

2018



Corporate Social Responsibility Report

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On the relevant chapter pages and in the table of contents, the following icons mark the subjects that may be of particular interest to certain stakeholder groups:



Investors



Retail































Employees



Customers

HIGHLIGHTED NUMBERS

WELCOME

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WELCOME



HIGHLIGHTED NUMBERS

- 358** thousand clients
- 95** branches
- 140** ATMs with cash pay in option
- 10** SME corners
- 3582** euro invested
- 12.600** people received financial trainings through the Right to education foundation for 5 years
- 245** participants on the OTP Community volunteering activities
- 20%** reduction of total energy consumption

Dear reader,

Corporate Social Responsibility – CSR – is a concept reflecting how a company impacts the community. The CSR, by its definition, has three directions – the social responsibility, the environmental responsibility and the economical sustainability – imperative for a business to integrate in its activities and operations. Acting as a barometer of the company's values, the CSR provides insights into the responsible practices of our daily work.

OTP Bank Romania performed remarkably in 2018 and it is my pleasure to present you the 10th Sustainability Report to mark the route that made us one of the top 10 banks in Romania.

The extensive progress of the programs developed during last years brought us to this transformational moment, enabling us to take the first steps in becoming a better and stronger bank, a new place to grow in, with a customer-oriented culture. Our expectations for the next year focus on keeping this ascending trend and, thus, the transformational phase we are going through will for sure be the base of this growth.

During this year, we will continue our path to maximize our business pillars through the development of new competitive projects and accelerating the digitalization of processes, focusing on generating value to our customers, shareholders and employees.

The social and environmental impact is a very important pillar in our strategy when it comes to business operations or interactions with the stakeholders. We are an important part of the community thus we are responsible of its developments. As a responsible citizen, we are actively involved in the community life we support and invest in, through sponsorships and relevant projects.

At OTP Bank Romania, we believe that a healthy society starts with a solid economic background so our focus will continue to be on our long-term purpose: to advocate the need of financial education, with the support of civil organizations, employees and local representatives.

I hope you will enjoy going through the Sustainability Report and you will find useful information there.

We would be glad to receive your comments or opinions regarding our report and sustainability performance at csr@otpbank.ro.

Gyula Fatér
CEO, Chairman of the Management Board

This report has been prepared in accordance with the GRI Standards: Core option. Please find the GRI content index on page 48.



About this report

Material topics for OTP Bank Romania (OBR) have been determined through a dedicated survey by involving our main stakeholder groups in 2018. Besides our managers, the sustainability topics have been rated taking into account the impacts of the bank. We consider the results of these evaluations still valid. Minor changes in the topic list are due to the shift from GRI G4 Guidelines to GRI Standards. Several topics and their content are changed as indicated in the footnotes.

OTP Bank Romania considers the following sustainability topics material – in the order of their importance:

- Marketing and Labelling¹
- Anti-corruption
- Training and Education
- Customer Privacy (indicator covered from 2018 on)
- Diversity and Equal Opportunity²
- Non-discrimination
- Employee and Management Relations
- Socioeconomic Compliance³
- Occupational Health and Safety
- Local Communities (indicator covered from 2018 on)
- Human Rights Assessment⁴ (indicator covered from 2018 on)
- Security Practices
- Freedom of Association and Collective Bargaining
- Employment
- Product Portfolio – sector specific
- Anti-competitive Behaviour
- Economic Performance
- Market Presence
- Environmental Compliance
- Energy.

Both managers and external stakeholders have expressed that product responsibility and compliance are the most important sustainability fields for OBR, and that labour issues also have to play a key role. For external stakeholders human right issues proved to be very important and more significant than for managers. Managers evaluated economic topics higher than external stakeholders, for whom this is the least important from a sustainability point of view. Environmental topics do not really influence sustainability performance either for managers or for external stakeholders. Economic and environmental topics would be below the threshold of materiality, but we have decided to cover 2-2 topics from both categories.

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

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

Besides achievements and results, we present challenges faced



and the directions of potential development in order to give a balanced view on our performance. In the content of the report, the sustainability performance in relation to our core business is of priority. Information is to be presented in a clear and easily understandable way.

The reliability of data is ensured by the methodology of reporting and the SAP-based CSR database, which is used within the entire OTP Group. We provide data for 2014, 2015, 2016 and 2018 to enable information comparison and trend visibility whenever possible.

The chapters of the report follow our main stakeholders: clients, employees, communities and environment. We highlight our efforts in order to enhance the financial awareness of the youth.

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

We hope to provide a comprehensive picture of our CSR and sustainability activities and performance, and as we intend to improve further, we ask you to take the time to share your thoughts with us and send us feedback to csr@otpbank.ro.

¹ two topics have been merged: Product and Service Labeling and Marketing Communication

² includes - Equal Remuneration for Women and Men topic

³ two topics have been merged: Product Responsibility Compliance and Compliance

⁴ includes Investment topic

1. OTP Bank Romania and Corporate Social Responsibility



CSR

1.1. Who we are

OTP Bank Romania is a medium-sized universal bank; a subsidiary of OTP Bank, the largest independent banking group in Central and Eastern Europe. We offer a wide range of high quality financial products and complete banking services to all types of clients from individuals to large companies.

MARKET SHARE In September 2018, the Bank ranks 9th in assets, with a market share of 2.46%. The market share of loans to legal entities climbed from 3.03% (31 December 2017) to 3.35%, while the market share of deposits and current accounts from legal entities went up from 2.08% (31 December 2017) to 2.53% (31 December 2018);

- The bank has been an active player on the market for mortgage loans, growing its market share from 2.67% (31 December 2017) to 2.95% (31 December 2018), while the monthly market share of new loans overpassed, at times, the 5% mark. We served 358,395 clients in 2018 (including Iskola clients) and we are accessible all over Romania through our 95 branches and via our user-friendly electronic channels.

OTP GROUP besides OBR's banking services, we provide special financial services in Romania through our subsidiaries. The products of our group are available with a one-stop approach.

- *OTP Consulting Romania* provides services to support foreign investments in Romania, and offers project-focused consultancy services to local authorities and SMEs, primarily concerning EU Funds and their implementation.
- *OTP Leasing Romania* offers car, commercial vehicle, and equipment leasing products.
- *OTP Asset Management* is an investment management company, offering innovative investment services.
- *OTP Factoring* supports clients in solving their financial problems represented by receivables portfolio management purchased from various banking and financial institutions and nonbank financial institutions.
- *OTP Advisors* provides direct, fast and tailor-made sales services for OTP Bank Romania's loan products.

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

OTP Bank Romania has a stable background as a member of OTP Group. OTP Group provides universal services in Hungary, Romania, Montenegro, Croatia, Bulgaria, Russia, Ukraine, Slovakia and Serbia. OTP Group serves 13 million clients through a territorial network of 1300 units, the ATM network and electronic channels. The objective of the group is to achieve outstanding performance in accordance with the European standards.



MISSION We strive to provide a complete range of highest quality financial services, by operating in a prudent and transparent manner and by actively cultivating innovation. Our success is based on our clients' trust built by understanding their local and regional needs, on the quality and efficiency of all services delivered. We also recognise and motivate the talent, confidence and dedication of our employees.

VISION OTP Bank Romania's vision is to be acknowledged as a strong, stable and lucrative partner providing medium-sized universal financial services, a partner that delivers efficient management, dynamic growth and strong social responsibility commitment.

VALUES Our employees make the difference and make a key contribution to the success of the company, and we are jointly responsible for the achievement of our mission. We recognise quality, drive and performance as key factors in achieving success.

Our values are:

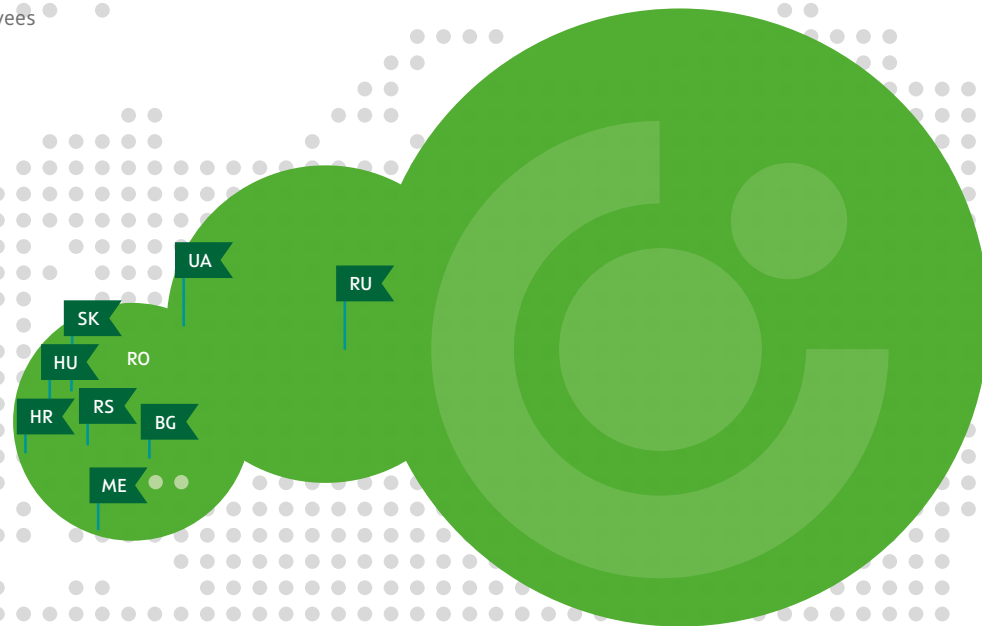
Trust
Dynamic
Innovative
Stable
Client centered
Flexible
Professionalism - we take responsibility for the quality of our work
Transparent
Integrity

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

OTP Group		OTP Bank Romania 2018	
Number of branches	1,316	Branches	95
Number of employees (all employees)	35,950	Employees*	1319
Total capitalization	33.8 billion RON	Number of clients	358,395
Total assets	165.0 billion RON	Total assets	11,095 RON
Total amount of tax paid	2.4 billion RON	Market share	2.44%
Total cost of employee training	14.8 m RON	Total cost of employee training	3582 k RON
Total amount of donation	34.8 m RON	Total amount of sponsorship	2531 k RON
Proportion of branches made accessible	60%	Proportion of branches made accessible	100%
Energy consumption per capita	18 GJ	Energy consumption per capita	21.6 GJ
Total paper used	4,079 t	Total paper used	91 t

IFRS data as of December 31, 2018

*Total number of employees



Governance and organizational structure of OTP Bank Romania

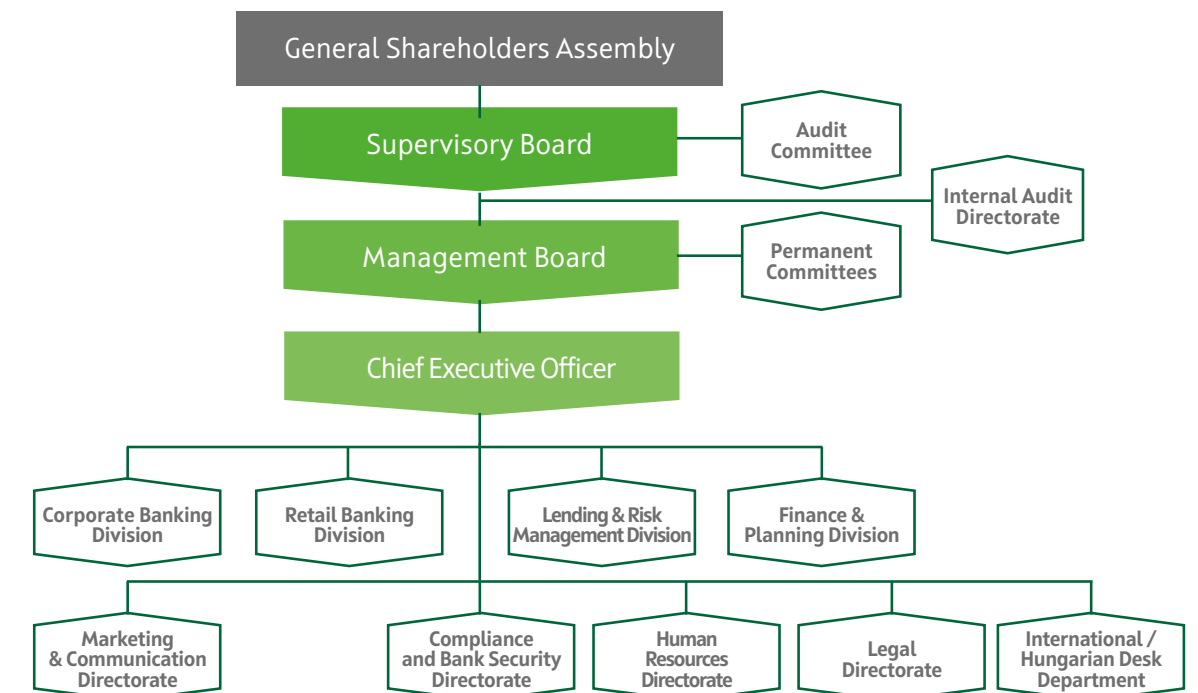
GOVERNANCE AND COMMITTEES OTP Bank Romania has a two tier corporate model. Besides the Supervisory Board and the Management Board, permanent committees are the decision-preparing, decision-making, and advisory organizations of the bank. The Committees are established by the Management Board, except for the Audit Committee. The Audit Committee is established by the Supervisory Board. The main responsibilities of the Committees are the following:

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

of responsibilities within the lending activity.

- **Loans Monitoring Committee:** reviews and evaluates the problematic clients/client groups and decides on the related Action Plan, defines the risk status of the clients. It also makes proposals for IFRS provisions and approves the provision amounts.
- **Loan Recovery Committee:** approves non-performing loan reports, monitors the Restructuring and Work-Out Directorates' performance on the disposed measures, approves proposals regarding the start of recovery procedures.
- **IT Development Committee:** analyses and decides on software and IT&C developments, technical solutions of products, procedures and projects, approves the Data Ownership scheme.
- **Ethical Committee:** gives opinions and recommendations on the application and development of the Code of Ethics, makes decisions regarding the non-observance of the Code of Ethics.
- **Business Development Committee:** prepares and pre-approves the annual business strategy's actions and projects; reports to the Management Boards monthly regarding the strategic actions and projects. (Including digitalization and organizational culture.)

ORGANIZATIONAL STRUCTURE As of 31 December 2018, the Bank operates through its 95 territorial units (including 62 branches and 33 agencies), distributed in all counties of Romania as well as the Bucharest headquarter. The total number of employees of the Bank as of 31 December 2018 was 1,364 (31 December 2017: 1,254),



1.2. CSR at OTP Bank Romania

Corporate Social Responsibility is a business philosophy within OTP Bank as it influences the decisions we make in many aspects of our company's life. We always keep in mind the social and environmental impact when it comes to our business operations and the interactions with our stakeholders.

Sustainable development meets the present needs without compromising the ability of future generations to satisfy their own needs. Sustainable development implies economic growth, together with the protection of society and of environmental quality.

The most efficient method of development is investing in education, which is already proven in many nations. Nowadays, we are all aware that lifelong learning is not just a saying, but it has become a daily necessity. Without consistent education, neither the survival of business nor its development can be guaranteed.

HIGHLIGHTS FROM OUR 2018 ACTIVITY

Right to Education Foundation

OTP Bank Romania aims to contribute to the development of responsible and healthy financial behavior among the young generation, the Right to Education Foundation being the institution that coordinates and implements the financial education activities of the Bank.

The Foundation's mission is to train, free of charge, as many pupils as possible, with the target group consisting of pupils from all over the country aged 10 to 19 years. In 2018 we continued this mission, our trainers reaching 35 cities, municipalities and settlements in the country to deliver financial education courses for youngsters.

In 2018, the Foundation has signed partnerships with 57 public and private schools at a national level.

As for the Foundation's activities as OTP Bank's main CSR project, respectively reaching a target of 4,000 youngsters trained nationwide, we mention:

In 2018, the Foundation's trainers implemented 337 training sessions at national level (125 training sessions in Bucha-

rest and 212 training sessions outside Bucharest, namely in: Pucioasa, Târgoviște, Satu Mare, Aiud, Curtea de Argeș, Vălenii de Munte, Deva, Zalău, Râmnicu Vâlcea, Tulcea, Slobozia, Bistrița, Constanța, Oltenița, Drobeta Turnu-Severin, Panciu, Baia Mare, Sibiu, Potcoava, Praid, Focșani, Urlați, Hemeiș, Oradea, Buzău, Șuletea, Tg. Mureș, Corbasca, Marvila, Ștefești, Ploiești, Bacău, Sohatu și Nedelea).

Thus, the trainers have implemented educational programs for youngsters living in 24 counties across the country. In 8 of these counties, the trainers have implemented the Foundation's programs for the first time since the Foundation's official launch in October 2014. At the end of 2018, a total of 4.677 youngsters took part in these training sessions, namely: 4.449 pupils took part in our financial education programs, while 228 pupils took part in our career orientation training programs.

2018 also marked the first mention of OTP Bank's CSR efforts in an international context. During the month of March, the Foundation took part in the Global Money Week event by organizing and implementing financial education training sessions for 280 youngsters in Bucharest (at OK Center) and in Deva. During the Global Money Week 2018 edition, the Right to Education Foundation received the special award for its involvement in the financial education domain. The prize was awarded by the Financial Supervisory Authority during the Edu Fin Awards Gala 2018 edition.

Among the main objectives set for 2018, one of them consisted in attracting as many school institutions as possible in OK Center, the first non-formal financial education center in Romania, opened in 2017.

By the end of 2018, 22 schools in Bucharest have opted to organize financial education and/or career training programs for their pupils at OK Center instead of using a designated training space provided by the school. Thus, out of the total 1580 trained pupils in Bucharest in 2018, 1.152 of them have participated at training sessions held in OK Center, which means that 72,9% of all trainees from Bucharest have benefited from an alternative learning experience outside the school in which they are currently enrolled.

OTP Financial Fitness – Financial education starts with us

The financial education program called Financial Fitness fills up the educational content of the Right to Education Foundation. In addition to the already existing ones (financial education for children and teenagers and career guidance), adults now have the opportunity to get familiar with specific concepts of personal finance aiming to help them acquire a responsible financial attitude.

2018 was an important year for OTP Financial Fitness, not only for the official launch of the program on 5th of October, when OK Center celebrated its first anniversary, but also because it offered the possibility to test and permanently adapt the content, structure and the frequency of the sessions, according to the needs of the interested ones.

We had the chance to test many program versions with different content structures adapted as requested. We targeted different categories of participants, among them being businessmen, journalists, school and high school teachers, students, fundraisers, and NGOs representatives, etc. The Financial Fitness sessions were attended by 839 persons. The first beneficiaries of the program were those working within OTP Group, the courses being attended by 465 colleagues both in the bank (Head office and retail network) and also from subsidiaries (OTP Advisors, OTP Leasing, OTP Consulting). All of them were interested in finding out methods and instruments that could be used to get a responsible financial behavior.

Financial Fitness trainers visited 24 cities in the country, a number of 139 financial education sessions being organized.

One of the strategic directions of our program was the "Cities" project, Financial Fitness sessions being an important component of a marketing initiative with the goal to increase the awareness of the retail network branches within their local communities. With the support of the branch managers from 13 cities (Deva, Zalău, Focșani, Tulcea, Suceava, Baia Mare, Râmnicu Vâlcea, Slobozia, Călărași, Târgoviște, Botoșani, Sibiu și Bistrița), the sessions were attended by 180 participants.

"The Urban Summer" Project

"Urban Summer" is a program initiated by OTP Bank Romania with the support of the Right to Education Foundation, held at the OK Center in July-August 2018. The program's goal was to give the companies' employees the opportunity to enroll



their children in a free educational and interactive program during the summer holidays in time of parents' working program. Thus, the parents knew that the little ones were in a safe place, with an environment according to their age, during the period which they were at the office.

Children aged 6 to 18 years could be enrolled in the program. Thus, from July to August, all parents working in Bucharest branches of OTP Bank Romania had the opportunity to leave their children at the OK Center from Monday to Friday (excluding public holidays), between 8:00 and 18:30, to take part in activities under the "Urban Summer" program. Participation in the program was free of charge, enrollment based, and parents had the choice if they wanted to sign up for a few days, weeks, a whole month or for both months of the program. The average participation in the program was 20 children/day.

OK Center

The objective of the OK Center is to encourage the organic development of the urban society in Bucharest and not only through a learning approach from the individual to the community, with a focus on financial management. Also, through this project, OTP Bank Romania aims to encourage a financially responsible attitude among young people



in Romania. The OK Center trainers help create an interactive learning environment that allows learners to immediately apply practical concepts such as planning, risk, strategic thinking and more.

In 2018, OK Center hosted over 1.000 events in NGOs, start-up, education, entrepreneurship, art, freelancing. Approximately 20.000 people, entrepreneurs, representatives of the non-governmental sector benefited from the OK Center space to organize their work meetings, projects, events, training or conferences. Of those 20.000 people, 1.500 participants took part in the financial education courses.

In 2019, we have set the following objectives:

- Implementing our financial education and career orientation training programs in 19 counties across the country;
- Developing our partner's network by signing partnerships with 22 new schools and also maintaining close contact with our current educational partners;
- Reaching a number of 2.500 trainees out of which 2.100 are predicted to take part in our financial education training program, while 400 of youngsters are expected to take part in our career orientation training program;
- Taking part in outdoor events and summer camps during the Summer;
- Organizing another edition of the Global Money Week event in OK Center in partnership with the Ilfov County School Inspectorate;
- Completing a study on the financial behavior of adolescents across the country, which we started conducting in 2018;
- Including as many categories of individuals as possible in the Financial Fitness training program: OTP Bank employees and subsidiaries, external clients which will take part in this program (employee benefit);
- Diversifying the content by developing new online learning modules which come as completion in a current educational offer and also, which will offer all those interested the possibility of accessing this program from right in front of their computers, smartphones or tablets;
- Developing of financial education programs dedicated to certain types of socio-professional categories (students, retirees, athletes, etc.) so that each of these categories should find information of personal interest in the field of personal finance according to their priorities specific to their age and field of activity;
- Exploring new partnership opportunities with other NGOs and/or Universities.

Sponsorship activity

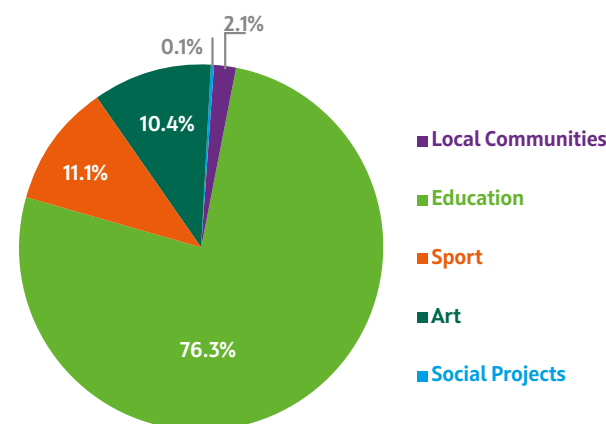
In 2018, the Bank has updated its sponsorship policy and created a clearer and more objective communication of the approval process. At the same time, key policy areas remained

unchanged in 2018, so sponsorship initiatives are being developed and implemented under the umbrella of CSR, based on three main directions:

- **OTP Equal Opportunity Program:** we support disadvantaged groups who need to overcome a drawback – mental or physical handicap, lacking resources to obtain a proper education and also children and youth organizations. We aim to help these groups by improving their life quality and by integrating them in society;
- **OTP Community:** we support events, programs that strengthen communities and contribute to the preservation of cultural heritage and further cultural development;
- **OTP Sports Program:** we promote sports organizations, competitions and leisure activities that require physical and mental stamina, concentration, tactical skills, and finely tuned teamwork.

In 2018, OTP Bank Romania sponsored the activities of 42 associations in various fields: art (10.4%), education (76.3%), sport (11.1%), local community development (2.1%) and social projects (0.1%).

Sponsorship budget distribution by sponsorship type:



The three most important fields of sponsorship were art and culture, education and sports, where we strengthen our long-term relationships.

The main organizations and projects supported in 2018 were:

- **Right to Education Foundation:** support of the maintenance, daily activity of the foundation and OK Center launch;
- **Cărturești Foundation - Street Delivery,** where OTP Bank Romania had community-level visibility of over 50,000 people and was present with an OK Center lounge area and an HR Corner;
- **Szigligeti Tanoda Association** - OTP Bank Romania sponsored the theater in 2018, having exposure on all the channels of promotion of the season: ATL, BTL, TTL;
- **Sepsi OSK Club Association,** Sponsoring the Sepsi OSK football team, a player in the first league in Romania.

1.3. OTP Bank Romania's financial performance in 2018

MACROECONOMIC FACTORS

In 2018 the key macroeconomic factors influencing OTP Bank Romania's operations were the following:

- As expected, after skyrocketing in 2017, the country's economy has started to lose steam in 2018, pointing to 4.1% GDP growth, down from 7% a year earlier.
- The expenditure side of 2018 GDP data pointed to some structural weakness, as household consumption and inventories fuelled the economy, while investment and net export registered negative contribution to the GDP growth. Consumption remained the key driver, as tight labor market conditions, minimum and public wage hikes supported the disposable income of households. The very large contribution of inventories to GDP growth may signal that sales were not able to keep pace with production in the industry due to the deterioration in external demand. At the same time, gross fixed investment fell, dragged down primarily by new constructions. In contrast to exports (that was negatively influenced by the slowdown of the eurozone economy), imports continued to increase quite rapidly, backed by higher household expenditures.
- The National Bank of Romania kept the key monetary interest rate at 2.5% throughout the year.

ECONOMIC PERFORMANCE AND IMPACT

In 2018, OTP Bank Romania consolidated its systemic position and climbed two positions in the largest bankers on the local market top, ranking 9th on assets.

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



Generated and distributed direct economic value of OTP Bank Romania (based on the consolidated, audited, IFRS profit and loss statement, thousand RON)			2018
I.	Generated direct economic value	= 1	347,000
1.	Net income from sales	Interest income + non-interest income (incl. net fees) (adjusted)	347,000
II.	Distributed economic value	= 2+3+4+5	270,751
2.	Operating costs	Operating costs – Personnel expenses – Depreciation	110,737
3.	Employee wages and benefits	Personnel expenses – employer's contributions on wages	157,483
4.	Payments to equity investors	Divident	0
5.	Community investments	Donation and sponsorship	2531
III.	Retained earnings	= 1-(2+3+4+5)	76,249

Please find a more detailed description of our financial performance in our 2018 Annual Report @ <http://www.otpbank.ro/en/about-us/otp-bank-romania/annual-reports/>

We believe in financial mentoring and we are convinced that financial education is one of the best investments for the future. We endow the youth with long lasting skills and knowledge essential for a responsible conduct of life. We have continued our pioneering financial education program through OK Center and have provided our financial and career trainings for over 12.600 people in 5 years.

2018 We did

We celebrated 1 year of OK Center
839 persons attended the Financial Fitness sessions
465 OTP Group employees attended the Financial Fitness sessions
24 cities in the country have been visited by the Financial Trainers
139 financial education sessions have been organized



2. Financial Literacy

RIGHT TO EDUCATION AND OK CENTER

Financial education is in the center of our social responsibility activities. We carry out our activities through our "Right to Education" Foundation ("Dreptul la educatie"). The Foundation is supported by OTP Bank Romania and OTP Fáy András Foundation, having experience of over 20 years in the field of financial education.

The main objective of the Foundation is to improve the financial, economic and managerial skills among secondary school students. At the same time, we constantly develop and widen both the scope of our trainings and of the participants, therefore career management trainings were implemented in 2018.

EDUTAINMENT

We provide trainings through the educational brand of OK Center. OK Center's uniqueness lies in edutainment where we teach interactively: teenagers learn and have fun at the same time. We present economic and financial concepts in an encouraging and challenging environment, using modern technology and interactivity. While relying on science, practical examples and exercises simulate reality. Our trainers tackle various topics and train themselves to be ready to change. Team work, long term planning and risk estimation are important and common features of all modules.

We provide different, 4-hour modules for each grade. Certifications are awarded to the participants upon completing a module. Trainings are available free of charge, all over the country and throughout the year.

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At the end of 2018, a total of 4.677 youngsters took part in these training sessions, namely: 4.449 pupils took part in our financial education programs, while 228 pupils took part in our career orientation training programs.



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All of them were interested in finding out methods and instruments that could be used to get a responsible financial behavior. Financial Fitness trainers visited 24 cities in the country, a number of 139 financial education sessions being organized. One of the strategic directions of our program was the "Cities" project, Financial Fitness sessions being an important component of a marketing initiative with to goal to increase the awareness of the retail network branches within their local communities. With the support of the branch managers from 13 cities (Deva, Zalău, Focșani, Tulcea, Suceava, Baia Mare, Râmnicu Vâlcea, Slobozia, Călărași, Târgoviște, Botoșani, Sibiu și Bistrița), the sessions were attended by 180 participants.



"The Urban Summer" Project

"Urban Summer" is a program initiated by OTP Bank Romania with the support of the Right to Education Foundation, held at the OK Center in July-August 2018. The program's goal was to give the companies' employees the opportunity to enroll their children in a free educational and interactive program during the summer holidays in time of parents' working program.

Thus, the parents knew that the little ones were in a safe place, with an environment according to their age, during the period which they were at the office. Children aged 6 to 18 years could be enrolled in the program. Thus, from July to August, all parents working in Bucharest branches of OTP Bank Romania had the opportunity to leave their children at the OK Center from Monday to Friday (excluding public holidays), between 8:00 and 18:30, to take part in activities under the „Urban Summer” program. Participation in the program was free of charge, enrollment based, and parents had the choice if they wanted to sign up for a few days, weeks, a whole month or for both months of the program. The average participation in the program was 20 children/day.

OK Center

The objective of the OK Center is to encourage the organic development of the urban society in Bucharest and not only through a learning approach from the individual to the community, with a focus on financial Bank Romania aims to encourage a financially responsible attitude among young people in Romania. The OK Center trainers help create an interactive learning environment that allows learners to immediately apply practical concepts such as planning, risk, strategic thinking and more. In 2018, OK Center hosted over 1.000 events in NGOs, start-up, education, entrepreneurship, art, freelancing. Approximately 20.000 people, entrepreneurs, representatives of the non-governmental sector benefited from the OK Center space to organize their work meetings, projects, events, training or conferences. Of those 20.000 people, 1.500 participants took part in the financial education courses.



Updating our values meant the reinforcement of our customer orientation. We believe in customer centricity: identifying value creation is a key success factor, going hand in hand with providing the highest quality services in an ethical way.

We strive to support businesses to thrive, economies to prosper and people to achieve their ambitions.



3. Clients and Core Business⁵

OTP BANK ROMANIA STRATEGIC PROJECTS

In 2018, the bank continued the actions initiated the previous year aiming at increasing digitalization and developing the business platforms and in the same time initiated new projects with the objective of supporting the bank's activity and contributing to the development and improvement of customer experience.

Also, the bank continued to develop regulatory projects aiming to ensure conformity with national and international regulations.

In this regard, the projects ran by the bank in 2018 covered most business and operational areas, being at the same time aligned to the bank's strategy.

The main business and optimization projects developed by the bank in 2018 were:

- Finance and Planning optimization project, having as main objective to increase the automation of reporting, ultimately aiming at providing accurate information to internal and external clients;
- Digitalization program, comprising several projects:
 - Implementation of a Business Process Management (BPM) platform with the main scope of increasing the efficiency of business processes;
 - Customer Experience Project for individuals with the main scope of improving individual customers' experience regarding all the activities which involve client interactions;
 - Customer analytics project with objectives like understanding the behavior by clients segments

and identifying new campaigns to be used for churn prevention, up-sell, customer activation;

- In order to support the digitalization initiatives, the bank decided to implement an IT solution for electronic archive, that was developed through the Project for implementation of the solution for management of digital archive, a solution that was integrated with other applications.

The project of implementing an application of Wealth Management for the distribution of funds for Private Banking clients of Private Banking category clients.

In addition, during 2018 a new strategic project was initiated in the bank, namely the implementation of Data Warehouse with the main objective of ensuring the data and information requirements to support daily operational activity as well as to facilitate the business decision process.

Alongside business processes, the Bank developed big projects aiming at ensuring compliance with regulatory requirements, among which we mention:

- IFRS 9 and IFRS 16 projects with the objective of aligning the bank to new international accounting standards
- PSD2 project, having as scope the implementation of the provisions of European Directive 2015/2366, also named Payments Services Directive 2 (PSD2);
- GDPR project, with the objective to ensure compliance with the provisions of European regulation regarding individual data protection (European Regulation 2018/679);
- MiFID II project, having as main objective to ensure implementation of the MiFID II legislative package (MiFID II Directive and Regulation EU MIFIR the Bank).

⁵ In this chapter we focus on new activities and products with a social or environmental aspect. For more details on other products please, see the Annual report and our website.

⁶ Politically Exposed Persons, who generally present a higher risk for potential involvement in bribery and corruption.

3.1. Serving Our Clients

Nowadays, the clients are focused on digitalization having a direct impact on documents that should be printed and visits required to the branches. OTP Bank Romania SA responded to all this by implementing the Digital Transformation Program since 2016 and currently we are offering an innovative solution for submitting on-line the financing requests for existing clients with an annual business turnover below 1 mil. EUR:

- The Quick loans for working capital (non-revolving and revolving);
- The Quick loan for the acquisition of the equipment;
- The Overdraft based on suretyship (for clients with at least 6 months turnover through the accounts opened at OTP Bank Romania).
- The unique feature of this solution consists in the fact that for contracting the three financing products, the clients are accessing directly the OTPdirekt – Internet Banking platform. They receive an instant preliminary answer, based on the last annual balance sheet uploaded on the Internet Banking platform and some minimal information, submitted by the client. Also, the applicants can be notified by e-mail/ SMS/ message on the Internet

Banking platform regarding the status of the request (analysis/aproval). The entire flow is characterized by quick and easy access and simplified documentation.

- The SME customers' needs related to the development of investment projects meant to support the environmental protection and renewable energy did not register a significant evolution. However, such projects can be financed by the existing dedicated products as the Investment Loan.
- Corporate sustains projects that are environment friendly. One of these projects that was financed last year represents the development of the first and largest residential complex in Iasi, built using durable technology and building materials, that have already been tested, environmentally friendly and resistant for a whole series of generations.

ONLINE CHAT

The current form of our website was launched at the very end of 2015, offering client-friendly experience and functions. In 2016 we introduced a chat feature on the desktop version of the site in order to improve communication with our clients and to reduce response time. Our colleagues handled approximately 900 chats per month, and according to the built-in customer satisfaction survey, the average rate of satisfaction was 88% in terms of the offered solution, and 92% regarding our colleagues (although the response rate was relatively low).

MONEY MAGNET

We launched our unique Money Magnet function in 2016, making money transferring fast and free of charge to OTP Bank accounts with a non-OTP Bank debit card. Money Magnet is available on OTPdirekt (internet bank or mobile bank) and works as a simple internet shopping transaction by debit card. The solution was developed to support our loan clients by making money transfer easier. In the first month of its operation, more than 4,5 million RON was transferred, and we realized a two-digit increase regarding the number of transactions per month.

Complying with the EU requirements and practices of SEPA (Single Euro Payments Area), we implemented the Direct Debit project, making foreign payments easier for our clients. As an additional service, we provide the possibility to use the Direct Debit function in RON besides EUR.



We introduced several e-products during 2016, please find more information about them in Chapter 3.2.

We keep on developing, as our digitalization plans are extensive and comprehensive, including a great range of useful functions that aim at enhancing customer experience.

NETWORK

OTP Bank grew organically and managed to consolidate its position on the Romanian market, reaching 9th on the banking market, with a market share of 2.46% in September 2018. At the end of the year, OTP Bank Romania had a team of 1,364 employees, with an increase of 7%

compared to 2017. The team serves an expanded portfolio of more than 358,000 customers. OTP Bank's territorial network includes 94 branches, while the number of ATMs reached 140. Also, in 2018, the loans volume increased by 14%, supported by the dynamic evolution of mortgage loans and loans to SMEs, and the rate of non-performing loans fell to 5.1%, - 8.4 percentage points versus 2017.

OBR has contracted a network of outsourced ATMs with wide presence all over Romania; OTP also offers free cash withdrawals from card.

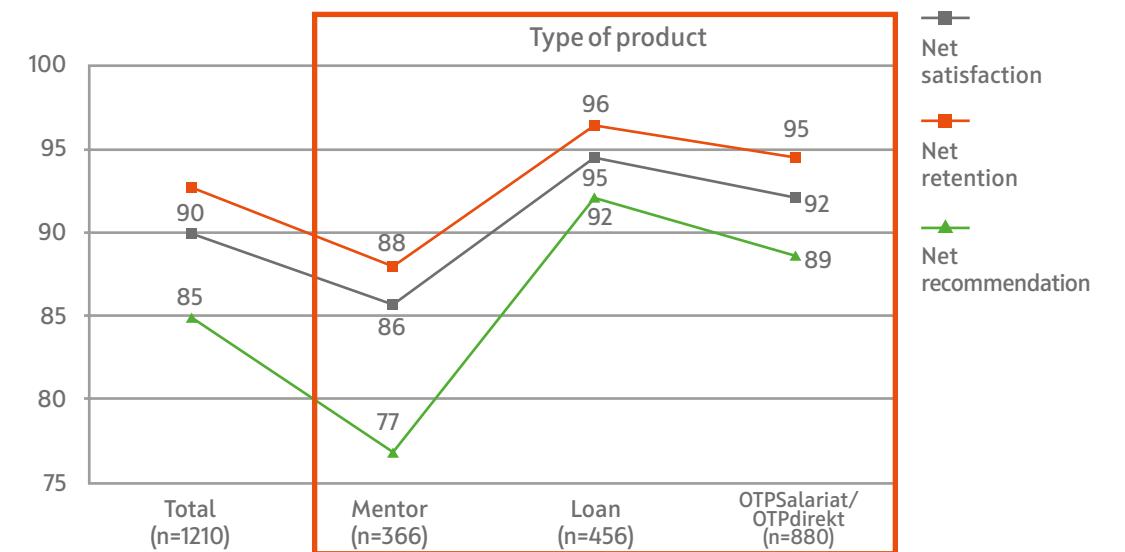
Currently, OTP Bank is running a mixed ATM fleet, with cash-out only or cash-in/cash-out function, at present the last ones being 54 in total.

900 chats per month

54 ATMs with cash pay-in option

3.2. Responsible product portfolio

Net scores were calculated for three questions on a 1 to 5 scale. The responses were classified in three categories: Positive answers (4-5 rating), Passive answers (3rd rating), and Negative answers from the percentage of Positive answers. The net scores can take values from -100 (all responses are negative answers) to 100 (all responses are positive answers.)



Net satisfaction - Q13.1. How satisfied were you in general with OTP Bank after this meeting?

Net retention - Q13.2. Following this meeting will you remain the client of OTP Bank/ do you want to become a client of this bank?

Net recommendation - Q13.3 Following this meeting will you recommend to others the services of OTP Bank?

⁷ The location of these branches did not change in 2018, though classification of the areas changed.



93% of the clients are very satisfied or satisfied with their communication with OTP Bank Romania

3.2. Responsible product portfolio

We believe in an integrated system based on three pillars:

- while providing high quality products that support our clients to achieve their financial goals,
- we place emphasis on increasing financial knowledge and awareness
- we comply with the requirements of ethical business conduct to the maximum level.

We have several products with special environmental or social advantages (e.g. satisfying essential needs with preferential conditions). In this chapter we highlight these products and we provide an overview of our corporate product portfolio.

3.2.1. Products and services for individual clients

The main features of loan products development in 2018 consist in:

In 2018 the main focus continued to be set on cash loan and mortgage loan, and OBR was still targeting the higher segments of clientele with both of its loan products.

OBR continued the sales on the Cash loan with Payment Protection Insurance (PPI). PPI is sold optional to the clients who are requesting personal loan and is covering the following risks: death by accident and disease, total permanent disability by accident and disease (grade I or II disability), involuntary unemployment for 6 months; In Mar. 2018, OBR launched an automated process for the cash loan product, sustaining the sales for new clients, respectively existing clients without loan exposures to OBR. The adoption of the new flow is an on-going process to be constantly improved, as it is influenced not only by the pricing scheme applied to those loans that must be a transparent one and the loan risk conditions, but also by the availability of fully dedicated sales FTE's within the branches, to serve each client within an "end-to-end" manner - from cash loan presentation up to loan disbursement.

OBR fully revised the cash loan pricing scheme towards

a simpler, more transparent and competitive one, by renouncing to the previously used Risk Based Pricing, as a direct consequence of its strategic effort of targeting higher segments of clients, better informed, with increased cross-sell potential and much better risk figures and characteristics;

The commercial offer in case of cash loans was simplified together with the simplification of the pricing mechanism, by renouncing to those cash loan subtypes with marginal sales contribution;

The successful campaign launched in previous years for the "Salary transfer & OTPdirekt usage" was continued all year long during 2018, having a "Welcome bonus" up to 500 RON bonus component based on client income transferred within OBR accounts and another one up to 500 RON bonus for OTPdirekt activity;

OBR strategy of enhancing the mortgage lending market presence was carefully executed, the sales being constantly increased for the ML in RON with smart pricing scheme having different discounts, better pricing conditions being applicable based on clients willingness to fulfil certain criteria; mortgage loan down-payment conditions were again revised and implemented in Mar. 2018, ensuring competitiveness at market level è minimum 15% requested by NBR for all the important locations & aligned to market also in the main locations where mortgage loan can be sold (starting from 15%, not more than 20% down payment);

In case of "Prima Casa" state subsidized mortgage loans, OBR used its initially allocated ceiling and got supplemented one to be used, but its weight in the total new ML sales is not predominant like in the previous years.

The main features of liabilities products development in 2018 are mentioned below:

In order to be in line with the trend of the Romanian savings market, OTP Bank has periodically updated the pricing conditions for the liabilities products;

During 2018, OBR implemented the requirements of MiFID II legislation, related to the distribution of investment funds according with all the principles stipulated within European and local legislation;

In middle of Jul. 2018, OBR launched a new Term Deposits campaign for a non-standard tenor of 7 months, with a competitive pricing both if concluded OTC or within OTPdirekt channel. The campaign was a very successful one, being prolonged 2 times and upgraded from interest rate perspective until EOY 2018.

LOANS

OBR fully revised the cash loan pricing scheme towards a simpler, more transparent and competitive income based mechanism. With this occasion, OBR renounced to the previously used Risk Based Pricing, that within the new cash loan risk scoring implemented in May 2018 was not supporting enough anymore the business development. All the pricing methodology changes that occurred in 2018 for cash loan are a direct consequence of the strategic effort of targeting higher segments of clients, better informed, with increased cross-sell potential and much better risk figures and characteristics.

The main features of individuals loan products development in 2018 consist in:

In 2018 the main focus continued to be set on cash loan and mortgage loan, and OBR was still targeting the higher segments of clientele with both of its loan products. OBR continued the sales on the Cash loan with Payment Protection Insurance (PPI). PPI is sold optional to the clients who are requesting personal loan and is covering the following risks: death by accident and disease, total permanent disability by accident and disease (grade I or II disability), involuntary unemployment for 6 months;

In Mar. 2018, OBR launched an automated process for the cash loan product, sustaining the sales for new clients, respectively existing clients without loan exposures to OBR. The adoption of the new flow is an on-going process to be constantly improved, as it is influenced not only by the pricing scheme applied to those loans that must be a transparent one and the loan risk conditions, but also by the availability of fully dedicated sales FTE's within the branches, to serve each client within an "end-to-end" manner - from cash loan presentation up to loan disbursement.

OBR fully revised the cash loan pricing scheme towards

a simpler, more transparent and competitive one, by renouncing to the previously used Risk Based Pricing, as a direct consequence of its strategic effort of targeting higher segments of clients, better informed, with increased cross-sell potential and much better risk figures and characteristics;

The commercial offer in case of cash loans was simplified together with the simplification of the pricing mechanism, by renouncing to those cash loan subtypes with marginal sales contribution;

The successful campaign launched in previous years for the "Salary transfer & OTPdirekt usage" was continued all year long during 2018, having a "Welcome bonus" up to 500 RON bonus component based on client income transferred within OBR accounts and another one up to 500 RON bonus for OTPdirekt activity;



OBR strategy of enhancing the mortgage lending market presence was carefully executed, the sales being constantly increased for the ML in RON with smart pricing scheme having different discounts, better pricing conditions being applicable based on clients willingness to fulfil certain criteria; mortgage loan down-payment conditions were again revised and implemented in Mar. 2018, ensuring

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Nowadays, the clients are focused on digitalization having a direct impact on documents that should be printed and visits required to the branches. OTP Bank Romania SA responded to all this by implementing the Digital Transformation Program since 2016 and currently we are offering an innovative solution for submitting on-line the financing requests for existing clients with an annual business turnover below 1 mil. EUR:

The Quick loans for working capital (non-revolving and revolving);

The Quick loan for the acquisition of the equipment;

The Overdraft based on suretyship (for clients with at least 6 months turnover through the accounts opened at OTP Bank Romania).

The unique feature of this solution consists in the fact that for contracting the three financing products, the clients are accessing directly the OTPdirekt – Internet Banking platform. They receive an instant preliminary answer, based on the last annual balance sheet uploaded on the Internet Banking platform and some minimal information, submitted by the client. Also, the applicants can be notified by e-mail/ SMS/ message on the Internet Banking

platform regarding the status of the request (analysis/ approval). The entire flow is characterized by quick and easy access and simplified documentation.

The SME customers' needs related to the development of investment projects meant to support the environmental protection and renewable energy did not register a significant evolution. However, such projects can be financed by the existing dedicated products as the Investment Loan.

3.2.2. Products and services for small and medium enterprises

In 2018, our continuous endeavour to provide SME customers a wide range of products adapted to their expectations as well as an elevated professional client experience had as main achievements the development of the **SME Lending Project** and the launch of the **Start-Up Hero package**.

To reach our goal of providing SME customers with structured, easy and quick financing solutions, at the beginning of 2018 we launched the **SME Lending Project**. The main outcomes of the project consisted in:

Implementing a dedicated lending approach for each SME segment, depending on the annual business turnover: For clients with annual business turnover below 1 mil. EUR: **Quick Loans** (mass approach loans without hard collaterals, such as the Quick loan for working capital, the Quick Loan for the acquisition of equipment and the innovative **Overdraft granted to existing Retail Corporate clients based on suretyship**, which can be contracted

through the Internet Banking platform) and **Standard loans** (Credit Line, Free Purpose Loan and Investment Loan) fully covered with hard collaterals;

For clients with annual business turnover between 1 mil. EUR and 5 mil. EUR – **Semi-standard lending facilities**, granted without hard collaterals (Credit Line, Overdraft and Cash Loan).

Optimizing and updating the product features of the products included in the SME Lending Project in order to better serve the customers' expectations and financing needs, such as: increasing the maximum loan amount for Quick Loans and standard loans, recalibrating the Retail Corporate rating system and standardizing the monitoring and disbursing terms.

Launching in the September 2018, the **Revolving quick loan for working capital**, in order to capitalize on the benefits brought by the SME Project and provide the SME customers with an annual business turnover below 1 mil. EUR another attractive financing option, benefitting of a quick approval flow and easy access to the loan amount.

As OTP Bank Romania is committed to support the private entrepreneurs and the new companies venturing into the business world, we have launched the **Start-Up Hero package**, the best option available for start-ups at the launch date. It consists from a **cost-free bundle of banking products** and services offering multiple benefits to the companies with less than 12 months of functioning, such as: unlimited number of inter-banking payments in RON through Internet Banking (except for the NBR/Transfond fees); unlimited cash deposits in RON and foreign currency; zero maintenance and issue fees related to the debit card included in the Package; free of charge Internet Banking, SmartBank and Contact Center subscriptions; free of charge payments and remittance of cheques and promissory notes; Free of charge PUSH Notifications service for one user.

SME CORNER

In collaboration with local authorities, OTP Consulting Romania implemented more than 20 projects with the theme of environmental protection, especially in the area of water and wastewater and other wastes. The quality of

its consultants is the cornerstone of the company's ability to serve its clients, leading the company also in 2018 to a large number of successful projects.

Also, in partnership with NGOs (LAM Foundation and AGROSIC) OTP Consulting Romania developed a truly innovative concept for small manufacturers in order to develop their food industry marketing, brand share, to sell products online and through a special weekly market.

In addition, small manufacturers receive consulting services and training to acquire the necessary knowledge to hit the market.

OTP Consulting Romania is a partner of EBRD through the BAS Business Advisory Service program. The Project, prepared by OTP Consulting Romania for an agriculture company, was promoted as BEST PRACTICE by EBRD.

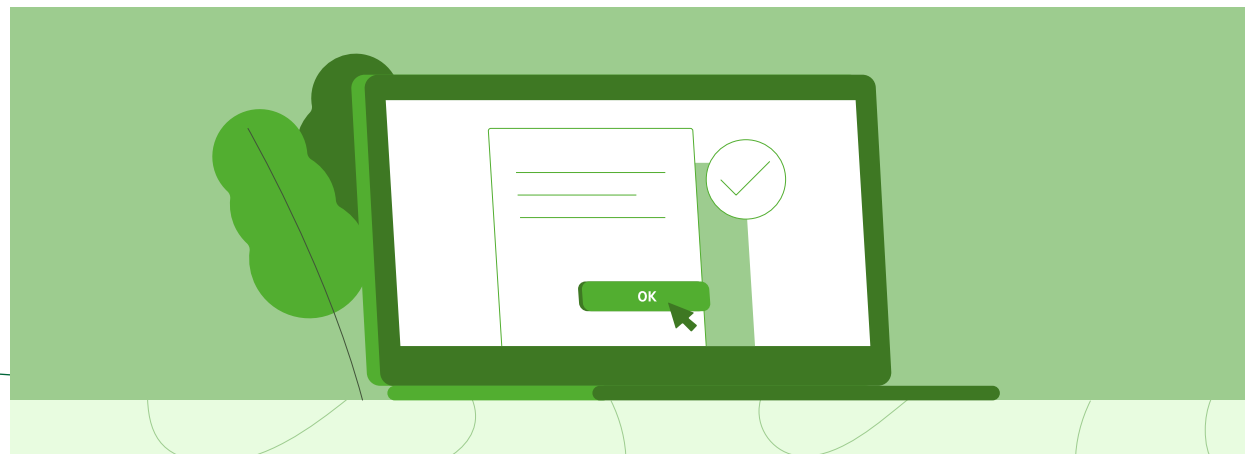
In present, OTP Consulting is involved in 3 projects with European funding in a partnership with the Chamber of Commerce of Romania, with a total value of over 10 million euros.

3.2.3. Main achievements in Corporate business:

Financial indicators above plans for the year (loans, deposits, incomes)

The factoring business activity in OBR, launched in May 2017, registered a very good performance last year, with overachievement on all related financial indicators (volumes, incomes) and generating significant increase in overall business. Thus, a considerable number of new clients with large volumes were financed during the year. The factoring product portfolio, composed by Domestic factoring with and without recourse, and Export factoring was completed with a new product: Reverse Factoring. OBR is member of the FCI (Factors Chain International), an international worldwide factoring association that provides the infrastructure for international factoring, the transactions being handled directly between the members. Participation in the implementation at bank level of the mandatory regulations:

- EU Directive no. 92/2014 on comparability of charges for payment accounts, change of payment accounts and access to basic payment accounts (transposed into the Law 258/2017)



- EU Directive – MiFID (Markets in Financial Instruments Directive), considering the implementation of Product Governance Policy in OBR
- Participation in the implementation of EU General Data Protection Regulation (GDPR)
- PSD II European Directive
- IFRS 9
- Split TVA

Improve the organizational structure with the aim of have a better efficiency of the activity in the support area, better specialization within the team. A new concept, the „Corporate Officer”, was implemented; a dedicated Corporate desk in the network, having as role to ensure operational part regarding the non-credit products and to serve the clients managed by the Corporate Division, having as main benefit a better and faster service for Corporate customers Direct involvement within agribusiness projects: Rural Development Plan, EAFRD (European Agricultural Fund for Rural Development) Actively

participant to various agribusiness events (Indagra, RALF), conferences and forums (Hungarian-Romanian Business Forum, Agri processors Forum, European Funds Forum, etc) Improving the “Multicurrency, multi-option, multi-borrower ceiling”, one of the most competitive products on the market Initiative developed joint with the Risk Division, regarding the automation of “Cash ceiling on cheques, promissory notes and invoices” Revision of the entire cash management products portfolio in order to align with the new legislation and market requirements.

Main challenges in Romanian banking system:

Digitalization of the process management mechanisms (back-office operations especially)
 Payment processing through technology development
 Regulation & macro prudential rules implied by competent authorities (EBA, BIS, ECB and The National Bank of Romania) – for assuring stability, transparency & predictability of the banking system through supplementary measures regarding compliance regulatory framework.

Legislative measures:

EU Directive 92/2014 transposed into Law 258/2017 regarding comparable and transparent fees and rules for all payment accounts,

EU Data Protection Directive (GDPR) transposed into the Law 190/2018.

EU Directive PSD II (in process of implementation; the legislative act of the Emergency Ordinance on Payment Services is still in the draft phase).

New Product Governance Policy defined with the view to ensure compliance with 3 areas of regulatory requirements – new product approval (NBR Regulation 5/2013 and EBA Guidelines on internal governance to enter into force on 30 June 2018), product governance requirements for retail products and product governance requirements for products and services falling under MiFID II.

OTP CONSULTING ROMANIA

Our subsidiary provides a wide range of services covering financial advisory services, local development consultancy both for companies and local authorities.

In collaboration with local authorities, OTP Consulting Romania implemented more than 20 projects with the

theme of environmental protection, especially in the area of water and wastewater and other wastes. The quality of its consultants is the cornerstone of the company’s ability to serve its clients, leading the company also in 2018 to a large number of successful projects. Also, in partnership with NGOs (LAM Foundation and AGROSIC) OTP Consulting Romania developed a truly innovative concept for small manufacturers in order to develop their food industry marketing, brand share, to sell products online and through a special weekly market. In addition, small manufacturers receive consulting services and training to acquire the necessary knowledge to hit the market. OTP Consulting Romania is a partner of EBRD through the BAS Business Advisory Service program.

The Project, prepared by OTP Consulting Romania for an agriculture company, was promoted as BEST PRACTICE by EBRD. In present, OTP Consulting is involved in 3 projects with European funding in a partnership with the Chamber of Commerce of Romania, with a total value of over 10 million euros.



FIA” Project „Become Entrepreneur at Home! Invest in your future!”



The Sustainable Entrepreneurship Project in the Center Region, launched in partnership with the Chamber



SMART START UP project

3.3. Ethical Conduct of Business, Risk Management and Banking Security

3.3.1. Transparency and communication

OUR PRINCIPLES

OTP Bank Romania is committed to transparency and to efficient communication. Detailed information about our financial results is available on our website, including quarterly stock exchange reports, annual reports and CSR/ Sustainability reports. We constantly communicate relevant data related to our bank’s activity, regarding products and services, improvements for our clients.

We consider and treat the media as partners who have an important role in informing the citizens about economic reality and changes. Our doors are always open if it is either an off-record conversation that we do regularly or a press conference.

MEMBERSHIP

In 2018, OTP Bank Romania was an active member of the Romanian Association of Banks (ARB), Factors Chain International (FCI), Hungarian Business Association in Romania, Foreign Investors Council, Romanian Banking Institute, Alternative Banking Dispute Resolution Centre. Consequently, we regularly give feedback on and contribute to public policy changes.

PROVIDING INFORMATION AND PRICING

We want to make sure that both our employees and clients are aware of the risks, the proper use and benefits of products, and make decisions based on all necessary information. Our efforts to enhance financial literacy support clients in the long term. At the same time, we are straightforward with our clients and regularly organize specialized trainings and assess the knowledge of our front-office colleagues. Our sales colleagues are expected to complete electronic tests on a daily basis. The use of these tests improved the general awareness of priorities and enables us to address key concepts towards our colleagues.

We ensure our clients a transparent pricing policy. This means that interest rates are upfront and include all costs without any hidden commissions. Detailed information regarding the functionalities and costs is part of the contractual documents. OBR credit clients are informed according to the national and European legislation regarding the risks of the loan through the dedicated form, that is, mandatory to be issued: “Standard information at European level for the loans granted to consumers”. Credit contracts are explained, negotiated and personalized for corporate clients. Key aspects and potential deal-breakers are clarified in a transparent way and pre-agreed with the clients before getting internal approval for completing the final form of any transaction. During the process, our employees act as financial and business consultants.

3.3.2. Business Ethics and Compliance

We are convinced that ethical business conduct supports our competitiveness. To ensure the protection of customers' interests and of fair, ethical and transparent operations, we place emphasis on compliance with legal provisions and even beyond, with the requirements of business ethics.

CODE OF ETHICS

We renewed our Code of Ethics in 2018, which is available on our website (www.otpbank.ro/en/code-of-ethics). The Code was approved by the Supervisory Board (preliminary approval of the Management Board) at the end of 2018, and it came to force at the beginning of 2019.

Among others, The Code of Ethics of OTP Bank Romania S.A. contains provisions related to the fight against corruption and the practice of bribery; the Code is posted on the Bank's website. The Bank management have adopted the principle of zero tolerance towards corruption and bribery, taking a definite stance against all forms of corruption and giving full support to the fight against corruption. In addition, all the bank's agents signs a statement on the acceptance of the Code of Ethics and their agreements are amended by including dedicated provisions on proceedings in case of violation of the Code of Ethics values/provisions.

All the bank's employees and Board Members signed a statement on the Code of Ethics acceptance. All the Bank's customers are informed about the Bank's values and principles included within the Code of Ethics by publishing it on the Bank's website.

We constantly monitor existing relationships between our employees and our corporate clients.

The main changes of the documents, compared to the previous versions, are: references to the organizational units, update of legal framework, extension of confidential obligation for an unlimited period of time after leaving OBR. The Compliance Directorate prepared training materials containing the requirements to comply with the Code of Ethics provisions (including those on anti-corruption topic) and performed specific on-site and e-learning training sessions, dedicated to all the Bank's existing and new employees and distinct material for the Bank's management.

The Bank ensures that all its agents acknowledge the stipulations of its Code of Ethics and undertake them in writing. In this respect the drafts of the contracts the Bank signs with its agents include dedicated provisions regarding the acceptance of the Code of Ethics.

COMPLIANCE

The bank's independent compliance and legal organizations support compliance with the Code of Ethics, prevention of deviations from the law, the bank's internal regulations and behavioural rules, and the protection of consumers. Consumer protection was ensured in 2018 by updating the OTP Bank Romania S.A. internal regulation on complaints, based on legislative changes (those on consumer protection being most significant amendment source). On such grounds, during 2018, OTP Bank Romania S.A. amended the complaint related internal regulations, with support of Compliance Directorate – in order to align them to NBR "Instruction on the governance framework retail products and complaints in the financial and banking sector", to GDPR and MiFID II requirements.

In 2018 there were 1483 closed complaints, and 599 justified complaints. Out of these, few mentioned the abuse of customers' personal data, 4 were from legal representatives (layers) and 68 from individual clients. During the last months of 2018 one of the recurring topics for calls was related to personal data actualization as all the customers were notified to visit one of our branches and update their personal data (legal requirement) as soon as possible to avoid account restrictions.

Other main topics customers called for in 2018 were related to card usage and internet banking support, but also related to information about contracting new products, especially loans. Main topics for the complaints in 2018: Credit Bureau reporting, credits transferred to OTP Bank Hungary and OTP Financing Solutions, cards usage related complaints and quality of service.

As a result of our internal audits, we reviewed and improved our internal regulations on complaint management, resulting in significantly reduced response time.

In 2018 the authorities closed 1483 legal proceedings against OTP Bank Romania. Most of them were cases involving the abuse of customers' personal data, and out of these 16 compensations have been paid.

3.3.3. Risk management

OTP Bank Romania reinforced its position as a solid and stable bank in 2018 as well.

We are convinced that our strict and conservative lending policy plays a major role in the stability of the bank. Our priority is to continue a balanced risk appetite. We continuously develop our risk management system and regularly review our processes.

As a result of continuously monitoring the quality and evolution of the loan portfolio, we provide monthly and quarterly presentations for the Risk Management Committee and to the Bank's Directorate.

In 2018 no major changes were implemented regarding the risk assessment framework, only fine tunings were initiated to align with the group-level and local best practices. We have also updated the scoring systems for personal cash loans and credit cards.

ENVIRONMENTAL AND SOCIAL RISK

We have used "the Working procedure regarding environmental and social risk in the lending activity of OTP Romania" since 2009. The procedure is applicable for legal entity clients having an exposure over EUR 1 million with our bank. OBR's approach is to comply with the legal regulations, which also entails requiring proof concerning environmental and social issues. Non-compliance triggers penalties or blocking of the facility, depending on the relevant structure in place.

OPERATIONAL RISK

The Bank has a governance framework for operational risk which includes policies and processes for identification, evaluation, analysis, monitoring, and control/decreasing operational risk. Policies and procedures are based on the size, nature, and complexity.

In 2018, the most frequently emerging operational risks were loan contract-related risks, similarly to the previous years. The number of fraud events and ATM attacks did not change significantly.

Compliance Function

The compliance function is one of the three independent control functions within OTP Bank Romania and, during 2018, it was ensured by the Compliance Directorate.

The Compliance Directorate is functionally subordinated to OTP Bank Romania's CEO and its independence is guaranteed by its direct reporting line to OTP Bank Romania's Supervisory Board. At the same time, it also reports to the Audit Committee and the Risk Administration Committee.

The Compliance Directorate also comprises the Personal Data Protection Area. This is led by the responsible with Data Protection (DPO – Data Protection Officer). In this respect, DPO reports administratively to the Director of the Compliance

Directorate and functionally to Management Board and to Supervisory Board.

The main roles fulfilled by the compliance function within the bank are:

- Manages the compliance risk following the identification and assessment of this risk in order to maintain an acceptable level, according to the Bank's strategy;
- Reports on compliance risk calculated based on compliance risk indicators applicable to all specific area, to OBR management and OTPH;
- Provides consultancy to the Bank management regarding the provisions of the legal and regulatory framework, but also regarding the ethical standards which must be applied within the banking activities;
- Verifies, through monitoring and control, the application of the relevant policies and procedures, in order to ensure the Bank's ongoing compliance with the legal and regulatory framework regarding general compliance and KYC&AML/CFT issues and recommends improvement measures and corrective actions both punctual and at the bank level (processes/ workflows at Bank's level) in order to increase the achievement of this goal and to manage/ mitigate the compliance risk;
- Verifies if products/ services and internal regulations comply with the regulatory framework in force, including agreements, recommended practices or ethical standards for banking activities;
- Ensures that the measures assumed within the Actions Plans issued following the Supervisory Authority (NBR) controls, specific to each managed activity, are implemented fully and within the deadlines;
- Develops, assists in the development, implements, and monitors appropriate policies, procedures and other documents such as compliance policy, internal code of ethics and practical guides for OTP Bank Romania SA staff in order to ensure the Bank's ongoing compliance with the specific legal and regulatory framework and internal regulations;
- Issues compliance training materials and tests in order to develop the compliance organizational culture;
- Actively participates on behalf of OTP Bank Romania S.A. within the specialized committees of the Romanian Banking Association (ARB) and other committees or other organizational structures which analyze developments in the regulatory framework with impact on compliance;
- Communicates with the Supervisory Authority and other

authorities in order to perform its specific duties;

- Provides, through Data Protection Area, guidance, coordinates, controls and monitors the unitary application of the legislation on the protection of individuals regarding the processing of personal data and the free circulation of such data within the bank.

The fundamental principles of compliance, but also the main line of compliance activities are defined in the Compliance Policy of OTP Bank Romania with the purpose of collectively defining, facilitating and supporting the appropriate, legal, secure and prudent functioning of the Bank.

The Compliance Directorate ensures, through Data Protection Area, the mission to develop an organizational culture designed to ensure respect for the fundamental right of personal data protection within the bank.

Based on the Compliance Policy, also including personal data protection provisions, the Bank has developed its regulations and established the necessary tools for implementing the policy, taking into account the complexity of the bank's business and size, the applicable national, European and international regulations, as well as the policy of the group the Bank is part of. Regarding personal data protection, it is clearly stipulated that failure to comply with the Personal Data Privacy Policy may result in the rights of the data subject being impaired, as well as in significant financial and reputational losses for OTP BANK ROMANIA SA and possibly disciplinary consequences for the responsible employees of the bank.

Compliance Directorate manages the Bank's Code of Ethics, which sets out the values, principles, and rules based on which management, and all employees act and perform their tasks, contributing to the achievement of business objectives.

The general principles underlying the Code of Ethics reflect the standards of corporate governance, values of moral and professional integrity, good business relations based on the sharing of common values and rules of conduct governing human relations, compliance with specific banking legislation, avoidance and combating conflicts of interest and corruption, keeping of confidentiality, transparency and prudence in the course of the activities carried out.

The Bank has implemented an appropriate channel for communication (whistleblowing) to facilitate reporting of inappropriate behavior that may arise in connection with

Bank's customers, suppliers or staff and to encourage the submitting with the good faith of any non-compliance with the Code of Ethics situation.

In order to prevent conflicts of interest, the Bank has implemented mechanisms to identify, monitor and manage situations that may cause potential conflicts of interest by analyzing areas of potential risk - personal recruitment, family relationships, participation in companies, suppliers - including procedures that provide barriers to information flow and adequate separation of employees' duties.

OTP Bank Romania is committed to complying in permanence with the legal requirements for preventing money laundering and terrorism financing.

In order to comply with the legislation applicable regarding anti-money laundering and anti-terrorism financing, OTP Bank Romania S.A. implemented clear internal procedures for establishing the real beneficiary of the funds' source and implemented systems for the detection of suspicious transactions.

Compliance Directorate provides consultancy to the territorial units and to the structures in the headquarters for matters related to the prevention and combatting of money laundering and terrorist financing, know your customer and international sanctions.

In order to comply with the international sanctions, the Bank screens the customers' database and transactions against sanctions/embargo lists.

The development and supervision of the money laundering prevention program is a responsibility of the Compliance Directorate, but all Bank's employees, especially those in business areas, are also responsible as a part of the first line of defense.

To ensure efficient customer due diligence process, the Bank uses a risk-based approach.

Relationship One of our newly defined key values is people. We are aware of the importance of our staff in our success and in achieving our mission. We are committed to provide great opportunities to our colleagues and we act responsibly towards them. We respect the rights and support the welfare of our employees. In 2016, we started a comprehensive organizational culture program to align our organization's skills to the quickly changing challenges of today and to enhance collaboration within our culture.

Organizational cultural program

Leader Academy



4. Employees

OTP New Leaders

In 2018, we launched OTP New Leaders, a new development program in our organization, dedicated to a very specific group of employees: newly appointed department managers either by internal promotion or by external recruitment (with no previous managerial experience).

Since our common purpose is to create in OTP Bank a performance culture, with humanistic approach, with this program we aim to address several issues revealed by the Engagement Survey deployed among our employees at the end of 2017:

A motivational gap between the directors and department managers, which resulted in a lower engagement of the latter in the company activity.

The lack of development programs on other managerial levels than directors' level.

The need to improve collaboration by creating an environment based on sharing experience and support between us.

2018 was a year with a full calendar of events aiming work-life balance/ integration.

We have started the program "Fruits Pause" at the office for all employees (twice per month, employees receive, in the same day, 3 types of season fruits).

Monthly Hobby Cafe workshops aiming personal & professional development (soft skills, personal branding, nutrition, parenting).

Open Days for Children; one week in June; presents for employees' children; experiments' shows @ the office; creativity contest for children on financial education; pupils visiting territorial units.

Weekly useful insights encouraging attitudes that we want to grow; sent on Monday mornings.

During summer 2018, in partnership with Right to Education Foundation, we launched the program "Urban summer at OK Center" for the employees' children – over 50 children were hosted here during July & August, whole day, with a child care program (teachers from Step by Step School involved them in many activities for their age – from 6 to 14 years old).

Healthy Days @ Work – health consultations @the office during 1 week (ergonomics, dental services, optometry services, body measurements etc.).

30 Day H2O Challenge – encouraging water consumption; online subscriptions & individual monitoring; awards for the most enthusiastic participants.

Starting from November 2018, individual subscriptions at massage @work; company provides time, location, provider and the employee supports the cost of subscription.

OTP Bank Competition at table tennis; held on April – 22 colleagues, 78 matches in a professional sports area.

Happy Days @ the Office - Ice Cream Day @ the office – for colleagues from head office; an ice cream bike placed in HQ; Chocolate Day @ OTP Bank – for colleagues from HQ. Bookster community @ OTP Bank surpassed 600 active accounts & 15.000 read materials in 3 years; the most active colleagues were awarded in 2018; good participation at 4 Bookster campaigns #OTPBANKciteste. Bookster is an online library, employees can borrow books and they have them at the office every Monday morning.

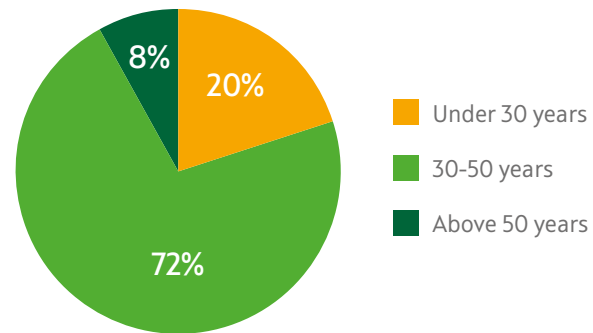
Volunteering initiatives: approx. 10 OTP Community initiatives (Easter/ Autumn/ Christmas Fairs for fundraising, marathons, donations); 4 blood donations (50 volunteers/ session); 2% income tax campaign for social causes.

Staffing

The headcount of OBR increased, compared to the previous years.

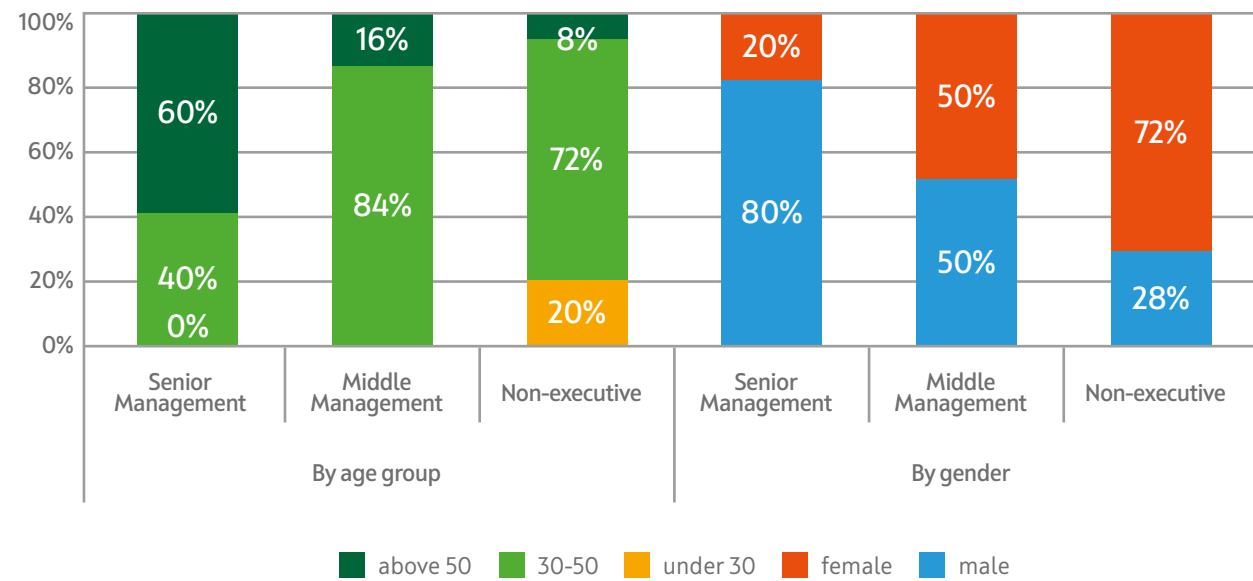
Employee headcount data number of persons, 31 December	2018		
	Male	Female	Total
Full-time employees	343	833	1332
Part-time employees	7	15	31
Total number of employees	350	848	1363
Percentage of employees with a fixed-term employment contract	4%	5%	3.3%
Percentage of male	-	-	29%
Percentage of female	-	-	71%

Breakdown of EMPLOYEES BY AGE GROUP, 2018



The breakdown of employees by age group shows almost the same results as at the end of 2015.

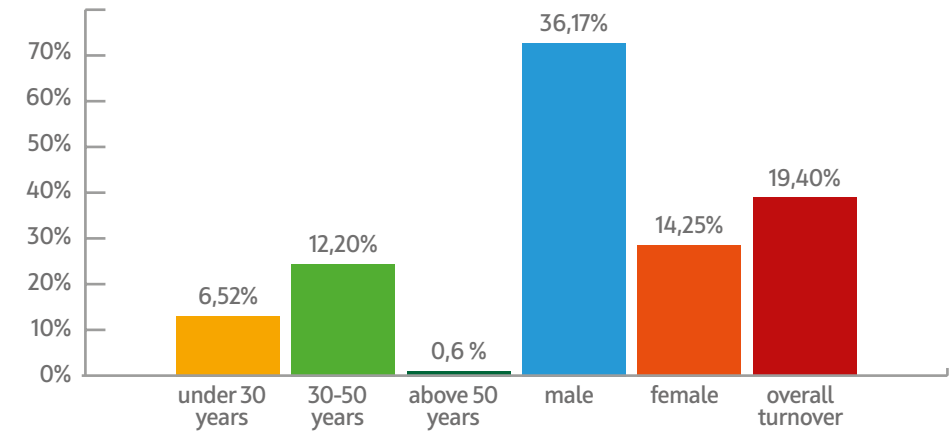
Breakdown of POSITION BY GENDER AND AGE GROUP, 2018



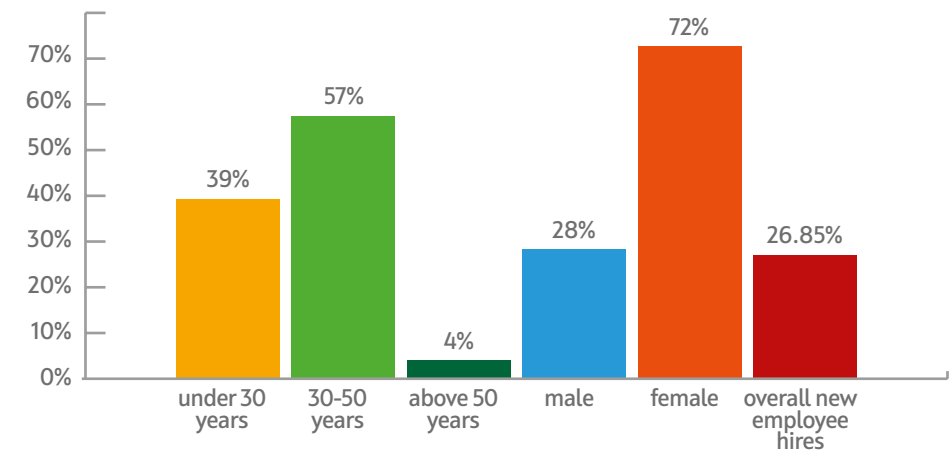
Equal opportunities are ensured by hiring without giving preference to locals. However, most employees are from the local community.

Rate of locals and women within the management of OTP Bank Romania 31.12.2018		
	Management Board	
	Rate of locals (%)	Rate of women (%)
OTP Bank Romania	40	20

Percentage employee turnover by age group and gender



Percentage of new employee hires by age group and gender



Student practice 2018

87 students have completed the Internship with OTP Bank Romania in 2018.

There were two major Universities that provided students for Bucharest and Cluj-Napoca:

The Bucharest University of Economic Studies (ASE) – 47 students
 Babes-Bolyai University from Cluj-Napoca (UBB) – 40 students

The Bucharest University of Economic Studies (ASE):

- 22 students - Faculty of Finance, Insurance, Banking and Stock Exchange;
- 22 students - Department of Theoretical and Applied Economics;
- 1 student - Faculty of Accounting and Management Information Systems;
- 1 student - Department of Marketing;
- 1 student - Faculty of International Economic Relations.

Babes-Bolyai University from Cluj-Napoca (UBB):
 40 students - Faculty of Economic Sciences and Business Management
 6 students was hired in HQ and Network after practice programme in 2018.
 3 interns were Hungarian speakers.

We received a very positive feedback from the students.

They most appreciated:

- the opportunity given;
- the support received.

They would:

- work at OTP Bank Romania;
- recommend the company as an employer to their friends.

Work-life balance

2018 was a year with a full calendar of events aiming work-life balance/ integration.

We have started the program "Fruits Pause" at the office for all employees (twice per month, employees receive, in the same day, 3 types of season fruits).

Monthly Hobby Cafe workshops aiming personal & professional development (softskills, personal branding, nutrition, parenting).
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Volunteering initiatives: approx. 10 OTP Community initiatives (Easter/ Autumn/ Christmas Fairs for fundraising, marathons, donations); 4 blood donations (50 volunteers/ session); 2% income tax campaign for social causes.

In-class trainings	2018
Senior management	19
Middle management	763
Non-executive	1280

 **3.5 million RON spent on trainings, 60% increase compared to 2015**

Performance evaluation and remuneration

Our remuneration policy (Compensation & Benefit Policy) and system rely on equal base-pay, performance evaluation and transparency. We regularly update our policy in order to be in accordance with the legal requirements. In 2018 no significant change was made. Our performance ratings are closely related to the performance management system.

We provide the same benefits for full-time employees and temporary or part time employees:

- regular benefits, such as life insurance, medical services, meal vouchers, bank sector benefits, retirement benefits equalling at least 2 months' basic salary, and
- benefits in special cases, such as child birth, marriage, a family member's death, death of an employee.

The sales process in OBR is a consultative sales process and the trainings provided to the sales force address this aspect. The incentive scheme and evaluation of the employees is in line with EBA guidelines and linked to the Internal Rules of OBR employees and the parameters set in it for the evaluation. The structure covers financial, client activity and process indicators and due to the maximum cap set for achievements,

Absenteeism caused by illness or accident	2018		
	Male	Female	Total
Sick leave (number of working days)	8,359	18,735	27,094
Rate of absenteeism	10.5%	11.1%	10.9%

the overall results can be achieved by any combination of the elements in the scorecard, not by a single one. The presence of Client activity indicators and process indicators mitigated the risk generated by financial indicators, as those are qualitative elements in the activity performed. Furthermore, employees not oriented towards professional development and those in case of which the completion rate of process indicator is below the level set, are not eligible for incentive scheme.

In addition, checks are being made related to the complaints: if there are justified complaints related to sales process higher than the average, then the situation is being analysed and the subject can be put through the disciplinary actions. Whistle-blowing is also monitored for cases of mis-sell and non-monetary pressure.

DIPLOMAS

We continued our tradition to honour our employees' commitment and high achievements with awards. We honour loyalty with loyalty diplomas each month for colleagues who celebrate their anniversary of working for OTP Bank Romania.

Health and working environment

We are committed to protect our colleagues' health, therefore we provide several medical services for them. Free medical check-ups, general medical services and professional medical advice are available for the family members of our colleagues as well. All of our employees are eligible for health and accident insurance, discounts are available at dental and medical clinics and several health and recreational facilities. Colleagues in Bucharest are able to take advantage of free optometric check-ups, discounts at sports clubs, spas; on site chair massage is offered for the HQ staff.

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

¹⁰ Besides, we have a partnership with Partium Oradea, Sapientia Miercurea Ciuc, Babes-Bolyai Cluj and Universitatea de Vest Timisoara, Alexandru Ioan Cuza University, Iasi and Academy of Economical Studies, Bucharest.



Internal communication

TEAM BUILDING

The main objectives of the events were:

- consolidation and homogenisation of the team,
- development of the ability to successfully manage new situations,
- improvement of efficient use of resources,
- stimulation of cooperation and cooperation towards a common goal,
- encouraging initiative and involvement.

IMPROVEMENTS

Besides these programs, we enhanced our internal communication channels, taking into consideration our colleagues' feedback:

- Changes in Intranet sections
- Involvement of employees in writing articles for OTP Magazin newsletter hosted in Intranet
- A management blog called "Servus humillimus" where managers shared their leadership experiences in 5 items
- An internal survey asking for feedback and new subjects to be treated at the Hobby Café workshops every month
- Internal surveys (hosted in Intranet) on other areas such as medical insurance, cleaning services, external providers' services etc.

To create a more involving atmosphere and to improve our colleagues' work-life balance, we organized several actions and events throughout the year: hobby workshops, fruit day, internal fairs.



We strive to work together and support the communities we are part of. As a responsible and active citizen, OTP Bank Romania invests in communities' well-being through sponsorships. We express and strengthen our commitment to our values. We build long term cooperation. Our most significant community investment is the "Right to Education" Foundation, aiming to enhance financial literacy. Please find more details on its activity in Chapter 2.



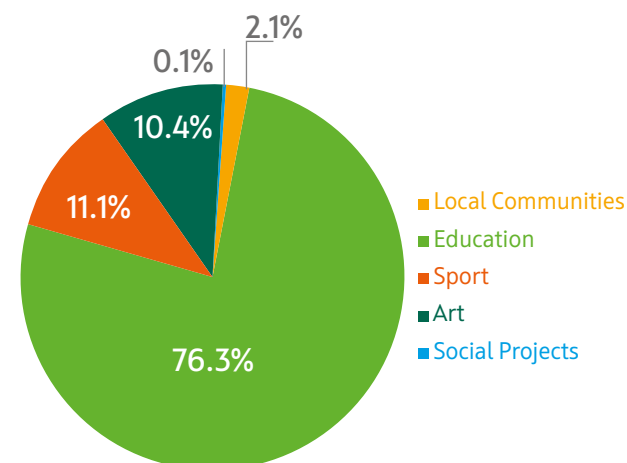
5. Communities

SPONSORSHIP POLICY

Financial education is in the center of the Bank social responsibility activities. The Foundation is supported by OTP Bank Romania and OTP Fáy András Foundation, having experience of over 20 years in the field of financial education. The main objective of the Foundation is to improve the financial, economic and managerial skills among secondary school students. In October 2018, OTP Financial Fitness was launched, an adult financial education program that provides tools, methods, and techniques that both experienced and uninitiated have the opportunity to acquire responsible financial behavior. In 2018, the Bank updated its sponsorship policy and created clearer and more objective communication of the approval process. At the same time, the key areas of the policy remained unchanged in 2018, so that sponsorship initiatives are developed and implemented under the umbrella of CSR, based on three main directions:

- **OTP Equal Opportunity Program:** we support disadvantaged groups with physical or mental disabilities lacking resources to have access to adequate education as well as children and youth organizations. We try to help these groups by improving the quality of life and integrating them into society;
- **OTP Community:** volunteers participating in events and programs that support local communities;
- **OTP Sport Program:** we promote sports organizations, competitions and recreational activities involving physical and mental strength, concentration, tactical skills and teamwork.

Sponsorship budget distribution by sponsorship type:



The three most important fields of sponsorship were art and culture, education and sports, where we maintained our long term relationships. The main organizations and projects supported in 2018 were:

- "Right to Education" Foundation: support of the maintenance and daily activity of the foundation,
- Mikó Ferenc Association – Szekler Museum of Ciuc: "Tivadar Csontváry Kosztka Art", we are the main sponsors of the museum,
- INFOCONS Association: National Competition on Customer Protection "Choose" It is your right! focusing on students in 1st-9th grades,
- Handball Club Odorheiu Secuiesc: support of the daily activity of the club.

VOLUNTEERING

We are proud that many of our colleagues take participated actively in volunteering activities. Volunteering is a tradition at OTP Bank Romania and we strive to encourage it continuously.

In 2018:

Volunteering initiatives: approx. 10 OTP

- - Community initiatives (Easter/ Autumn/ Christmas Fairs for fundraising, marathons, donations)
- - 4 blood donations (50 volunteers/ session)
- - 2% income tax campaign for social causes.



OTP Community

OTP Community is an internal volunteer program initiated by OTP Bank Romania in October 2018 dedicated to employees who want to impress their local community and contribute to the implementation of the financial education activities of the Foundation for Education Rights, established by OTP Bank in 2014.

The main objective of the OTP Community is to support the education of children from disadvantaged areas and to prevent school dropout.

In 2018, OTP Community volunteers contributed to the local community through:

- Internal fundraising actions: three thematic fairs where the producers and buyers are employed by OTP Bank Romania 1 day trip to Bucharest for 45 children from Vrancea County (Motnau and Dumitreştii Faţă);
- Participation in two editions of the Bucharest Marathon,

where 28 volunteers ran for the ATCA Association. Funds raised on Galantom.ro reached 2,220 lei for 20 beneficiaries

- Letters for Santa Claus within the Vodafone Romania campaign - 56 gifts purchased by OTP Bank Romania employees
- 115 trolleys purchased by OTP Bank Romania employees for Edulier Association "Back to School 2018"
- Basic food donation and 15 computers to the Rainbow Foundation in Filipisu Mare, Mureş County, for the 50 children in their care
- Fundraising program in the 2% donation campaign, where 5 NGOs benefited from the support of 25 OTP Bank employees
- Blood donation sessions in the office - In 2018, OTP Bank Romania organized 4 sessions with over 30 eligible participants in each session. The amount of blood taken from a person (450 ml) helps to save 3 lives; so in 2018, OTP Bank employees helped save 360 lives.

Strategic plans

Involvement of our colleagues in the activities of "Right to Education" more actively. (2019)

Increasing volunteering through OTP Community. (2019)

We strive to operate our offices in an environmentally friendly way. Being an office-based business, our focus is on the use of electronic devices and paper, rationalization of business travel and energy consumption. Reducing our energy, water, paper consumption is also important for saving costs.

Our measurements and activities are defined with the objective to decrease and maintain operating costs for years to come.



6. Environment

Energy

OBR's energy consumption decreased by 20% compared to 2015, to 24 100 GJ in total. The reduction is due to favourable weather conditions and to the fact that certain parts of the HQ office space became unused. Our electricity supplier ensures that a significant ratio of our consumption derives from renewable resources.

Business travel is a significant portion of our environmental impact. Kilometres run by the vehicle fleet decreased to 1.943.441 KM.

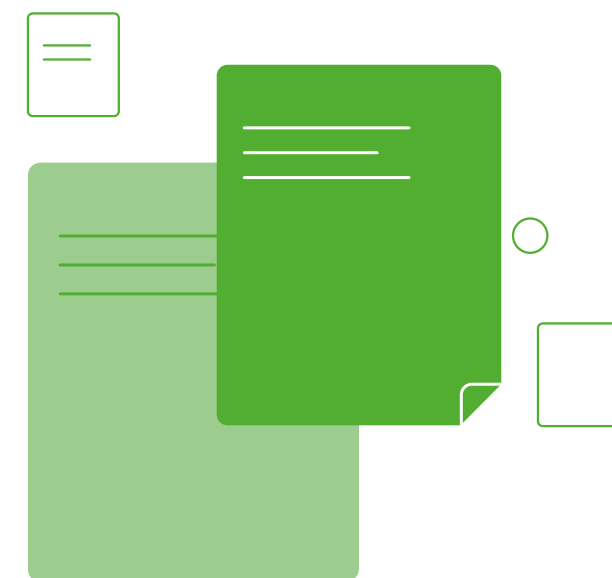
The number of business flights increased significantly compared to 2015, and most of the flights (86%) took place between Budapest and Bucharest. At the same time, we used the video conference infrastructure to the full and whenever possible.

Printing and paper

As a result of our digitalization program, several paper-less initiatives were launched in 2018:

- PIN by SMS - customers receive the PIN via SMS instead of paper
- We sent the monthly statement through an electronic system, only the customer that requested otherwise we sent in printed on paper. Electronic statement is free of cost and represents 87% of portfolio.
- Affinity feature on cards/payments, digitalization and beyond banking services, paperless & easy client enrollment

No decrease was realized in the paper consumption and in the use of cartridges. The paper consumption increased from 77 tonnes in 2016 to 91 tonnes in 2018. Also the number of printer cartridges used increased to 2684.



Recycled materials	quantity
PET Bottles	2715kg
Paper (kgs)	6743
Metal (kgs)	4326

Used materials	2018
Paper (tons)	91
Printer cartridges (kgs)	2684

Waste

Besides the headquarters, Bucharest branches are involved in centralized waste paper collection. PET bottles are sorted at our headquarters offices. During the refurbishment of the branches, we keep some of the items in stock, the rest is sold or donated. We involved the "Right to Education" Foundation in the donation process.

Procurement

The Procurement Department of OTP Bank Romania is centralized on the bank level, while a stand-alone Procurement Department was created in 2016. The Investment Committee of OTP Bank Hungary decides on high value investments, and several parts of IT procurement are controlled by direct or indirect means (e.g. special regulations, prices valid on OTP Group level). The most determining factor, when selecting a product or service, is their price-quality ratio.

GRI Content Index

Nr. of Disclosure	Description of Indicator	Page	Comments
Organizational profile			
102-1	Name of the organization	back-cover	
102-2	Activities, brands, products and services	website	http://www.otpbank.ro/ro/persoane-fizice/ http://www.otpbank.ro/ro/pfa/ http://www.otpbank.ro/ro/imm/ http://www.otpbank.ro/ro/corporatii/
102-3	Location of headquarters	back-cover	
102-4	Location of operations		Romania
102-5	Ownership and legal form	11, website	See the Annual report @ https://www.otpbank.ro/assets/pdf/rapoarte/raport-anual-2018.pdf
102-6	Markets served	website	See the Annual report @ https://www.otpbank.ro/assets/pdf/rapoarte/raport-anual-2018.pdf
102-7	Scale of the organization	12	
102-8	Information on employees and other workers	40	
102-9	Supply chain	52	
102-10	Significant changes to the organization and its supply chain		No significant changes happened.
102-11	Precautionary Principle or approach	35	
102-12	External initiatives		There are no such initiatives.
102-13	Memberships of associations	32	
Strategy			
102-14	Statement from senior decision maker	6	
Ethics and Integrity			
102-16	Values, principles, standards and norms of behaviour	33	Code of Ethics, Organizational and Operational Regulation, Group Management Regulation, Collective Bargaining Agreement
Governance			
102-18	Governance structure	14	
Stakeholder Engagement			
102-40	List of stakeholder groups engaged by the organization	15	
102-41	Collective bargaining agreements		100%
102-42	Identifying and selecting stakeholders	15	
102-43	Approach to stakeholder engagement	15, 25, 32, 44	
102-44	Key topics and concerns raised	25, 32, 44	

Nr. of Disclosure	Description of Indicator	Page	Comments
Reporting Practice			
102-45	Entities included in the organizations financial statements		OTP Bank Romania, OTP Leasing Romania
102-46	Defining report content and topic Boundaries	8, 9	
102-47	List of material topics	9	
102-48	Restatements of information		No restatements was necessary.
102-49	Changes in reporting	9	
102-50	Reporting period		Calendar year 2018
102-51	Date of most recent report		We published our last report in 2019 covering the year 2018. https://www.otpbank.ro/assets/pdf/rapoarte/raport-CSR-2018.pdf
102-52	Reporting cycle		Annual
102-54	Contact point for questions regarding the report	9	
102-54	Claims of reporting in accordance with the GRI Standards	9	
102-55	GRI content index	54	We also use the table for disclosing information.
102-56	External assurance		The report is not assured externally.
201 Economic Performance DMA			
		16 website	See the Annual Report. (link above)
201-1	Direct economic value generated and distributed	17	
201-4	Significant financial assistance received from government		OTP Bank Romania has not received such assistance in the reporting period. Though OTP Consulting Romania and "Right to Education" Foundation received EU Funds.
202 Market Presence DMA			
		41	
202-2	Proportion of senior management hired from the local community at significant locations of operation	41	
205 Anti-corruption DMA			
		32	Donations may only be provided in accordance with the applicable statutory and internal regulatory documents.
205-3	Confirmed incidents of corruption and actions taken		No such incidents have occurred.
206 Anti-Competitive Behaviour			
		32	
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices		There was no such legal action against the bank.
302 Energy DMA			
		50	
302-1	Energy consumption within the organization	51	
307 Environmental Compliance DMA			
		32	
307-1	Non-compliance with environmental laws and regulations	33	
401 Employment DMA			
		38, 40	

Nr. of Disclosure	Description of Indicator	Page	Comments
401-1	New employee hires and employee turnover	41	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	43	
402 Labor/Management Relations		38, 44	
402-1	Minimum notice periods regarding operational changes		20 working days, it is specified within the collective bargaining agreement
403 Occupational Health and Safety DMA		43	
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	43	
404 Training and Education		38,42	
404-1	Average hours of training per year per employee by employee category	43	
404-2	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.		In-house training courses, financial support for external education, provision of study leave with guaranteed retention of job, severance package taking into account the performance, assistance (e.g. training, counselling) on transitioning to a non-working life are provided.
405 Diversity and Equal Opportunity DMA		32, 40, 43	
405-1	Diversity of governance bodies and employees	40	
406 Non-discrimination DMA			
		32	
406-1	Incidents of discrimination and corrective actions taken	33	
407 Freedom of Association and Collective Bargaining DMA		44	
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk		Regarding OBR these rights are ensured.
410 Security Practices DMA		36	
410-1	Security personnel trained in human rights policies or procedures	36	
412 Human Rights Assessment DMA			
412-2	Employee training on human rights policies or procedures		Part of the Code of Ethics training.
413 Local communities DMA			
		24,26	
FS13	Access points in low-populated or economically disadvantaged areas by type (ATM, branches with full range of services etc.).		



Nr. of Disclosure	Description of Indicator	Page	Comments
417 Marketing and Labelling DMA			
417-3	Incidents of non-compliance concerning marketing communications		No non-compliance occurred.
418 Customer Privacy DMA			
418-1	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	36	
419 Socio Economic Compliance DMS			
419-1	Non-compliance with laws and regulations in the social and economic area	33	
Product Portfolio DMA			
FS6	Percentage of the portfolio for business lines by specific region, size (micro/sme/large) and by sector	31	

OTP Bank Romania S.A.
 66-68 Buzesti Sector 1, Bucharest, 011017 Romania
 Phone: +40 (21) 307 57 00
 Call Center: 0800 88 22 88
csr@otpbank.ro
www.otpbank.ro