOMER COMPLAINTS

OTP BANK

OTP GROUP

### 2010

Compensation paid (HUF)

296 million

398 million

Amount of compensation per justified complaint (HUF)

4 000

5 300

### 2011

Compensation paid (HUF)

321 million

659 million

Amount of compensation per justified complaint (HUF)

4 300

8 500

### 2012

Compensation paid (HUF)

310 million

419 million

Amount of compensation per justified complaint (HUF)

4 300

5 400

## NUMBER OF CASES OF FRAUD USING BUYERS' PERSONAL DATA

2012

OTP BANK

OTP GROUP

Complaints from external parties, the justification of which was confirmed by the organisation

0

7

Complaints received from regulatory bodies

0

508\*

Data leaks

0

5

Data theft

0

618\*

Data loss

0

451\*\*

\*Number of cases of fraud linked to OTP Bank Russia: 459 and 568, respectively.

\*\*Number of cases of fraud linked to OTP Banka Slovensko: 388.

### PROCEDURES OF AUTHORITIES AND OTHER LEGAL PROCEDURES CLOSED IN 2012

### OTP BANK

	Number of closed procedures	Amount of fines paid (HUF mn)	Number of procedures closed with fines	Number of procedures closed with non-financial	Number of procedures closed in the framework of conflict management procedure	Number of procedures closed with acquittal	Number of procedures converted into court procedures
Violation of competition rules	0	0	0	0	0	0	0
Violation of consumer protection rules	49	2.6	16	32	0	0	1
Violation of rules on equal opportunities	0	0	0	0	0	0	0
Supervisory procedures	7	1	1	3	0	3	0
Violation of taxation rules	0	0	0	0	0	0	0
Other procedures that may result in fines*	197	0	0	0	68	125	4
Total	253	3.6	17	35	68	128	5

\*Cases of Financial Arbitration Board / For data concerning 2011 see page 72 of the 2011 Corporate Social Responsibility Report. For data concerning 2010 see page 24 of the Corporate Social Responsibility Report on 2010.

### PROCEDURES OF AUTHORITIES AND OTHER LEGAL PROCEDURES CLOSED IN 2012

### OTP GROUP

	Number of closed procedures	Amount of fines paid (HUF mn)	Number of procedures closed with fines	Number of procedures closed with non-financial	Number of procedures closed in the framework of conflict management procedure	Number of procedures closed with acquittal	Number of procedures converted into court procedures
Violation of competition rules	0	0	0	0	0	0	0
Violation of consumer protection rules	252	26.4	79	68	30	28	4.7
Violation of rules on equal opportunities	0	0	0	0	0	0	0
Supervisory procedures	8	1	1	3	1	3	0
Violation of taxation rules	3	0.3	3	0	0	0	0
Other procedures that may result in fines*	203	1.4	3	0	69	125	6
Total	466	29.1	86	71	100	156	53

For data concerning 2011 see page 72 of the 2011 Corporate Social Responsibility Report. For data concerning 2010 see page 24 of the Corporate Social Responsibility Report on 2010.

Procedures under the competition law / No procedure under the competition law was closed in 2012 in the OTP Group — at the end of the year two such procedures were underway.



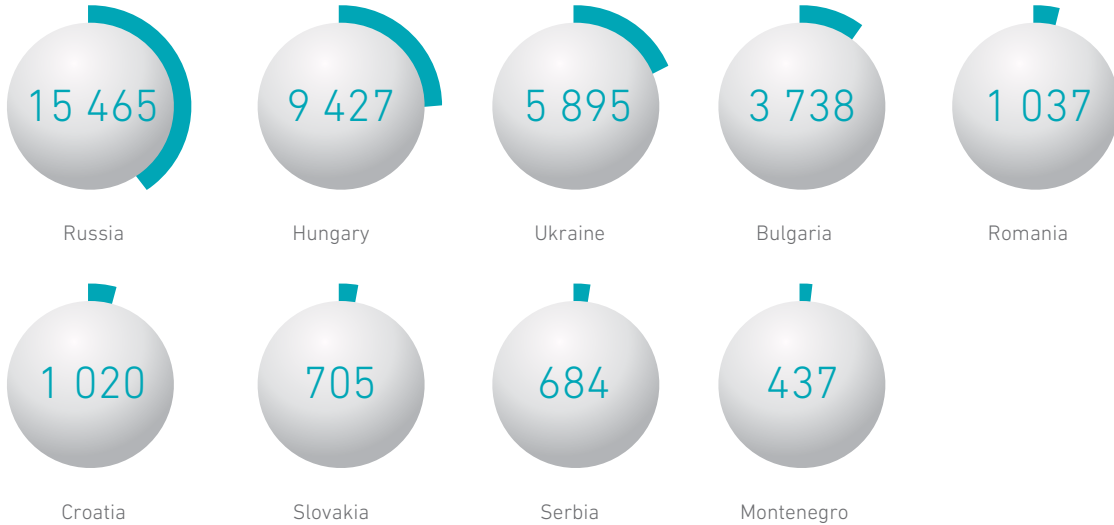
## 6.3 DATA ON THE SHAREHOLDERS

HEADCOUNT NUMBERS (PERSONS, ON 31 DECEMBER)				OTP BANK
	2010	2011	2012	
Full time employees	6 575	6 873	7 084	
Part time employees over 60 hours a month	1 175	1 039	948	
Statistical headcount, total	7 750	7 912	8 032	
Part time employees below 60 hours a month	50	45	38	
<b>Employees, total</b>	<b>7 800</b>	<b>7 957</b>	<b>8 070</b>	
Proportion of women	77%	75%	74%	
Proportion of men	23%	25%	26%	
Proportion of those employed under fixed term contracts	6%	8%	9%	
HEADCOUNT NUMBERS (PERSONS, ON 31 DECEMBER)				OTP GROUP
	2010	2011	2012	
Full time employees	27 612	32 394	37 147	
Part time employees over 60 hours a month	1 520	1 336	1 261	
Statistical headcount, total	29 132	33 730	38 408	
Part time employees below 60 hours a month	9 160	15 623	14 296	
<b>Employees, total</b>	<b>38 292</b>	<b>49 353</b>	<b>52 704</b>	
Proportion of women	74%	74%	79%	
Proportion of men	26%	26%	21%	
Proportion of those employed under fixed term contracts	5%	39%*	3%	
*Primarily owing to the employment of more than 17,000 employees of OAO OTP Bank (most of them agents) under fixed term contracts.				

## BREAKDOWN OF NUMBER OF EMPLOYEES BY COUNTRY

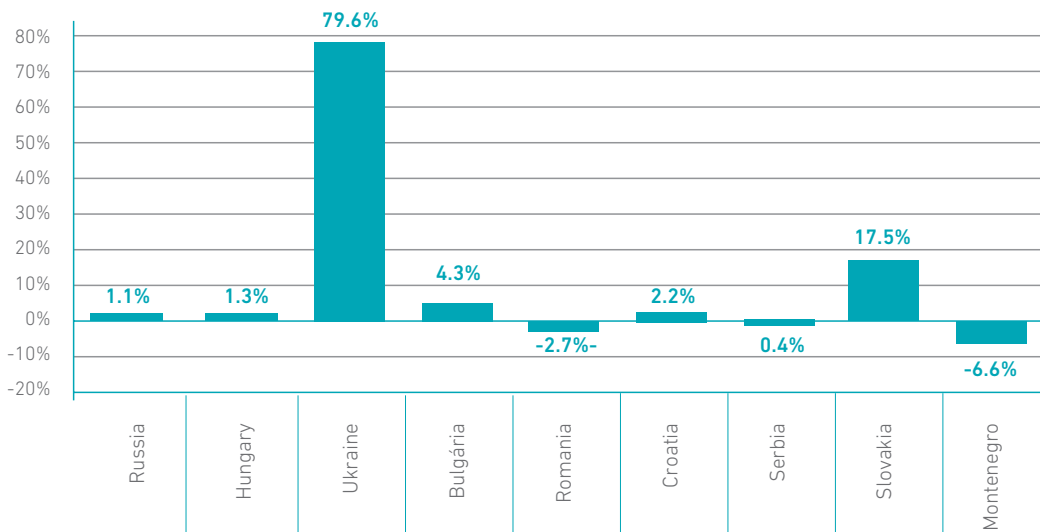
STATISTICAL HEADCOUNT

31.12.2012



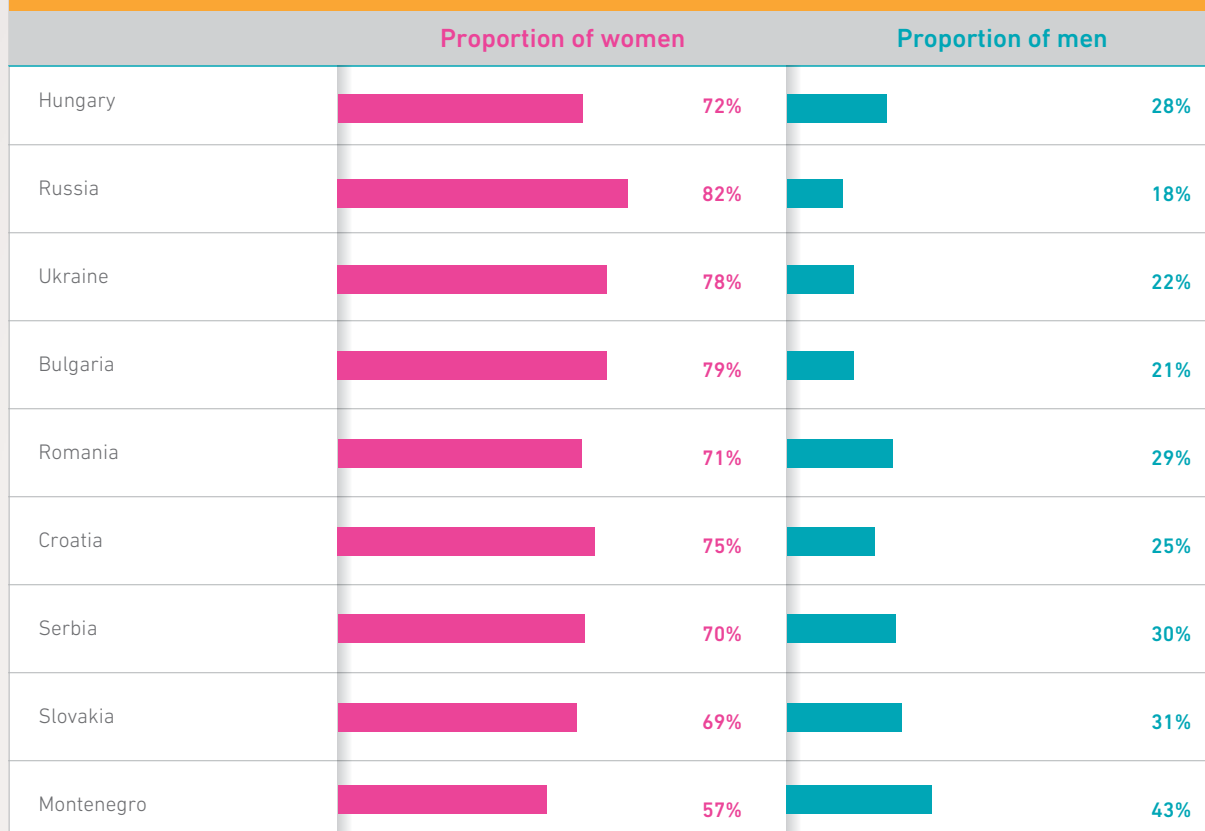
## CHANGE IN THE HEADCOUNT IN COMPARISON TO PREVIOUS YEAR

31.12.2012



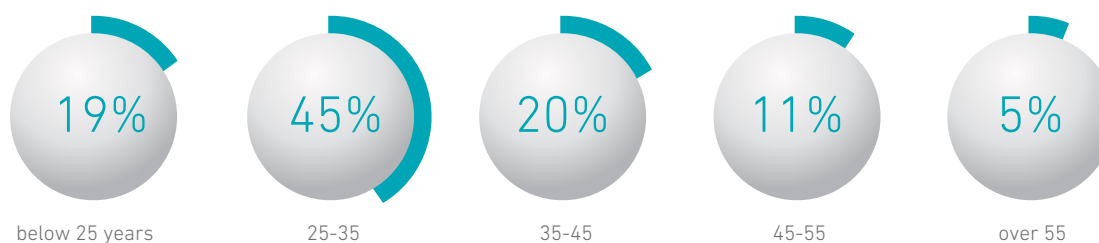
## BREAKDOWN OF EMPLOYEES BY GENDER AND REGION

31.12.2012



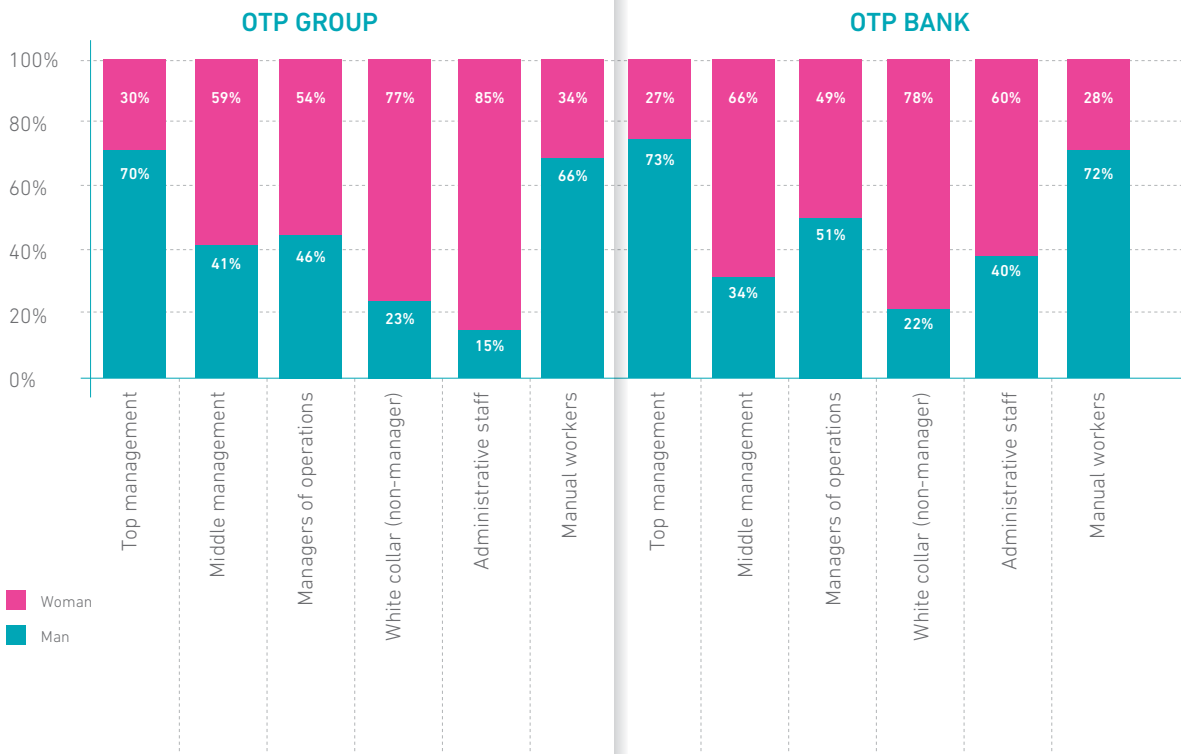
## DISTRIBUTION OF EMPLOYEES BY AGE, OTP GROUP

2012



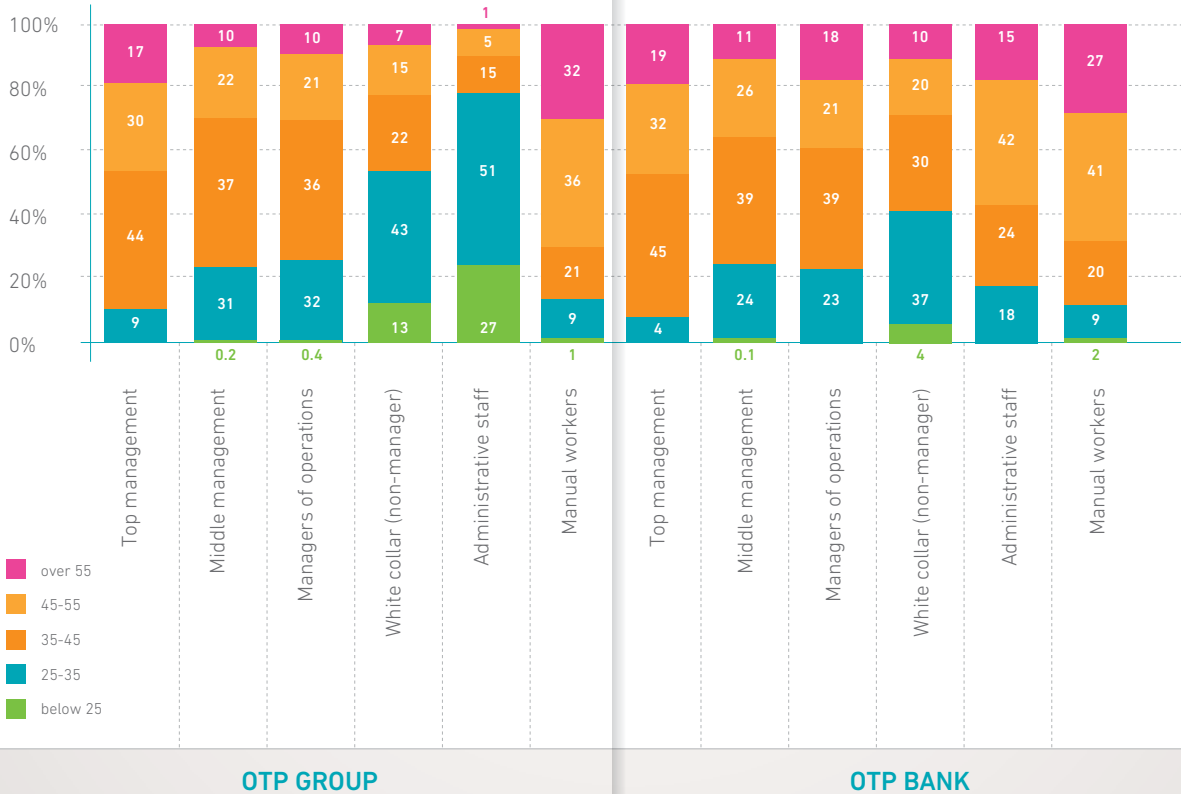
## BREAKDOWN OF EMPLOYEE CATEGORIES BY GENDER

31.12.2012.



## BREAKDOWN OF EMPLOYEE CATEGORIES BY AGE

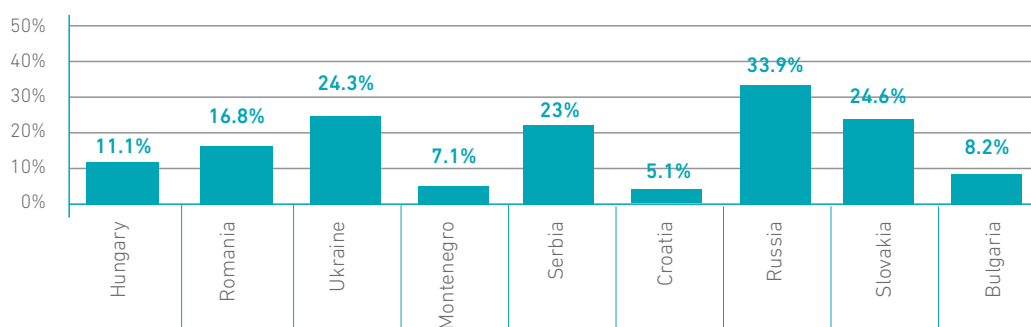
31.12.2012.



The 10 standing committees of OTP Bank have a total of 104 members, 95% of whom are men, 5% women; the majority of the members, 35%, are aged between 35 and 44, 2% below 34 and nearly 30% fall in the 45-54 and over 55 category.

## DISTRIBUTION OF DEPARTED EMPLOYEES BY COUNTRY, OTP GROUP

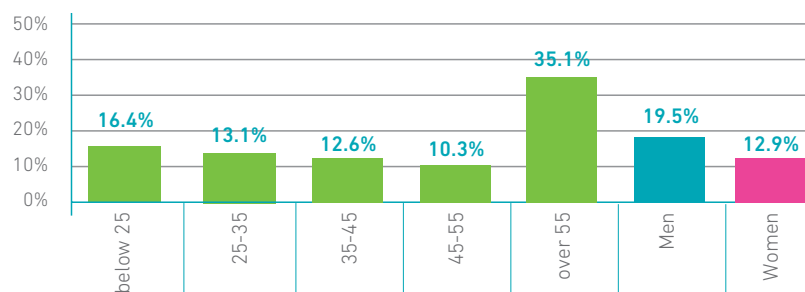
31.12.2012.



## DISTRIBUTION OF DEPARTED EMPLOYEES BY GENDER AND AGE, OTP GROUP

RELATIVE TO THE TOTAL HEADCOUNT OF THE GIVEN CATEGORY

31.12.2012.



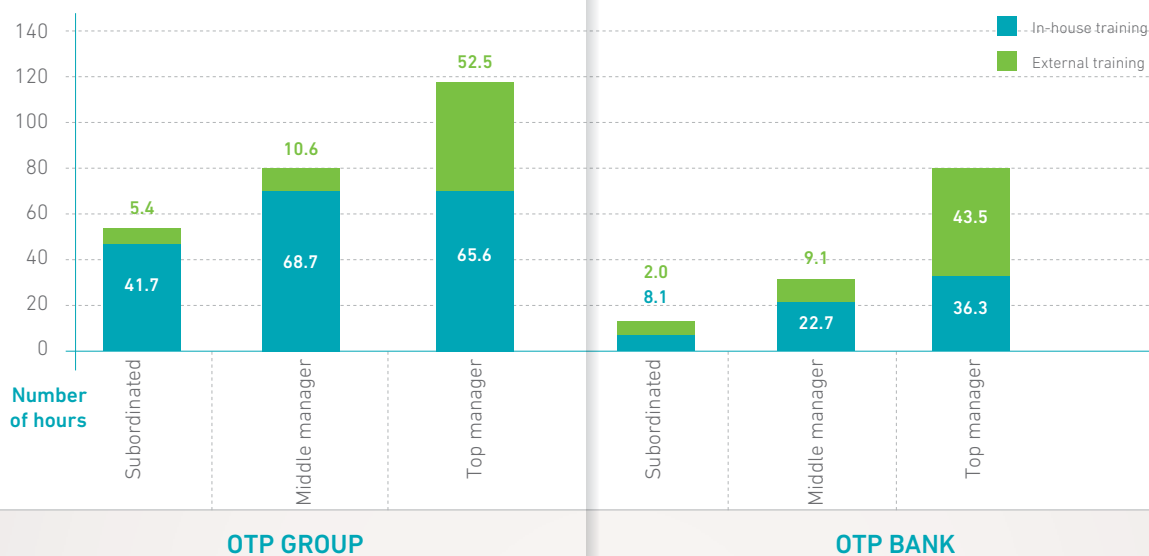
Fluctuation varies widely among the individual companies of the OTP Group, which is explained by regional and sectoral characteristics:

- generally higher fluctuation rates in the banking sector in Slovakia, Romania and Serbia;
- the large number of agents in Russia and Ukraine.



## NUMBER OF HOURS OF TRAINING PER PERSON

2012



As compared to 2011, on a Group level the total sum spent on training slightly decreased, and so did the average number of training hours. With reference to the total number of employees, in-house training dropped from 10.5 to 9.2 hours on average, while external training dropped from 3.8 to 2.8 hours. Concerning OTP Bank, in-house training rose

from 41.1 hours to 45.3 hours on average, while external training dropped from 16.4 to 7.2 hours. The amount of training provided is largely influenced by the availability of comprehensive training programmes extending to a wide range of employees, while in the case of external training cost-related considerations also play an important role.

## PROGRAMMES AIMED AT SKILL DEVELOPMENT AND LIFELONG LEARNING

2012

OTP BANK

OTP GROUP

In-house training courses	Available	Typically available
External training or financial assistance to training	Available	Typically available
Leave of absence for studying, with job guaranteed to be reserved	Available	Typically available
Planning before pension for those about to retire	Not available	Typically not available
Continued training for those who intend to keep on working after retirement	Not available	Partly available
Severance pay	Available	Typically available
If the organisation provides no severance pay, does it take into account the employee's age	No	Partly yes
If the organisation does provide severance pay, does it take into account the number of the employee's years of service	Yes	Typically yes
Job seeking assistance for employees made redundant	Not available	Typically not available
Assistance during the transition to life without employment	Available	Typically not available

Weighted average by employee / Typically not available: available at less than 50% of the members of the Group. Partly available: available at 51-70% of the members of the Group. Typically available: available at 71-99% of the members of the Group.

ABSENTEEISM DUE ILLNESS, ACCIDENTS	OTP GROUP			OTP BANK		
	2010	2011	2012	2010	2011	2012
Sick leave (days)	424 569	537 647	714 721	70 666	54 962	89 535
Absence rate	12.11%	7.16%	8.71%	3.92%	3.02%	4.82%
Number of accidents	37	61	38	11	35	13
Accident rate	0.004%	0.001%	0	0.007%	0.002%	0.001%
Number of days lost due to an accident at work	490	1 314	872	455	376	222
Ratio of days lost	0.014%	0.018%	0.11%	0.005%	0.021%	0.012%

The accident statistics are recorded using methods prescribed by law.  
When calculating the rates, the number of days of absence or the number of accidents was compared to the work days to be spent working.

ABSENTEEISM DUE ILLNESS, ACCIDENTS							2012
	Sick leave (days)	Absence rate	Number of accidents	Accident rate	Number of days lost through accident at work	Ratio of days lost	
OTP Group, Hu	98 501	4.51%	18	0.001%	227	0.01%	
Bulgaria*	226 883	26.42%	2	0%	112	0.013%	
Montenegro	9 885	9.32%	0	0%	0	0%	
Croatia	14 613	6.23%	12	0.005%	395	0.168%	
Romania	30 422	12.50%	0	0%	0	0%	
Slovakia	3 680	2.30%	3	0.002%	50	0.035%	
Serbia	12 928	8.01%	3	0.002%	88	0.054%	
Russia	276 593	8.54%	0	0%	0	0%	
Ukraine	41 196	4.05%	0	0%	0	0%	

\* Including long periods of absence owing to ill health (e.g. child care) and unpaid holidays as well.



## AID IN RELATION TO SERIOUS ILLNESSES

2012

	Employees		Employees' family members		Members of local community	
	OTP BANK	OTP GROUP	OTP BANK	OTP GROUP	OTP BANK	OTP GROUP
Education/training on how to prevent/treat a given illness	Available	Typically not available	Not available	Typically not available	Not available	Typically available
Consultancy concerning illnesses	Available	Typically not available	Available	Typically not available	Not available	Partly available
Activities aimed at preventing illnesses or the spreading of illnesses	Available	Typically available	Available	Typically not available	Not available	Typically not available
Treatment	Available	Typically available	Not available	Typically not available	Not available	Partly available

Weighted average by employee

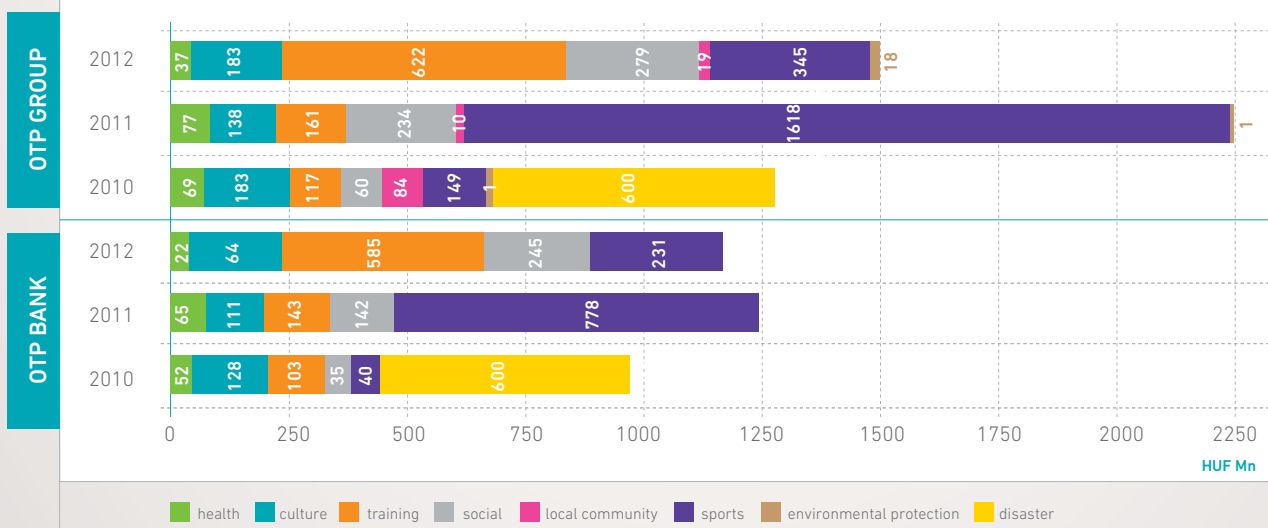
Typically not available: available at less than 50% of the members of the Group.

Typically available: available at 71-99% of the members of the Group.

There are no employees particularly exposed to the risk of certain illnesses as a consequence of their activities at work

## 6.4 DATA CONCERNING CORPORATE SOCIAL RESPONSIBILITY

### DONATIONS — OTP BANK AND OTP GROUP



## 6.5 DATA ON ENVIRONMENTALLY FRIENDLY OPERATION

TYPICAL DATA ON MATERIALS USED BY OTP GROUP AND ITS PROCUREMENTS	OTP BANK			OTP GROUP		
	2010	2011	2012	2010	2011	2012
Number of branch offices	403	397	397	1 589	1469	1443
Ratio of branch offices refurbished during the year to the total number of branch offices	5%	4%	3%	3%	3%	4%
Number of computers	Approx. 9,000	Approx. 9,000	Approx. 9,000	n.a.	n.a.	n.a.
Replacement period	Average: 4 years					
Number of ATMs	1 995	2 028	1 956	4 107	4 013	3 940
Number of POS terminals	39 231	42 122	49 385	57 650	58 813	66 644
Weight of ink cartridges and toners used (kg)	4 350	4 057	3 128	26 527*	36 566*	32 987*
Weight of CDs and DVDs used (kg)	116	97	91	338*	504*	262*
Amount of stationery (t)	1 038	960	963	3 173*	3 248*	3 382*
Amount of paper used for document sorting and packaging (t)	29	17	24	1 131**	124**	223**
Amount of indirectly used paper (t)***	670	752	580	2 436**	2 765**	2 256**

\*Estimate: based on actual data, calculated by proportioning  
 \*\* The data on the amount of paper used by the OTP Group are somewhat less reliable  
 \*\*\* E.g. marketing publications, letters posted by sub-contractor

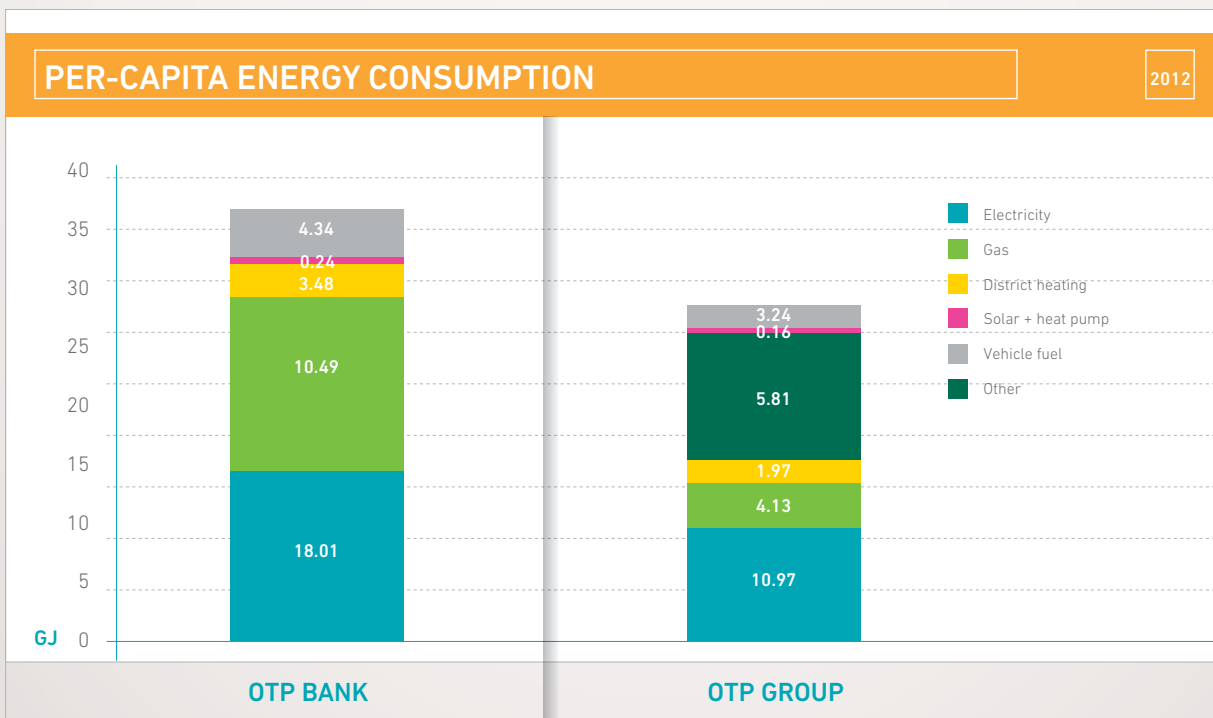
### Use of recycled materials:

- 2.9% of the amount of paper used by the OTP Group, 3.5% of the amount of paper used by OTP Bank is recycled.
- Some 70% of the toners used by OTP Bank are aftermarket products.



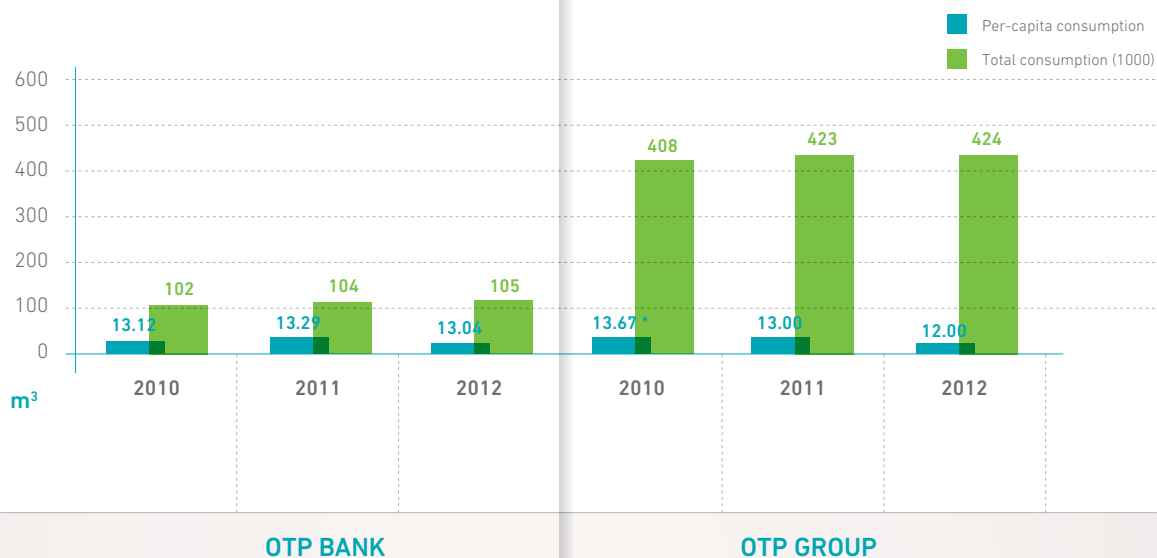
ENERGY CONSUMPTION (GJ)		OTP BANK			OTP GROUP		
		2010	2011	2012	2010	2011	2012****
Direct energy consumption	Gas energy	90 113	85 041	84 080	222 125	222 125	146 089
	Fuel for vehicles	27 260*	18 173**	34 801	136 107*	165 139	114 730
	Other	0	0	0	12 602*	10 887	205 382
	Solar energy	1 950	1 950	1 950	1 950	1 950	1 950
	Heat pump	772	1 170	0***	772	1 170	3 867
	Total	120 095	106 334	120 831	373 556***	373 556***	472 018
Indirect energy consumption	Electricity	149 508	141 253	145 004	483 050	483 050	387 934
	District heating	29 000	33 171	27 911	110 163	95 717	69 530
	Total	178 508	174 424	172 915	593 213	593 213	457 464
<b>Grand total energy consumption</b>		<b>298 603*</b>	<b>280 758</b>	<b>293 746</b>	<b>966 769*</b>	<b>1 013 343</b>	<b>929 482</b>
<b>Per-capita energy consumption</b>		<b>38.4*</b>	<b>35.59</b>	<b>36.65</b>	<b>32.43*</b>	<b>31.20</b>	<b>26.29</b>

\*The extremely low figure is the result of imperfection in data collection  
 \*\*Stated at Monicomp Zrt.  
 \*\*\*An adjustment took place after reporting because one of the subsidiaries modified its data.  
 \*\*\*\*Data supplied in 2012 were significantly more accurate.





## OTP GROUP - WATER CONSUMPTION



\*An adjustment took place after reporting because one of the subsidiaries modified its data.

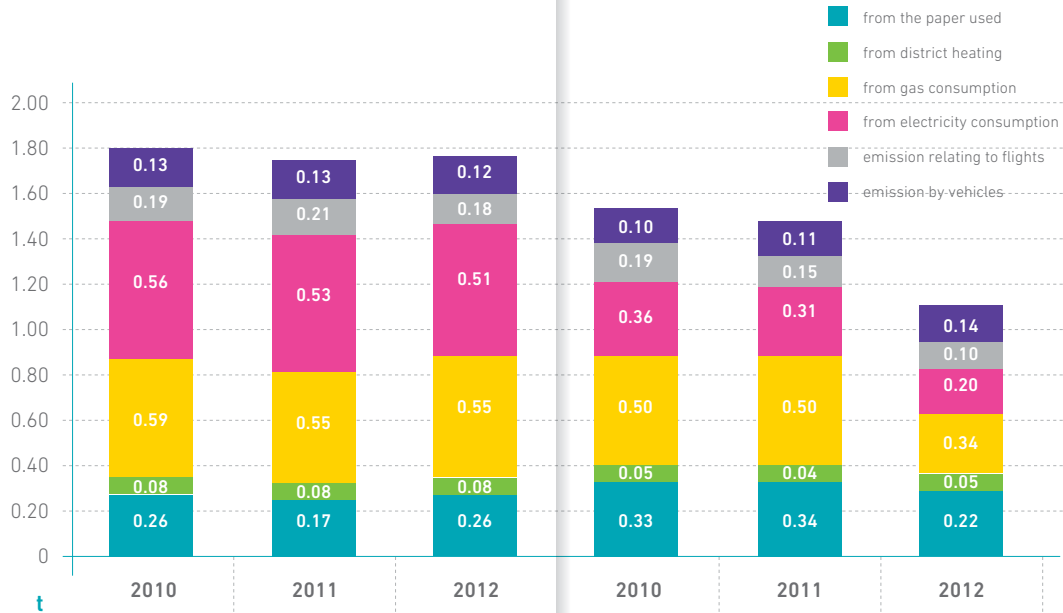
## OTP GROUP'S TOTAL CO<sub>2</sub> EMISSION (T)

		OTP BANK			OTP GROUP		
		2010	2011	2012	2010	2011	2012
Direct	by vehicles	1 987	1 322*	2 049	9 789	11 109	7 635
	flight related	595	634	601	1 486	1 397	1 852
Indirect	from electricity	4 568	4 316	4 431	14 760	16 310	11 854
	from natural gas consumption	4 384	4 137	4 091	10 807	9 958	7 107
	district heating	1 465	1 675	1 410	5 563	4 834	3 511
	in relation to the paper used	1 042	1 037	940	2 956	3 682	2 987
<b>Total</b>		<b>14 041</b>	<b>13 121</b>	<b>13 522</b>	<b>45 361</b>	<b>47 290</b>	<b>36 761</b>
<b>Per-capita</b>		<b>1.81</b>	<b>1.67</b>	<b>1.69</b>	<b>1.52</b>	<b>1.46</b>	<b>1.04</b>

The table contains the key identified items of carbon-dioxide emission. It was calculated on the basis of the applicable statutory regulations, industry estimates and official emission data.

\*The extremely low figure is the result of imperfection in data collection

## BREAKDOWN OF THE PER-CAPITA CO<sub>2</sub> EMISSION



OTP BANK

OTP GROUP

## THE AMOUNT OF THE WASTE OUTPUT

OTP BANK

OTP GROUP

	2010	2011	2012	2010	2011	2012
Communal waste (t)	2 562	2 712	2 975	n.a.	n.a.	n.a.
Communal waste per employee (kg)	328	345	324	n.a.	n.a.	n.a.
Selectively collected waste paper (t)	518	404	348	616	877*	631**
Selectively collected PET bottles (kg)	4 707	11 046	9 598	5 013	11 442	9 957
Selectively collected hazardous waste (kg)	239	432	489	1 409	24 257	19 749

\*The significant increase was due to Monicomp Zrt. (219 t), and DSK Bank (139 t).

\*\*DSK Bank does not collect information on selective waste collection but it does collect waste paper from its scrapped documents, PET water bottles in the central buildings and ink cartridges selectively.

## 6.6 GRI INDEX

DETERMINATION OF APPLICATION LEVEL ACCORDING TO THE GRI G3 GUIDE						
Application level / presentation criteria	C	C+	B	B+	A	A+
Organisational profile	1.1; 2.1-2.10; 3.1-3.8; 3.10-3.12; 4.1-4.4; 4.14-4.15	certified by an external organisation	complete presentation	certified by an external organisation	complete presentation	certified by an external organisation
Management approach	not required		in regard to all indicator categories		in regard to all indicator categories	
Performance indicators	at least 10 indicators, at least one indicator from the social, economic and environmental category		at least 20 indicators, at least one indicator in every single indicator category		all basic indicators	

DETERMINATION OF APPLICATION LEVEL ACCORDING TO THE GRI G3 GUIDE			
Indicator number	Indicator description	Where it is found	Comment
<b>Strategy and analysis</b>			
1.1	Declaration issued by the highest ranking decision maker on the importance of sustainability for the organisation and its strategy	welcoming address	
1.2	Description of key impacts, risks and opportunities	welcoming address, accomplishment of goals, new goals, website	<a href="https://www.otpbank.hu/csr/hu/fenntarthatosag">https://www.otpbank.hu/csr/hu/fenntarthatosag</a>
<b>Organisational profile</b>			
2.1	Name of the organisation	imprint, on the report, website	<a href="https://www.otpbank.hu/portal/hu/Impresszum">https://www.otpbank.hu/portal/hu/Impresszum</a>
2.2	Primary brands, products and/or services	website	<a href="https://www.otpbank.hu/portal/hu/fooldal">https://www.otpbank.hu/portal/hu/fooldal</a> , the subsidiaries' websites accessible from <a href="https://www.otpbank.hu/portal/hu/OTPCsoport">https://www.otpbank.hu/portal/hu/OTPCsoport</a>
2.3	The organisation's operating structure, key divisions	website	<a href="https://www.otpbank.hu/portal/hu/IR_Tarsasagiranyitas/SzervezetiAbra">https://www.otpbank.hu/portal/hu/IR_Tarsasagiranyitas/SzervezetiAbra</a> The chief executives are responsible managers of their respective divisions and special functions. In the case of the foreign subsidiaries every division manager is responsible for professional management.  <a href="https://www.otpbank.hu/static/csr/download/kiemelt_szervezeti_egysegek.pdf">https://www.otpbank.hu/static/csr/download/kiemelt_szervezeti_egysegek.pdf</a>  The key subsidiaries covered by the reports are listed in Subsection 3.6.

Indicator number	Indicator description	Where it is found	Comment
2.4	The location of the centre of the organisation	website	<a href="https://www.otpbank.hu/portal/hu/Impresszum">https://www.otpbank.hu/portal/hu/Impresszum</a>
2.5	The sites of the operation of the company	map, Chapter 1.	
2.6	The nature and legal form of ownership	website	<a href="https://www.otpbank.hu/portal/hu/Rolunk/Tortenet">https://www.otpbank.hu/portal/hu/Rolunk/Tortenet</a>
2.7	The markets served, in a breakdown by division and area	map, Annual report	For more information see the Annual report. <a href="https://www.otpbank.hu/portal/hu/IR_Eves_jelentes">https://www.otpbank.hu/portal/hu/IR_Eves_jelentes</a>
2.8	The size of the reporting organisation	map, data Annual report	For more information see the Annual report. <a href="https://www.otpbank.hu/portal/hu/IR_Eves_jelentes">https://www.otpbank.hu/portal/hu/IR_Eves_jelentes</a>
2.9	Major changes during the reporting period in the size, structure or ownership of the organisation	Annual report	Information on the changes that have taken place — management, share capital, total capitalisation — is presented in the Annual report. <a href="https://www.otpbank.hu/portal/hu/IR_Eves_jelentes">https://www.otpbank.hu/portal/hu/IR_Eves_jelentes</a> . No major change took place in the other areas.
2.10	Awards and prizes received during the reporting period	Chapter 1, website	<a href="https://www.otpbank.hu/portal/hu/Rolunk/Dijak/2012">https://www.otpbank.hu/portal/hu/Rolunk/Dijak/2012</a>
<b>The parameters of the report</b>			
3.1	Specification of the reporting period	About the report	
3.2	Date of the latest report	website	We released our Corporate Social Responsibility Report covering year 2011. <a href="https://www.otpbank.hu/static/csr/download/OTP_Vallalati_felelossegvallalasi_jelentes_2011.pdf">https://www.otpbank.hu/static/csr/download/OTP_Vallalati_felelossegvallalasi_jelentes_2011.pdf</a>
3.3	The length of the reporting cycle		Annual cycle
3.4	Accessibility for those who have any question concerning the report		<a href="mailto:csr@otpbank.hu">csr@otpbank.hu</a>
3.5	The process of the specification of the contents of the report	About the report, website	<a href="https://www.otpbank.hu/static/csr/download/a_jelentestete_lalapelvei.pdf">https://www.otpbank.hu/static/csr/download/a_jelentestete_lalapelvei.pdf</a>
3.6	The limits of the report		The report contains information on the key members of the OTP Group, including OTP Bank, all of the foreign subsidiaries and the following subsidiaries in Hungary: OTP Mortgage Bank, OTP Building Society, OTP Factoring, OTP Home Leasing, Merkantil Group, OTP Life Annuity, OTP Private Pension Fund, OTP Voluntary Pension Fund, OTP Health Insurance Fund, OTP Fund Service Provider, OTP Property, OTP Property Fund Manager, OTP Fund Manager, OTP Hungaro-Project, OTP Travel, Monicomp. Data of other enterprises — with sales revenue figures below HUF 1 billion — are not contained in the report. Suppliers are not covered by the report either.
3.7	Restriction on scope and limits		The report covers the group members listed in Subsection 3.6. No extension is planned in regard to the member companies. As for performance indicators we provide information on major suppliers within 3 years, where this is expected.
3.8	Description of the criteria on the basis of which the organisation describes in its report the performance of the joint ventures, subsidiaries, facilities leased to customers, outsourced operations and other units that may have a major impact on the report's comparisons over time and/or with other organisations	website	<a href="https://www.otpbank.hu/static/csr/download/a_jelentestete_lalapelvei.pdf">https://www.otpbank.hu/static/csr/download/a_jelentestete_lalapelvei.pdf</a>

Indicator number	Indicator description	Where it is found	Comment
3.9	Description of the fundamentals of data measuring techniques and calculations, including assumptions and technological considerations applied in working out estimates or in compiling indicators and other pieces of information comprised in the report	website and relevant sections	<a href="https://www.otpbank.hu/static/csr/download/a_jelentestetel_alapelvei.pdf">https://www.otpbank.hu/static/csr/download/a_jelentestetel_alapelvei.pdf</a>
3.10	Reasons for the repeated presentation of information already disclosed in earlier reports		Repeated presentation of information and data should be avoided, as the previous years' Corporate Social Responsibility Reports are accessible. Where information is repeatedly presented nonetheless, it is required for the sake of the clarity of new information.
3.11	Major changes in the report's scope, limits or the methods of measurement applied, in comparison to the previous reporting period		No major changes have taken place.
3.12	Table showing where the elements of the standard presentation of data are to be found in the report	GRI index	The table is also used for the communication of information.
3.13	Description of the policy and practice currently applied by the organisation in having the report certified by an external entity		The report was certified by Deloitte Üzletviteli és Vezetési Tanácsadó Zrt.
<b>Management, commitment and obligations</b>			
4.1	Description of the organisation's management structure	website, Data	<p><a href="https://www.otpbank.hu/portal/hu/IR_Tarsasagiranyitas">https://www.otpbank.hu/portal/hu/IR_Tarsasagiranyitas</a> — Board of Directors, Supervisory Board, Operational top management, Responsible Corporate Management Report 26.04.2013</p> <p><a href="https://www.otpbank.hu/static/portal/sw/file/OTP_Alapszabaly_20130426.pdf">https://www.otpbank.hu/static/portal/sw/file/OTP_Alapszabaly_20130426.pdf</a></p> <p>The Board of Directors elects its chairman from among its members, the chairman of the Board of Directors is, at the same time, the Company's Chief Executive Officer (Chairman and Chief Executive). The operation of OTP Bank is assisted by standing committees functioning as the Bank's bodies in charge of preparing and making decisions as well as conducting consultations. The Board of Directors is empowered to set up standing committees.</p> <p><b>Management Committee:</b> the Bank's supreme managing body, the forum assisting the work of the Chairman and Chief Executive directly. It has a decision-making power concerning issues assigned to its scope of competence by the Bylaws, it issues preliminary position statements and it performs a function preparing decisions to be made on many of the issues submitted to the General Assembly, the Board of Directors or the Supervisory Board, along with a coordinating role in the Bank's top management. The Committee plays a role of a strategic nature.</p> <p><b>Subsidiary Integration and Managing Committee:</b> in the wake of acquisitions by the Bank, it manages and coordinates the process of the adoption of action plans worked out with regard to individual subsidiaries or group-level affairs and of checking on the performance of those plans. It is responsible for the sharing of best practices among group members and for the resolving of conflicts between subsidiaries and the headquarters. It adopts subsidiaries' annual action plans and reviews their performance. The Committee adopts individual decisions in relation to issues being discussed concerning subsidiaries.</p> <p><b>Management Coordination Committee:</b> as an operational decision making forum it provides for the Bank's flexible and effective responses to changes in the market or in the regulatory environment and it ensures coordinated action across the Group.</p>
4.2	Specifying whether the chair of the supreme managing body has an executive role as well		



Indicator number	Indicator description	Where it is found	Comment
			<p><b>Asset-Liability Committee:</b> the Committee's task is to optimise financing at group level.</p> <p><b>Credit and Limit Committee:</b> it is in charge of the Bank Group level country, customer and partner rating, risk assumption, collateral valuation, rating, impairment loss provisioning and specific provisioning regulations, the Bank's and the Bank Group's risk management strategy and the annual credit policy.</p> <p><b>Product Development Sales and Pricing Committee (Hungarian acronym: TÉÁB)</b> With regard to products sold in the network of OTP Bank its competence extends to the introduction of the product of the group member, modification of its terms and conditions, sale as well as marketing communication.</p> <p><b>The Group-level Operational Risk Management Committee:</b> it performs controlling, coordination and advisory functions in regard to operational risk and Business Continuity Planning.</p> <p><b>CAPEX Committee (Investment Committee):</b> the group members' real property investment plans are coordinated by the Investment Committee.</p> <p><b>Work-Out Committee:</b> it has decision making power in regard to special transactions, for the most part above a specific amount.</p> <p><b>IT Steering Committee (Hungarian acronym: IIB):</b> the Committee consults the group members' IT investment with the members concerned.</p> <p>The members of the committees are mandated for a period of 3 years. The committees are chaired by the relevant BoD members. The members include OTP Bank's and the subsidiaries' senior managers, along with external members of the supreme managing bodies.</p>
4.3	In the case of a one-tier Board of Directors structure the name and genders of the members of the supreme managing bodies who are independent and/or have no executive powers		Not relevant.
4.4	Mechanisms enabling owners and employees to make proposals or offer guidance for the supreme managing bodies	website	Act IV of 2006 on business associations, <a href="https://www.otpbank.hu/portal/hu/IR_Tarsasagiranyitas">https://www.otpbank.hu/portal/hu/IR_Tarsasagiranyitas</a> ; Responsible Corporate Management Report 26.04.2013
4.5	Link between the remuneration of the top management and the performance of the organisation	website	Responsible Corporate Management Report, 26.04.2013; <a href="https://www.otpbank.hu/portal/hu/IR_Tarsasagiranyitas">https://www.otpbank.hu/portal/hu/IR_Tarsasagiranyitas</a>
4.6	Procedures functioning at the top management level to prevent conflicts of interests		To prevent conflicts of interests the General Meeting is not permitted to elect members of the Board of Directors or their close relatives members of the Supervisory Board. The Bank's employees must make out a declaration in which they state that they have familiarised themselves with the regulations on conflicts of interests.
4.7	The process in which the composition of the supreme managing body and its committees, the required qualifications and experience of their members, including any consideration concerning gender or other diversity indicator		No diversity criterion (e.g. gender) has been prescribed.
4.8	Internal statements on the organisation's mission, values, norms of conduct and other basic principles of relevance for assessing economic, environmental and social performance		<b>Code of Ethics:</b> the code applies to the whole of the Bank Group, a mandatory regulation for its employees, with which employees familiarise themselves in a training programme. . Among other things, the code sets out the fundamental moral requirements, the principles of professional operation,

Indicator number	Indicator description	Where it is found	Comment
			<p>the expectations relating to fair business practices, respect of competitors, the rules on lobbying, requirements concerning conflict of interests and equal treatment, commitment to environmental protection and healthy work place, the obligation to notify breaches of the norms of ethics and complaint management.</p> <p>Our definition of 'breach of ethics' is based on the definition adopted by the Hungarian Banking Association:</p> <p>'Any form of behaviour of a moral implication, in the broadest everyday sense of the term, that is contrary to regulations applying to banks as special institutions, to business organisations in general, or to rules set out in legislation prohibiting unfair market practices and the restriction of competition and in legislation on advertising, or to regulations or expectations of ethics developed in the domestic banking practices and those evolved in modern banking systems that are accepted by practices that are considered as desirable in our systems as well, qualifies as breaching the Code'.</p> <p><b>Bylaws:</b> every member of the Bank Group has its own rules, but the core principles of these rules are harmonised across the Group. The Bylaws are accessible for and applicable by every single employee of the Group.</p> <p><b>Group Management Regulation:</b> it regulates the group level principles of corporate management and its implementation to ensure effective operation and clear-cut scopes of responsibilities.</p> <p><b>Collective Agreement:</b> the members of the Bank Group conclude their own Collective Agreements but some of the member companies have no trade union organisations and Collective Agreements in place. At companies where there is a Collective Agreement, it applies to all of the employees of the given company, regardless of whether he or she is or is not a member of the trade union. The Collective Agreements are in line with the local statutory regulations.</p> <p><b>Environmental Code:</b> the Code sets out the rules applying to the parent company's environmental activities. Its aim is to ensure commitment to the protection of the environment — in addition to meeting statutory requirements — along with the integration of environmental considerations in business activities.</p> <p><b>Corporate Social Responsibility Strategy:</b> it lays down the framework for OTB Bank's corporate social responsibility related activities. For more detail, see Chapter 1 of the Report.</p> <p><b>Donation policy:</b> it sets out the guidelines for OTP Bank's donation and sponsoring activities, specifying areas to be sponsored and the applicable expectations.</p>
4.9	The procedures whereby the supreme managing body of the organisation supervises how economic, environmental and social performance is identified and managed, including the management of relevant risks and opportunities and the observance of internationally accepted norms, codes of conduct and other basic principles.	website	<p>Responsible Corporate Management Report, 26.04.2013; <a href="https://www.otpbank.hu/portal/hu/IR_Tarsasagiranynitas">https://www.otpbank.hu/portal/hu/IR_Tarsasagiranynitas</a></p> <p>The Board of Directors approves the Bank's strategy and its annual revisions and it regularly reviews compliance-related activities. The Board of Directors reports on the annual and medium term objectives underlying the evaluation relating to performance based remuneration and on how those objectives are being met, in the annual regular General Meetings.</p>

Indicator number	Indicator description	Where it is found	Comment
4.10	The processes and procedures whereby the organisations's supreme management evaluates its own performance, with a special focus on economic, environmental and social performance	website	Responsible Corporate Management Report, 26.04.2013; <a href="https://www.otpbank.hu/portal/hu/IR_Tarsasagiranyitas">https://www.otpbank.hu/portal/hu/IR_Tarsasagiranyitas</a>
4.11	Application and observance of the principle of precaution within the organisation	risk management	Precaution within core operations.
4.12	Charters, basic principles or other initiatives comprising economic, environmental and social norms developed by external organisations, of which the organisation is a member or supporter		The Code of Conduct (Hungary) represents ethical banking service provision, thereby facilitating conformity to the social norms. The signatory institutions must — since 1 January 2010 — perform their lending (and financial leasing) activities for retail customers in full observance of the provisions of the Code. We joined even before the Code entered into force.
4.13	Membership in associations and in national/ international interest representing organisations	website	<a href="https://www.otpbank.hu/static/csr/download/szervezeti_tagsagok.pdf">https://www.otpbank.hu/static/csr/download/szervezeti_tagsagok.pdf</a>
4.14	The list of stakeholders with which the Organisation is engaged in a dialogue	website	<a href="https://www.otpbank.hu/static/csr/download/kapcsolattartas_az_erintettekkel.pdf">https://www.otpbank.hu/static/csr/download/kapcsolattartas_az_erintettekkel.pdf</a>
4.15	Description of the basic principles on the basis of which the organisation selects the stakeholders with which it intends to set up a dialogue		
4.16	Description of the methods for the involvement of stakeholders, specifying the frequency of dialogues with the various stakeholder groups		
4.17	Key issues and questions discussed in the course of dialogue with stakeholders and the way the organisation responded to them, including the way those topics are presented in the report		
<b>ECONOMIC PERFORMANCE INDICATORS</b>		Chapter 1, Chapter 2 Introduction, annual report, website	<a href="https://www.otpbank.hu/static/portal/sw/file/130426_eves_jelentes_170.pdf">https://www.otpbank.hu/static/portal/sw/file/130426_eves_jelentes_170.pdf</a> <a href="https://www.otpbank.hu/csr/hu/felelos-szolgaltrato">https://www.otpbank.hu/csr/hu/felelos-szolgaltrato</a>
<b>Economic performance</b>			
EC1	Direct economic value generated and distributed	data	
EC4	Massive financial support from the state	data	
<b>Market presence</b>			
EC7	Procedures relating to the employment of local staff and the ratios of local employees in top management and in the main sites of the organisation	website	<a href="https://www.otpbank.hu/portal/hu/IR_Tarsasagiranyitas">https://www.otpbank.hu/portal/hu/IR_Tarsasagiranyitas</a> ; <a href="https://www.otpbank.hu/portal/hu/OTPC-soport">https://www.otpbank.hu/portal/hu/OTPC-soport</a>  The OTP Group has no comprehensive policy or practice for giving preference to local residents in hiring, however, it is predominantly local residents who apply for jobs on offer. Local staff dominance is characteristic at OTP Bank's foreign subsidiaries. In the majority of the subsidiary banks the chief executive officers are local professionals and local staff members make up the majority of the BoD members as well. Hungarians make up a higher percentage of the members of the supervisory boards. The composition of managing bodies depends on local conditions and circumstances.

Indicator number	Indicator description	Where it is found	Comment
<b>ENVIRONMENTAL PERFORMANCE INDICATORS</b>		Chapter 5, website, GRI 2.3	The indicators are shaped primarily in line with characteristics of productive enterprises, therefore not all of the definitions and requirements are of relevance to the OTP Group. <a href="https://www.otpbank.hu/csr/hu/kornyezeti-felelosseg">https://www.otpbank.hu/csr/hu/kornyezeti-felelosseg</a>
<b>Materials</b>			
EN1	Quantity of materials used in terms of weight or volume	data	
EN2	Percentage ratio of recycled materials within the total amount of materials used	data	GRI standards partially met.
<b>Energy</b>			
EN3	Direct energy consumption in a breakdown by primary sources of energy	data	
EN4	Direct energy consumption in a breakdown by primary sources of energy	data	
<b>Water</b>			
EN8	Total water extraction in a breakdown by source		The total amount of water used is drawn from the public utility network.
<b>Gaseous and liquid emissions and waste</b>			
EN16	Weight of directly and indirectly emitted greenhouse gases	Chapter 5, data	
EN21	Total water output in a breakdown by quality and recipient		The water output is released into the public utility system, its quantity equals that of consumption.
<b>LABOUR POLICY PRACTICE AND FAIR WORKING ENVIRONMENT INDICATORS</b>		Chapter 3, website, GRI 2.3	
<b>Employment</b>			
LA1	Total headcount in a breakdown by type of employment, employment contract and regions	data	GRI standards partially met.
LA2	Total workforce fluctuation by age group, gender and region	data	GRI standards partially met.
LA3	Allowances for full time employees not provided for temporary and part time employees		No distinction is made between employees from the aspect of entitlement to allowances in terms of employees working time or the types of their employment contracts — there are no allowances that are not provided for temporary or part time employees. The wages and fringe benefits of our employees and the guidelines on the amounts concerned are set out in the applicable regulations adopted by the Bank. Different members of the OTP Group provide different allowances for their employees, depending on the economic circumstances of the countries concerned. Where available, member companies typically contribute to employees' savings in health insurance and pension funds.
<b>Relationship between employees and management</b>			
LA4	The percentage of the employees covered by the collective agreement		The OTP Group provides for its employees' interest representation, the right to assemble and concluding a collective agreement in accordance with the applicable laws and legal regulations. At OTP Group member companies

Indicator number	Indicator description	Where it is found	Comment
			<p>where a Collective Agreement has been put in place, it applies to all of the employees of the company.</p> <p>Collective agreements have been adopted by the parent company, CKB Bank, DSK Bank, OTP Bank Romania, OTP Banka Slovensko, OTP banka Srbija, JSC OTP Bank and, among subsidiaries in Hungary, at OTP Life Annuity and OTP Mortgage Bank. There is no collective agreement at OTP banka Hrvatska but employees' interests are represented by an organisation similar to a trade union.</p>
<b>Health and safety at work</b>			
LA7	Injuries, occupational illnesses, days lost and absence rates, number of fatal accidents at work	data	GRI standards partially met.
LA8	Education, training, consultancy, prevention and risk management programmes to help employees and their family members, along with members of the local community, in relation to serious illnesses	data	
LA10	Average annual number of hours spent training per employee, in a breakdown by employee category and gender	data	GRI standards partially met.
<b>Education and training</b>			
LA11	Programmes aimed at skills development and lifelong learning to keep employees continuously in their jobs and to help close their careers	data	
<b>Diversity and equality of opportunities</b>			
LA13	Composition of the managing bodies and categories of employees by age, belonging to minority groups and other factors of diversity	data, website	<a href="https://www.otpbank.hu/portal/hu/IR_Tarsasagiranyitas">https://www.otpbank.hu/portal/hu/IR_Tarsasagiranyitas</a> Belonging to minorities is not recorded owing to statutory regulations. GRI standards partially met.
LA14	Relationship between the basic salaries of men and women, by position category		There are no differences between the basic salaries of men and women within the various employee categories. In the case of group members covered by the Collective Agreement the wages of the employees are regulated by the Collective Agreement. Overtime is paid for in accordance with the relevant statutory regulations. GRI standards partially met.
<b>HUMAN RIGHTS AND PERFORMANCE INDICATORS</b>		website, 4.8, LA4	<a href="https://www.otpbank.hu/csr/hu/felelos-munkaltato">https://www.otpbank.hu/csr/hu/felelos-munkaltato</a> <a href="https://www.otpbank.hu/csr/hu/kornyezeti-felelosseg">https://www.otpbank.hu/csr/hu/kornyezeti-felelosseg</a>
<b>Elimination of negative discrimination</b>			
HR4	Number of cases in which negative discrimination was observed and measures taken to eliminate them	website	No such case has occurred.
HR6	Risk of child labour, measures taken to eliminate such risk		The OTP Group employs neither forced labour nor child labour.
HR7	Risk of forced labour or mandatory work, measures taken to eliminate such risk		
HR11	Number of complaints received in relation to human rights and the number of cases resolved in the context of the formal complaint management mechanism		No such case has occurred.



Indicator number	Indicator description	Where it is found	Comment
<b>SOCIAL PERFORMANCE INDICATORS</b>		website, 4.8, LA4	<a href="https://www.otpbank.hu/csr/hu/tarsadalmi-szerepvallalas">https://www.otpbank.hu/csr/hu/tarsadalmi-szerepvallalas</a> <a href="https://www.otpbank.hu/csr/hu/felelos-szolgaltato">https://www.otpbank.hu/csr/hu/felelos-szolgaltato</a>
<b>Elimination of negative discrimination</b>			
S06	Total amount of cash and in-kind contributions provided for political parties, politicians and related institutions		The OTP Group does not sponsor such persons or organisations.
S07	Number and outcomes of legal proceedings relating to anti-competitive conduct or breaching of anti-trust or anti-monopoly regulations	data	
S08	Amount of major fines and the number of non-financial sanctions imposed owing to failure to comply with laws and legal regulations	data	
S09	Activities with significant potential or actual negative impacts on local communities		No such activities are performed by any member of the Bank Group.
<b>PRODUCT LIABILITY</b>		Risk.man., website, 2.3,	<a href="https://www.otpbank.hu/csr/hu/felelos-szolgaltato">https://www.otpbank.hu/csr/hu/felelos-szolgaltato</a>
<b>Labelling of products and services</b>			
PR5	Practices aimed at securing customer satisfaction, including results of assessments of customer satisfaction	customer satisfaction	
<b>Protection of personal data</b>			
PR8	Number of justified complaints about misuse of customers' personal data or loss of data	data	
<b>Legal compliance</b>			
PR9	Extent of non-compliance with statutory regulations relating to products and services, sanctioned by major fines, in other words, the amount of the fines concerned	data	
<b>SUPPLEMENTARY INDICATORS APPLYING TO THE FINANCIAL SECTOR</b>			
FS3	Processes aimed at checking on the side of the customer, the implementation of and compliance with the environmental and social requirements prescribed in the agreements and in the course of the transactions		When providing loans, the OTP Group always checks compliance with the applicable environmental regulations, with the involvement of external experts in most cases. Such checks are carried out regularly during the term of a given loan and violations of the undertakings/ requirements are sanctioned in the credit limit agreements. At the time of the approval within the Bank of the financing of a project and before the first disbursement the availability of the required permits and authorisations and compliance with their provisions is always verified by one or more external consultants (legal and/or technical experts), thereafter in addition to the customer's regular declarations the Bank's monitoring activity provides for compliance.
FS7	Pecuniary value of products and services aimed at social benefits, by division, in a breakdown by goal	products, data	(GRI standards partially met.)

Indicator number	Indicator description	Where it is found	Comment
FS8	Pecuniary value of products and services aimed at environmental benefits, by division, in a breakdown by goal	products, data	(GRI standards partially met.)
FS13	Service points in economically disadvantaged or sparsely populated areas, by type	website	<a href="https://www.otpbank.hu/static/portal/sw/flash/fiokkereso_map/fiokmap.html">https://www.otpbank.hu/static/portal/sw/flash/fiokkereso_map/fiokmap.html</a> (The branch office networks of foreign subsidiary banks are accessible on their respective websites.) No separate statistics are kept, but in regard to the density access points (branch offices, ATMs) the members of the OTP Group are in the lead in several countries of this region. (GRI standards partially met.)
FS14	Initiatives to improve the access of people with disabilities to the financial services	unobstructed service provision	In providing unblocked access to the branch offices we proceed — at Group level — in accordance with the applicable statutory regulations, always providing for unblocked access upon opening a new branch office or refurbishing an existing one. Those in need can do business using sign language in one branch office in the town of Győr and in one in Budapest.
FS15	Guidelines on fair and responsible product and service development and fair and responsible sales activities		The performance of clerks in the branch offices is evaluated on the basis of the same principles across the Group, in accordance with the customers' interests. (GRI standards partially met.)
FS16	Initiatives to improve knowledge about financial matters, in a breakdown by beneficiary	financial literacy	





Our registered office:

OTP Bank Plc.: 1051 Budapest, Nádor u. 16., Hungary

*We are looking forward to your feedback!*

To improve the Bank's performance in terms of sustainability it is essential for us to know your opinion; please share it with us at [csr@otpbank.hu](mailto:csr@otpbank.hu).

## VERIFICATION LETTER

Upon request of OTP Bank Plc., Deloitte has performed the verification of the Company's Annual Corporate Social Responsibility Report (hereafter: "The Report") of the year 2012, according to the contractual agreements. The assessment process and verification was based on the Global Reporting Initiative (GRI) G.3.1 guideline, with the aim of publishing it in OTP Bank Plc.'s documents.

Authorized leadership representatives of OTP Bank Plc. have approved the report and take responsibility for the contents thereof.

*Our review, according to the contractual agreements consisted of the following tasks:*

- Verification of the reporting practice:
  - Review of the reporting organization;
  - Assessment of the regularity of report preparation
  - Review of the data gathering and registration methods;
  - Assessment of the documentation and regularity of the processes

Verification of the GRI application level:

- Assessment of the completeness and appropriate application of the indicators presented in the report;
- Review of the indicators in accordance with GRI definitions;
- Assessment of the report in line with GRI guidelines and recommendations;

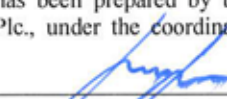
Data-level verification of five selected indicators;

Expert evaluation of The Report, and identification of improvement points.

*Conclusions:*

The Report of OTP Bank Plc. presents economic, environmental and social impacts of its activities, in accordance with the GRI G3.1 guideline and its Financial Services Sector Supplement.

The report has been prepared by the employees of OTP Bank Plc., under the coordination of the CSR

  
Gion Gabor  
President of the Board  
Deloitte Co. Ltd

workgroup. The members of the working group had access to all, necessary data and documents in regard of OTP Bank Plc.'s economic, environmental and social activities and outputs, which is required for the authentic presentation of OTP Bank Plc.'s sustainability performance.

The financial data presented in The Report, does not differ from the values of identical indicators disclosed in OTP Bank Plc.'s audited Consolidated Annual Report of 2012. The report presents OTP Bank Plc.'s economic, environmental and social performance individually and on group level - including significant domestic and international subsidiaries.

The reporting procedure is supported by OTP Bank Plc.'s internal and online data gathering platform, where data requests and responsible parties are mutually defined and documented, assisted by document samples.

The indicators selected for data-level verification (PR5, FS16, EN4, LA11, 4.11) are in line with the requirements and recommendations of the GRI guidelines

Based on our evaluation the scope of the information presented in the The Report complies with the requirements of GRI Application level "B+".

*Areas of improvement and recommendations*

Based on our limited review and our discussions with the employees responsible for the preparation of The Report, we make the following recommendations:

- We recommend the preparation of a group level CSR strategy, with appropriate support from executive management;
- We recommend on group level the formalization of the reporting procedure; furthermore the strengthening of the procedure with internal control processes.

The scope of this verification is not considered either an audit or a review according to the National Standards on Auditing therefore it does not provide any assurance on the financial data.

Our report is solely for the purpose set forth in the first paragraph of this letter.

  
Nagyváradiné Szépfalvi Zsuzsanna  
Partner  
Deloitte Ltd.

Budapest, 28.06.2013





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