



OTP Bank Romania
Corporate Social
Responsibility
Report

2013

CSR

OTP Bank Romania
Corporate Social
Responsibility
Report

2013

CSR



Welcome to the OTP Bank Romania's annual CSR Report. Corporate responsibility is embedded in our core business, thus, to me, sustainability means long term thinking and a commitment to suit our stakeholders' different expectations. We see increasing opportunities to contribute to economic growth and social development, applying our financial expertise.

WELCOME

Dear Reader,

We believe in the power of change and encourage our clients to relate to a world where good things are paid back. We have gathered our most important projects on www.estedreptulmeu.ro and the current CSR annual report. As a result of our sustained CSR activity and reporting, OTP Bank Romania was awarded the 'Public assumption of the social responsibility commitment and the transparency in reporting the performances' at the 10th People for People Gala, organized by the Association for Community Relations Romania and the American Chamber of Commerce.

We take special care to understand and meet the financial demands of our clients and we do our best to offer them responsible customer service. One of the programs that make the difference between our bank and the others is OTP Mentor, a project designed to build a solid long term relationship with our clients through a consultative sale approach. We offer competent financial advisory via our dedicated staff (SME Relationship Managers), as well as value added services and products for our clients' financial needs, but also liabilities products for daily activity via a wide range of alternative channels.

OTP Bank offers customized financial solutions, with a focus on private entrepreneurs, agricultural businesses and digital segment. OTP Bank Romania has been awarded by Piata Financiara, within the Piata Financiara 18th Years Anniversary Gala, organized in partnership with The National Bank of Romania the distinction for the "2013 Best Financing Product", for the product packages addressed to companies with agricultural activities (OTP Agricol, Agricultural land acquisition loan, Loan facilities for pre-financing and the Agri-Business package). Moreover, as a recognition of our work's value in identifying modern digital solutions, OTP Bank Romania was awarded within the e-Finance Awards Gala for the new user friendly OTPdirekt internet banking interface, which allows financial transactions, in just three simple steps, and for the new version of the mobile banking application, OTPdirekt - Smartbank, for improved performances, through native applications created for Android and iOS terminals.

People are a valuable resource and a key driver of our success and I thank them for contributing and adhering to the company's core values. In a year of change, they have worked hard, maintained their focus on our customers and continued to deliver to the benefit of our business and our shareholders.

























































We have always taken responsibility for the communities we operate in, with a special focus on education. Following the successful Right to Read project – with 101.000 books donated and 31,000 children reached since the launch of the program in 2010 - we established the Right to Education Foundation that focuses on providing useful financial education classes for secondary school students.

As in past years, the report is in line with OTP Group's Report and the Global Reporting Initiative guidelines. We will continue to use our strengths to contribute to our community's sustainable development and grow together with our stakeholders.


OTP Bank Romania's team and I always look forward to feedback on how we can further improve our CSR reporting system and activities.


Kind regards,

László Diósi
CEO, Chairman of the board


						
WELCOME	5					
TABLE OF CONTENTS	7					
ABOUT THIS REPORT	8					
1. OTP BANK ROMANIA AND CORPORATE SOCIAL RESPONSIBILITY	10					
1.1 Who we are	11					
1.2 CSR at OTP Bank Romania	16					
1.3 OTP Bank Romania's financial performance in 2013	17					
2. CLIENTS AND CORE BUSINESS	18					
2.1 Serving Our Clients	21					
2.2 Product portfolio	23					
2.3 Transparency, Risk management and Banking security	30					
3. EMPLOYEES	36					
4. COMMUNITIES	44					
5. ENVIRONMENT	50					
6. GRI INDEX	54					

LEGEND

for customers: 

for employees: 

for households interested readers: 

for investors and analysts: 

ABOUT THIS REPORT



This CSR report is in accordance with the application level “B” of G3.1 Guideline of GRI (Global Reporting Initiative), the most commonly used sustainability reporting guidelines. Please find GRI index at page 55.

This CSR report covers all significant issues of the economic, social and environmental performance of OTP Bank Romania in 2013. Besides achievements and results, we present the challenges we face and the directions of potential development to give a balanced view on our performance. In the content of the report, CSR performance in relation to our core business gains priority.

The report content is determined:

- based on the interviews made with the key departments from CSR point of view;
- SAP-based CSR database.

Collection of information is followed by their evaluation taking into consideration the GRI expectations (principles and performance indicators), our CSR policy, the OTP Group CSR report. Information is intended to be presented in a clear and easily understandable way.

The chapters of the report follow our main stakeholders: clients, employees, communities and environment.

We encourage you to visit our homepages (www.otpbank.ro and www.estedreptulmeu.ro) and our previous reports for a deeper insight.



Reliability of data is ensured by the methodology of reporting and the SAP-based CSR database that is used within the entire OTP Group. Where available, we provide data for 2011, 2012 and 2013 to make information comparable and trends visible.

We hope to provide a comprehensive picture of our CSR activities. We are willing to further develop therefore we invite you to share your thoughts with us: csr@otpbank.ro. Thank you!

1 OTP Bank Romania and corporate social responsibility



Who we are



CSR at OTP Bank Romania



OTP Bank Romania's financial performance in 2013

1.1

Who we are

OTP Bank Romania is a subsidiary of OTP Bank, the largest independent banking group in Central and Eastern Europe. We are a medium-sized universal bank and served 311,000 clients in 2013. We offer a wide range of high quality financial products and complete banking services to all types of clients from individuals to large companies, including clients with special needs like local governments, condominiums. OTP Bank Romania is accessible in the whole country through its 84 branches and by the user-friendly electronic channels (OTPdirekt).

We provide special financial services in Romania through our subsidiaries:

- OTP Asset Management is an investment management company which performs all the investment activities specific to an investment management company.

At present, the company manages funds in value of RON 365 million, owning a portfolio of over 6000 clients, individuals and legal entities. The company ranks six in top funds' administrators. 2013 was the second year in a row when OTP Euro Bond was the most efficient Euro denominated fixed income funds administrator. More precisely, the efficiency rate obtained by OTP Euro Bond in 2013 was of 4.6%.

- OTP Consulting offers its partners and clients support in obtaining irredeemable financing for investments and projects development.
- OTP Advisors offers direct sales services for the lending products of OTP Bank, having a young and dynamic team, permanently prepared to offer prompt solutions adapted to our client's needs. The company has extended its activity to the sale of banks' products and services since 2008. Along the years, we demonstrated we are close to our clients, highlighting the consultants' mobility and qualitative banking services.
- OTP Leasing IFN offers financing solutions for automotive and equipment.
- OTP Real Estate Services has as its main activity the promotion of real estates, property management and utilization of real estates, as well as other indirectly related real estate activities.

- OTP Factoring was created to help and support the clients in solving their financial problems represented by receivables portfolio management purchased from various banking and financial institutions and nonbank financial institutions.

OTP Bank Romania has a stable background as a member of the OTP Group. OTP Group provides universal services in Hungary, Romania, Montenegro, Croatia, Bulgaria, Russia, Ukraine, Slovakia and Serbia, for more than 13 million customers, through a territorial network of 1400 units, the ATM network and electronic channels. The objective of the group is to achieve outstanding performance in accordance with the European standards.

Values of OTP Bank Romania


- We intend to exploit the advantages of a medium-sized organisation, thus we do our best to offer our clients flexible, dynamic, innovative and client-centred services.
- We consider trust, dynamism, innovation, integrity, stability, professionalism, flexibility, transparency, client orientation are equally important.


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



OTP Bank Romania 2013

Branches	84
Employees*	969
Number of clients	311,000
Total assets	4.56 billion RON
Market share	1.3%
Total amount of tax paid	32.3 m RON
Total cost of employee training	1513 k RON
Total amount of sponsorship	372 k RON
Proportion of branches made accessible	100%
Energy consumption per capita	36.0 GJ
CO ₂ emission per capita	1.6 t
Total paper used	83 t


 OAO OTP Bank, Russia
 (2006)


 JSC OTP Bank, Ukraine
 (2006)



 OTP banka Slovensko, Slovakia
 (2002)


 OTP Bank Romania, Romania
 (2004)


 OTP banka Hrvatska, Croatia
 (2005)


 OTP banka Srbija, Serbia
 (2007)


 CKB Montenegro
 (2006)


 DSK Bank, Bulgaria
 (2003)

OTP Group

Branches	1434
Employees*	43,389
Total capitalisation	3.9 billion EUR
Total assets	155.7 billion RON
Total amount of tax paid	1.7 billion RON
Total cost of employee training	11.4 m RON
Total amount of donation	~21.0 m RON
Proportion of branches made accessible	58%
Energy consumption per capita	19.5 GJ
CO ₂ emission per capita	0.89 t
Total paper used	4087 t

IFRS data at December 31, 2013
 * Total number of employees



WE ARE PROUD OF THE PRIZES GAINED IN 2013

Public assumption of the social responsibility commitment and the transparency in reporting the performances:

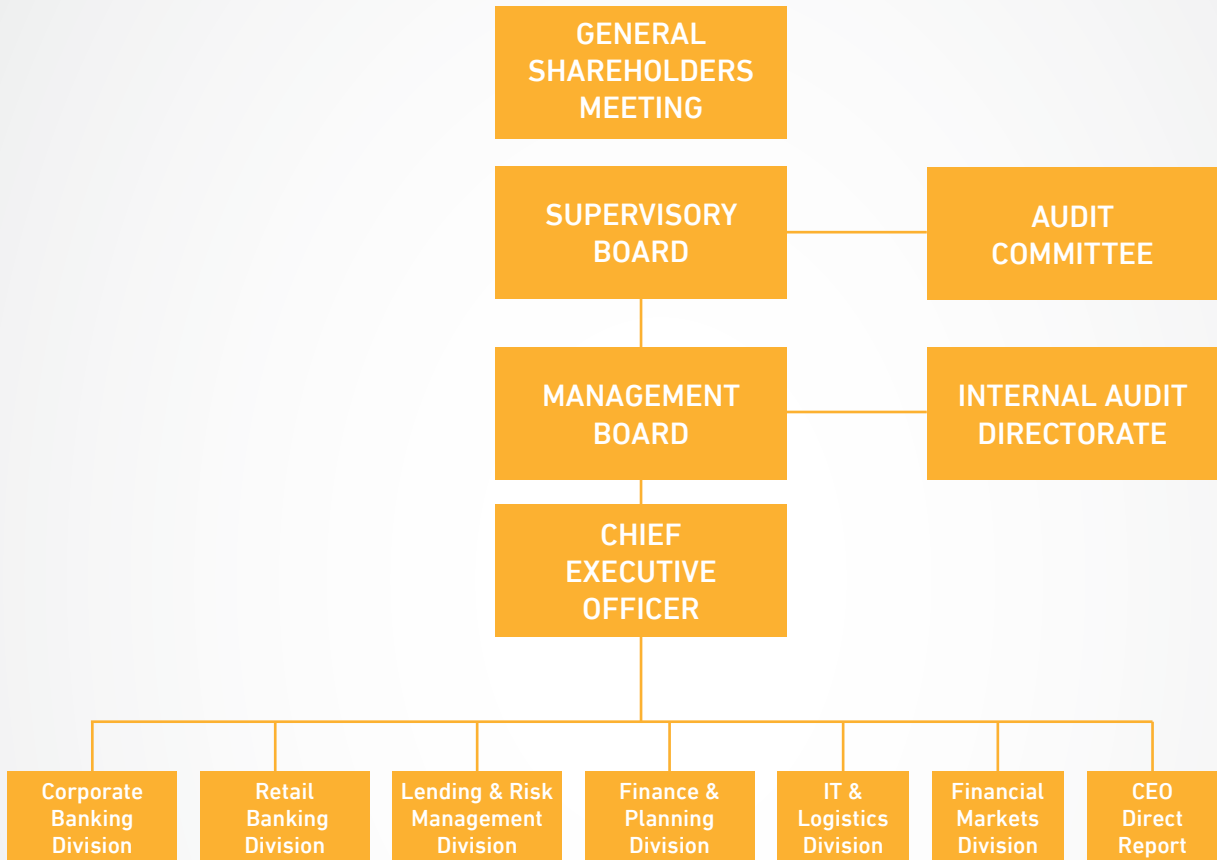
OTP Bank Romania was awarded on the 10th People for People Gala, organized by the Association for Community Relations Romania and the American Chamber of Commerce.

Lending product of the year 2013: we were awarded by the prestigious economic newspaper Piata Financiara, during the 18th edition of Piata Financiara Awards Gala, in the category 'Lending product of the year', for the package of products for agriculture (OTP Agricol, the loan for acquisitions of agriculture land, the loans for pre-financing and the AgriBusiness Package).

e-Finance Awards Gala: we were awarded for the new user friendly OTPdirekt internet banking interface, which allows financial transactions, in just three simple steps, and for the new version of the mobile banking application, OTPdirekt - Smartbank, for improved performances, through native applications created for Android and iOS terminals.

Organisational structure of OTP Bank Romania

Organisational structure of OTP Bank Romania did not change in 2013.



Key macroeconomic factors influencing OTP Bank Romania's operations in 2013:

3.5%

ROMANIA RECORDED THE SECOND LARGEST GROWTH RATE IN THE EUROPEAN UNION IN 2013 WITH A JUMP OF 3.5% OF GDP.

4%

NATIONAL BANK OF ROMANIA REPEATEDLY CUT BACK THE KEY MONETARY INTEREST RATE TO 4.0% TILL THE END OF 2013 FROM 5.25%.

1.2 CSR at OTP Bank Romania

Our principles

OTP Bank Romania's CSR projects are an extension of our employees' and our organization's values as a whole.

The engagement with the community through our activities is the core pillar in our CSR strategy. Consequently, we engage as an interactive business organization.

Since the beginning of our activity in Romania, we endeavoured and succeeded in including CSR projects in our development strategy. We build our programs upon our core values, such as trust, partnership and integrity, which we keep in mind whenever we interact with our clients and our employees.

OTP Bank Romania plays an important role in social activities, in a frame time of long term CSR strategies, starting the interaction with our clients, based on trust and respect. For our employees, we develop internal programs in the following areas: education, youth, culture, arts, environment, sports and human rights.

As defined by our CSR Policy corporate social responsibility is seen as:

- commitment to improve community well-being, through discretionary business practices and contributions of corporate resources.
- major activities undertaken by a corporation to support social causes and to fulfil commitments to corporate responsibility

The policy defines the framework of our activities related to sustainability and responsible business. Two basic forms of CSR activities include:

- dedicated CSR projects: support of social issues, education, sports, culture, local communities and environmental protection;
- internal and external day-to-day actions related to CSR: human rights at workplace (customers and employees), special financial services and products responding to particular needs and environmental protection within the operation.



1.3

OTP Bank Romania's financial performance in 2013

OTP Bank Romania's aim for 2013 was to further consolidate and improve its position on the local market.

According to the original report submitted to the Budapest Stock Exchange, OTP Bank România ended 2013 with performances which surpassed the expectations. Thus, our bank registered an operating profit of 106.3 mil RON, 7% higher than in 2012, while the total assets reached the value of 6.785 mil RON.

The financial results of OTP Bank Romania in 2013 were based on the outstanding consumer loan growth, of 104%; on a thorough cost control activity which led to a consequent decrease of 4% in the total costs, as well as on 14% decrease in the total risk costs. Also, the volume of corporate loans grew by 5%.

Positive results were noted in the deposits portfolio, as well. Thus, the retail deposits grew by 9%, while the volume of corporate deposits doubled, reaching an increase of 110%.

Therefore, the total performance of OTP Bank Romania improved and the losses were reduced by 30% y-o-y.

A great challenge both for us and the entire market was to improve our loan portfolio quality in 2013. By a continuous decrease throughout the year we succeeded in decreasing the rate of restructured retail loans with less than 90 day of delinquency almost to 10% (4Q 2012: 16.1%, 4Q 2013: 10.3%). Though rate of non-performing loans increased by 1.9 percent-point to 17.8% by the end of 2013 y/y, in Q4 of 2013 it was decreasing for the first time in the last 2 years q/q.

Our bank's market share according to assets remained 1.3%, the same as in 2012.

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

		2011	2012	2013
I. Generated direct economic value	= 1	279,600	212,700	264,020
1. Net income from sales	Interest income + non-interest income (incl. net fees) (adjusted)	279,600	212,700	264,020
II. Distributed economic value	= 2+3+4+5	203,899	178,900	194,230
2. Operating costs	Operating costs – Personnel expenses – Depreciation	90,130	94,400	87,820
3. Employee wages and benefits	Personnel expenses – employer's contributions on wages	75,780	77,300	73,740
4. Taxes paid	Total tax-payment liability (including employer's contribution on wages)	38,130	6,500	32,300
5. Payments to equity investors	Divident	0	0	0
5. Community investments	Donation and sponsorship	589	705	372
III. Retained earnings	= 1-(2+3+4+5)	75,701	33,800	69,790

You can read more about our financial performance in our 2013 Annual Report @ <http://www.otpbank.ro/en/about-us/otp-bank-romania/annual-reports/>

2 clients and core business



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.



Serving our clients



Responsible product portfolio



Transparency, Risk management and Bank security

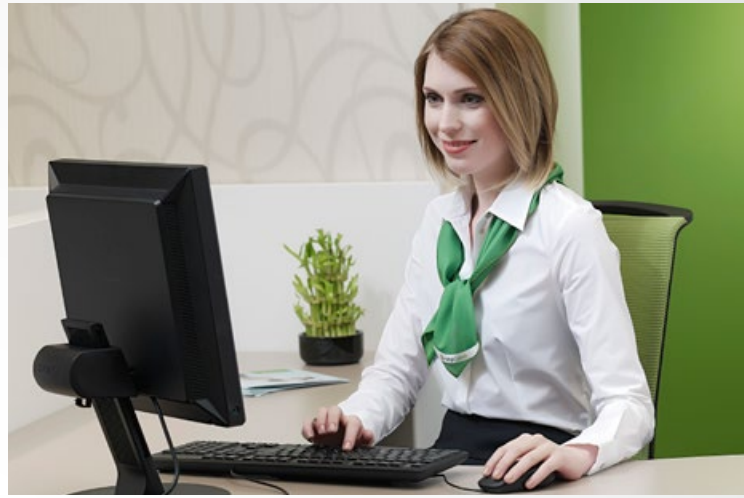
We are committed to run our business in such a way that generates value for our clients, shareholders and employees, based on integrated financial services. At the same time, we see that our sphere of activity and influence extends beyond the boundaries, as we are part of the largest independent group in Central and Eastern Europe that closely interconnects with the society.

OTP Bank Romania is an universal and self-funded financial services provider. Driven by a responsible, committed and highly professional approach, we understand the customers' current needs and daily realities, acting as a reliable financial advisor.

OTP Bank Romania offers financial products and services that comply with the highest standards of quality.

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

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



2012	2013	
Introduce the risk based pricing for personal loans	✓	Introduced in August 2013.
Launch new packages for individuals and a new overdraft for retirees.	✓	Three new packages (Savings, Lending and Salary) were introduced; characteristics of personal loan for retirees were modified.
Improve the soft collection activities in order to maintain portfolio quality for new loans	✓	Soft collection has been improved.
Develop a new package of products and services dedicated to start-ups	✓	OTP Smart Start package was introduced to this target group.
Offer quick loans and standardized loans for SME clients	✓	The scorecard based Quick Loans and standardized loans were launched.
Create SME dedicated packages	✓	Several packages were introduced for SME clients.
Improve the agri business products and services	✓	We created new products focusing on agricultural clients and willing to increase our presence in this field further
Support local authorities to use EU funds for infrastructural investments	✓	19 projects were financed.
Upgrade of our internet banking platform.	✓	The internet banking platform was upgraded; digital banking remains in our focus.
<div style="display: flex; justify-content: space-between; align-items: center;"> ✓ FULFILLED 🔄 IMPLEMENTATION IS ON-GOING ✗ NOT FULFILLED </div>		

2.1

Serving Our Clients

2.1.1 Digital banking and branch network

OTPdirekt is a high quality service package, which perfectly fits to the modern lifestyle. It is a comfortable, fast and safe alternative that allows customers to carry out transactions and receive information about the accounts, without having to come to the bank's territorial units, in conditions of utmost security. OTPdirekt is the service through which OTP Bank Romania offers its clients the possibility to access their banking accounts 24 hours a day, through four channels:

1. OTPdirekt – Internet Banking (transactions and information)
2. OTPdirekt – SmartBank (transactions and information)
3. OTPdirekt – Contact Center (transactions and information)
4. OTPdirekt – SMS Alerts (information only)

We did our best to have a modern digital platform available, therefore in 2013 we:

- changed the layout of internet banking platform in order to become more user-friendly (partly by decreasing the number of clicks for approving transactions);
- made a transition from web based application to native applications for iOS and Android and we increased the number of features in SmartBank in order to make it faster and more functional.



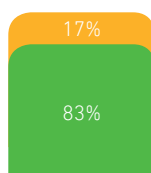
Clients' feedback has been positive for both improvements. In the AppStore and PlayStore, SmartBank application has a very good rating of 4.4/5.

- improved the identification method for OTPdirekt service by offering to clients two more alternative solutions: identification using a virtual token and identification without using a card
- automated the activation process for OTPdirekt service and decreased time to serve for clients.

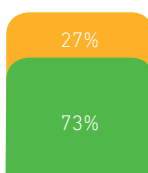
Improving sales efficiency of branch network was a strategic project for us in 2013 defined with the purpose to sustain sales performance in OTP Bank's traditional branch network by enhancing branch sales efficiency and by improving network management.

As at December 31, 2013, the Bank's network structure comprised the Head office and 84 units (56 branches and 28 agencies) distributed in all counties of Romania.

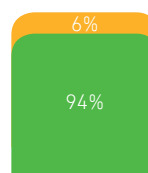
Highlighted info for year 2013:



New OTPdirekt clients:
83% Individuals and
17% Legal entities



OTPdirekt portfolio:
73% Individuals and
27% Legal entities

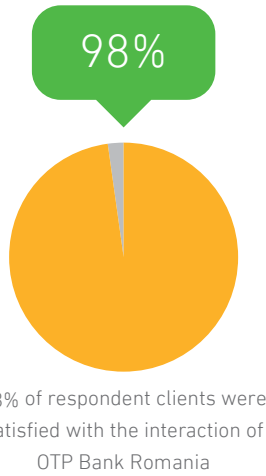
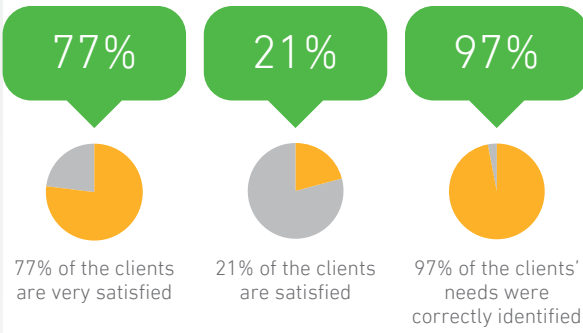


SmartBank portfolio:
6% users from total
OTPdirekt portfolio

2.1.2 Customer satisfaction survey

We continued to carry out customer satisfaction surveys in 2013 (that we have begun in 2012) among our clients aiming to improve customer satisfaction by receiving measurable data on:

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



2.2

Product portfolio

In this chapter we highlight products that own environmental or social advantage (e.g. satisfying essential needs with preferential conditions) and novelties of 2013:

According to the data presented by the European Banking Authority in December 2013, OTP Bank was designated the most solid foreign bank in Romania in terms of capitalization;

The credit card with six equal installments and zero interest, for any acquisition;

MasterCard Rewards program – a premiere on the local market. The program applies to all holders of MasterCard credit and debit cards, issued by OTP Bank;

New solutions for OTPdirekt: the identification within Internet Banking and Call center without using the bank card or the physical token;

Agriculture became a priority for the Bank. Piata Financiara awarded OTP Bank Romania for the financial products package addressing companies in agriculture, at "Lending product of the year" category.



2.2.1 Products and services for individual clients

We strongly believe in **OTP Mentor Program** thus enhance it continuously. Through the advisory approach we intend to build a long time partnership with our clients and aim to improve their financial knowledge. OTP Mentor aims to have a deeper insight into our clients' needs and offering them the most appropriate liabilities products. In 2013 Mentor application was developed to offer exceptional service and savings options to our clients orienting our colleagues in a professional, OTP Mentor way.

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

The main features of products development and evolution in 2013 consist of:

Loans:

- In 2013 the main focus continued to be set on Personal Loans (PL) without mortgage, as our bank was still targeting higher margin loans correlated with RON liabilities.
- Implementing PL with Payment Protection Insurance (PPI) starting with June 2013. 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;
- As a consequence of PL with Payment Protection Insurance (PPI) launching, the built-in life insurance group for PL was cancelled.
- The innovative PL offer with fixed ITR, 24H approval and each 12th installment with ZERO interest rate if NO OVERDUE continued to be promoted also in 2013, this product making the difference between OTP Bank Romania and the other banks offers.
- New product characteristics were implemented in June 2013 for PL, in order to improve the competitiveness, to sustain the new sales and to be in line with the market. The main updates were the following:
 - Increasing the maximum loan amount from 66.0000 RON to 88.000 RON.
 - Increasing the value of the minimum accepted income up to the minimum wage per economy- subject of legislative modifications

- Modifying the conditions for accepting certain types of incomes as: incomes from management contract, freelancer incomes
- Modifying the conditions in case of the accepted arrears: less than 15 Days Past Due (DPDs) and less than 30 EUR, including for work-out files instead of less than 15 DPDs and less than 20EUR, work-out files being excluded;
- In order to increase the products profitability, to sustain the new sales volumes for PL, in order to sustain the bank strategy regarding the on-going cross-sell activity, starting with June 2013 a new analysis fee for PL standard outside packages was implemented and also the administration commission for current account (from April 2013).
- New product characteristics for PL for Retirees were updated in July 2013, in order to maintain to sustain the new sales, and to be in line with the market. In this respect, the following modification was implemented:
- Increasing the maximum loan amount from 42.000 RON to 60.000 RON
- OTP Bank Romania changed the pricing approach applied to personal loans by introducing the risk based pricing mechanism, a new tailor-made pricing system considering the risk profile of the client.
- In 2013, OTP Bank Romania continued to be part of the Governmental program First House for the existing portfolio of First House mortgage loans granted in the previous years.

Packages of products and services:

To sustain and increase the level of products and services used by the customers, following the first package of products and services launched in 2012 (Retirees' package), OTP Bank enlarged its range of products with 3 new packages addressed to different segments of clients:

- OTP Savings – for saving purpose,
- OTP Lending – containing better conditions related to the lending products,
- OTP Salary – which offer both savings and lending products addressed to clients with income transfer within the bank.

Current account:

Starting June 2013 Simplicity project was launched, designed to increase the opportunities of cross-sell, to simplify the documentation handed to the clients. It is represented by the "Framework Contract for Services and banking products" which includes: the current account, the debt card and OTPdirekt specifications

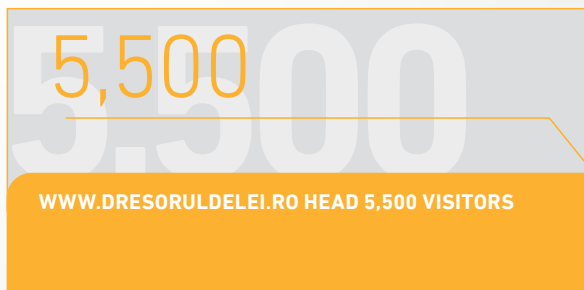
In April, the monthly administration commission for the new current accounts – individuals was introduced.

Liabilities products:

- Our company ran a successful fresh money campaign in the first quarter of 2013, followed by retention campaigns with the purpose of keeping the new money volumes within the bank;
- Our organization promoted a special offer dedicated to OTP Green Energy Fund investors starting June 2013, in order to determine the clients to reinvest their amounts from OTP Green Energy Fund in other savings/ investment products offered by our bank;
- In order to manage to achieve the targeted volumes for term deposits and to make the product more easily to be sold and understood by the clients, the mechanism for the Sincron package was modified.

OTP Sincron package is a product that offers the clients the possibility to diversify their savings portfolio and to increase their gain due to the promotional bonus that they receive due to the investment in funds;

- 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.
- Starting the second half of 2013, we have promoted longer maturities for client deposits, trying to make them aware of the benefits of longer maturities.





2.2.2 Products and services for small and medium enterprises

Small and medium enterprises (SME) sector remained one of the major drives for the 2013. We upheld our commitment towards SME clients by providing constant support and developing a wide range of products and services designed to meet their needs and expectations.

Several products and services were improved and innovative ones were designed, such as:

- Launching new types of packages in order to attract new types of clients and recalibrating the existing offer for legal entities clients:
 - OTP Smart Start package for start-ups and micro enterprises represents a bundle of discounted banking products and services available based on low monthly subscription fee. The package can be obtained also through the dedicated website www.smartimm.ro, created with the purpose of facilitating the easy opening of current accounts "in 30 minutes and 3 steps" – a first and only option in the Romanian market.
 - OTP Smart Business includes the basic products and the possibility of customizing by additional options (i.e. offering free of charge inter-banking RON payments via OTPDirekt, free of charge payments in foreign currency up to 50.000 EUR, bonuses for the term deposits and liabilities available in the current accounts, free of charge SMS Alert service and discounts granted for Direct Debit service).
 - Packages for cash rich clients such as housing associations and religious entities were launched in order to provide a competitive liabilities offer for these categories of clients.
- Diversifying the targeted clients' base for lending products by launching the products dedicated to private entrepreneurs: overdraft, free purpose loan, loan for acquisition of equipment and loan for acquisition of real-estate. The lending process is simple and transparent based on a scoring adjusted to each product characteristics.
- Increasing the efficiency and quality of the lending activity in order to offer a fast and adequate response to our clients' financing needs by:
 - Launching the Quick Loans for financing working capital and acquisition of equipment. These loans are processed within a dedicated flow based application developed internally and the response is based on a particular scorecard.
 - Simplifying the renewal process of the credit lines by optimizing the entire approval and implementation process through decreasing the number of documents needed.
 - Offering the best available services to our clients we redesigned the Loyalty Program and integrated it in our Mentor approach; the benefits offered are related to current account operations and lending products.

We continued to participate in state and **EU subsidized** programs in 2013:

- The EU-EBRD energy-efficiency project for SMEs continued until the end of 2012. During 2013 most of the financed projects were finalised and the clients benefited of the EU grants.
- The Kogalniceanu Program for SMEs is based on 2 components: subsidized interest rates on loans granted, and guarantees granted by the National Guarantee Fund on behalf of the state. Within the Mihail Kogalniceanu Program, OTP Bank granted 248 loans since 2011, having a total value of 28,6 million RON, which placed us in the top 5 banks from all the participants in the Program.

EU Funds business line continued to be of interest for OTP Bank Romania. In 2013, the internal regulations were revised in order to accommodate the lending strategy of the bank and will continue to remain one of the most important areas for SME, having in mind the new Plan for the National Rural Development 2014-20210 as well as the new Partnership Agreement concluded with the European Union (2014-2021).

OTP Bank Romania's added a new focus to its strategy, **agriculture**. In 2013, tailored products were developed and introduced, based also on comprehensive market studies. We developed a portfolio of products and services both for financing (pre-financing loan for subsidies, loans to purchase agricultural land) and for trading (collection account for grants, AgriBusiness package, etc).

We are proud that our efforts for development and innovation are honored and our AgriBusiness package was rewarded within the Financial Markets Gala's as the "Best banking product of the year" category.

At the end of the year OTP Bank Romania participated at the public selection procedure organized by the Ministry of Agriculture and Rural Development in order to conclude working conventions with financial institutions which will ensure the access to the Fund for micro-lending in agriculture. We are pleased to have been selected as one of the two institutions to grant micro-loans to family farms for financing investments and the agriculture production. The program aims to sustain the development of family farms and to ensure their access to financing that will help them to increase efficiency and productivity.

27,238

27,238 SME CLIENTS SERVED IN 2013 (MORE THAN 9 % INCREASE COMPARED TO 2012)

1,291

1,291 OTP SMART BUSINESS CLIENTS

28.6 mRON

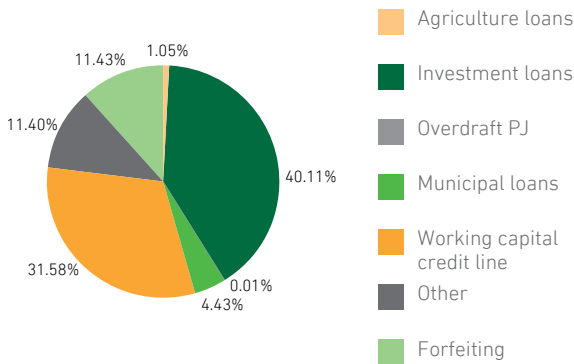
248 COMPANIES, TOTALLING 28.6 MILLION RON FINANCED THROUGH THE MIHAIL KOGALNICEANU PROGRAM



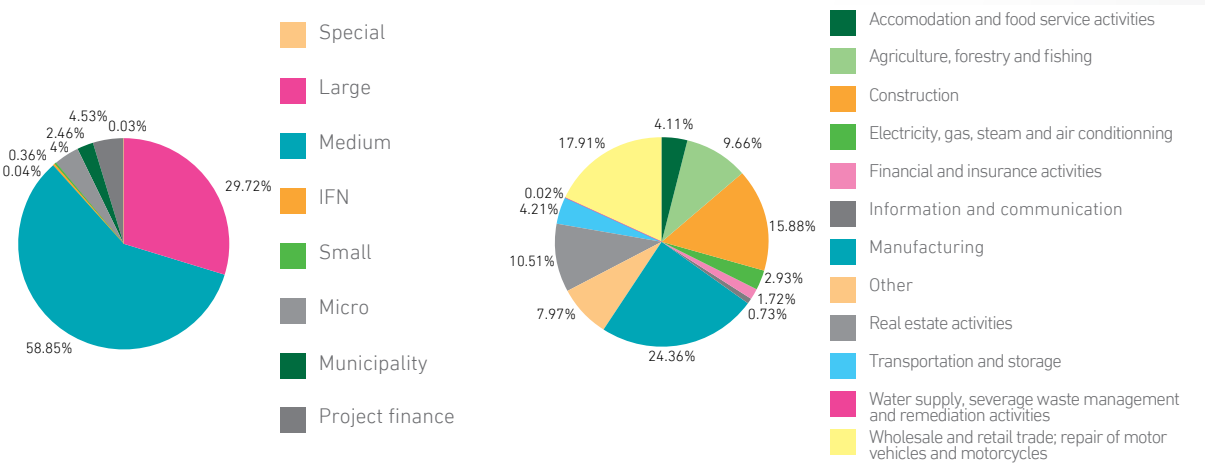
2.2.3 Products and services for corporate client

We increased the number of corporate clients significantly. Our products with special environmental and social advantages were loans for municipalities, pre-financing of subsidies and agribusiness products. We started promoting Eximbank Hungary's credit facility as an alternative funding program.

The structure of new approved loans in 2013:



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





Our bank has granted loans to local authorities in order to support the modernisation of roads, sewerage systems, acquisition of technologic equipment, education, tourism, service centres for transport business, establishing the basis of cross-border communication, pipes system for collecting rain waters, rehabilitation of swampy areas. We financed 19* municipality projects with EU funds in 2013 with the total volume of 33 million RON.

Our bank designed a specific product meant to support the clients that intend to develop eligible projects financed with EU funds, and need financing to complete the investment.

Our company has granted 9 credit facilities with the guarantee of FGCR**. Due to the partnership, we expect that our clients from the agricultural sector that have eligible projects in their pipeline will appeal to the guarantee of the Fund and strengthen their collaterals.

Loans for pre-financing subsidies were granted in a volume of 7 million RON in 2013. We faced no reimbursement problems, all subsidies were cashed and loans reimbursed at maturity.

756

756 ACTIVE CORPORATE CLIENTS IN 2013, SHOWING AN INCREASE OF 13.5 % TO THE PREVIOUS YEAR

33 m RON

19 PROJECTS FINANCED FOR MUNICIPALITIES WITH A TOTAL AMOUNT OF 33 MILLION RON

* Covasna City, Sacueni City, Valea Vinului Vilage, Raciul Vilage, Sacueni City, City Hall of Corbeanca Vilage, Simian Vilage, Cherechiu Vilage, Suseni Vilage, Salistea Vilage, Nadlac City, Dorolt Vilage, Valea Lunga Vilage, Rosiori Vilage, Salacea Vilage, Glodeni Vilage.

** The Rural Credit Guarantee Fund - NFI SA provides a financial instrument enabling the access of investors to credits and other financing instruments by financial guarantee granting.

2.3

Transparency, Risk management and Banking security

2.3.1 Transparency

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

We ensure a transparent pricing policy to our clients. This means that interest rates are upfront, and include all costs without any hidden commissions. Besides, we want to make sure both our employees and clients are aware of the risks and benefits of products, and make decision based on all necessary information.

- In order to ensure a proper understanding of products and services, we organized specialized training in 2013 to our employees who are in contact with individual clients.
- The credit contracts are explained, negotiated and personalized for corporate clients. The key aspects and the potential deal-breakers are clarified in a transparent way and pre-agreed with the clients before getting internal approval for completing the final form of a transaction. During the process, our employees act as financial and business consultants.

OTP Bank Romania is an active member of the Romanian Banking Association, the Chamber of Commerce and Industry & the Deposit Guarantee Fund of the Banking System. Consequently, we regularly give feedback and contribute to public policy changes.

In 2013, some important amendments were made to the legislation in the consumer protection field. In case of a favourable decision to a client who filed a complaint to Consumer Protection Office, all similar contracts in the portfolio are to be changed according to that particular Court decision.



There were 34 litigation processes that resulted in fines against the bank related to consumer protection in 2013. In order to reduce clients' complaints, we applied the following measures:

- harmonization of internal regulations with regulation applied to consumer protection area; by this, the clients' complaints are processed through an application/Kazier which is faster and more organized frame of following the information and finally to increase the clients' believe in bank's services;
- modification of standard agreements, based on the new amendments brought by the legislation in force; mainly with respect to the way of solving clients' complaints within the legal term, way of amending and ending the contract, transparency in respect of costs, certain obligations of the creditor with regard to the rescheduling of the loan in certain and expressly limitation of the law;
- official answers to clients at their complaints in the legal term, considering the internal regulation in matter; all the complaints are registered and has an answer also considering to cover the issues raised by the clients as much as possible together with solving it;
- identifying poles of complaints and sending invitations to the clients to renegotiate contractual clauses;
- proposal of reducing margin with 1%, conditioned by the withdraw of the claim/complaint mostly to the clients who contracted loans within 2006-2008;
- inquires sent to National Authority for Consumer Protection and to Consumer Protection Offices asking information related to the application of the laws in force in consumer protection field and to the implementation of Court decisions.

One legal case was dealing with providing equal opportunities for persons with disabilities. Besides taking care to avoid such issues ourselves, whenever we were warned by the authorities to the fact that there are deficiencies in this field, we take all necessary measures immediately for remediation.

We made significant steps in 2013 to enhance the handling of clients' complaints:

We called the territorial units' attention regularly regarding the importance of registering and answering in time all the complaints received from complaints handling staff.

- we made summaries of complaints handling procedure.
- we requested all organisational units to report the causes, measures and the deadline for implementing the measures monthly for all founded complaints in which they are involved.
- our Internal Audit unit receives all the information above, and is in charge of monitoring the implementation of proposed measures.

In 2014, we plan to introduce a new form for sending complaints through the bank's website, where a summary of complaints handling procedure will also become available. In the future, besides conducting general trainings for the territorial units in the theme of complaints' handling, we are going to define the mandatory content elements of replies written to customers, and in case of repeated complaints the reply letters are to be signed on higher managerial level.

Compensations paid to customers

2013

Compensation paid to customers	128 cases, 616,030 RON
Compensation paid as a result of law suites	34 cases, 131,000 RON

2.3.2 Risk management

We are convinced that our strict and conservative lending policy plays a major role in the stability of OTP Bank Romania. Our comprehensive Client Protection Program (CPP) was initiated in order to help individual clients with reimbursement difficulties in repaying the monthly instalments without accumulating huge penalties and consequently to prevent the increase of overdue loans and thus to keep a stable quality of the retail loan portfolio. OTP Bank Romania concentrated its efforts in the direction of those clients that are willing to pay the monthly instalments; our focus was to recover the highest amounts possible from monthly instalments.

Either clients can request to use CPP tools (with proper justification for their request) or in case that loans register overdues, the bank can offer CPP solutions as tools used by soft collection officers or branches colleagues.

As of 2013:

- 4.8% of the total loans granted to individuals are restructured as of end of last year (which is exactly half of the percentage registered as of end of 2012);
- we faced an increasing number of clients requesting CPP tools in the case of personal loan portfolio, but we see space for further rise considering both significant increase of new volumes disbursed and continuous slight sliding of new files towards inferior buckets including default;
- all limits set for each sub-portfolio for the active restructured loans in the credit policy of last year were kept;
- tight control of regulators (National Bank of Romania & Deloitte) regarding CPP files status and evolutions as result of the European Banking Authority requirements and implementation of Regulation no 575/2013 (EU).

Distribution of mortgage loans, personal loans and personal loan with mortgage still active in CPP in December 2013:



	Mortgage loans	Personal loans	Personal loans with mortgage
Restructuring activity y/y (RON equiv. volumes)	-47%	+120%	-49%
% of no outstanding payments	69% (no change y/y)	79% (+9%point y/y)	68% (+5%point y/y)
% of less than 15 days overdue	13% (-1%point y/y)	14% (+3%point y/y)	11% (-5%point y/y)

The most commonly used client protection program tool was suspension. Per total (active and exited loans in all three categories), CPP saved until now a loan portfolio of 502 million RON from delays, while a portfolio of 162 million RON is in delay below 30 days (that means more than 50% of the total portfolio included in CPP).

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

Default rate of loans exited from CPP as of end of 2013:

	Mortgage loans	Personal loans	Personal loans with mortgage
Default rate (as per volume)	42%	77%	42%
Restored to payments without overdues (as per volume)	37%	13%	34%
under 30 days past due	12%	5%	13%

During 2013 overall NPL (non-performing loan) volume increased by 146 million RON compared to the previous year reaching to a ratio of 17.8% (+1.9% y-o-y) split on the main categories as follows:

- consumer loans: NPL volume increased by 28 million RON (-4.8% y-o-y);
- mortgage backed loans: NPL volume increased by 112 million RON (+3.9% y-o-y);
- SME loans: NPL volume increased by 7 million RON (+3.1% y-o-y);
- Corporate loans: NPL volume decreased by RON 1 mil (-1.2% y-o-y).

In case of individual clients we focused on reducing and managing **credit risks** by the following actions:

- treating problems faced by some of the customers by rescheduling, debt restructuring after a careful analysis of the current situation of the customer;
- maintaining quality of the loan portfolio and managing risk cost;
- setting clear targets and monitoring new non-performing consumer loans;

- improving the soft collection activities in order to maintain portfolio quality of new loans
- selling packages of bad loans (over 180 days past due) to OTP Factoring;
- implementation of a pilot for risk based pricing approach for personal loans: each class will be profitable (self-financing);
- implementation of review limit processes for credit cards.

In 2014, we intend to keep the quality of existent portfolios and to develop new products with improved risk profile adjusted to existent market.

We use "Working procedure regarding environmental and social risk in lending activity of OTP Romania" since 2009. The procedure is applicable for legal entity clients having an exposure over EUR 1 million with our bank.

According to the 2013 Annual Environmental Report approved by the European Bank of Reconstruction and Development (EBRD), the portfolio breakdown by environmental risk assessment procedure, classification was as follows:

- for SME companies financed with EBRD/EU funds (the EBRD/EU Facility sub-loans outstanding for 2013 were classified as having a low or medium environmental risk):

Risk Category	Number of loans	Principal exposure of the loans (thd. EUR)	%
Low	23	329	38%
Medium	18	540	62%
High	0	0	0%
Total	41	840	100%



■ as per internal OTP Bank Romania procedure in force regarding the evaluation, monitoring and reporting the environmental and social risk, apart from the facilities co-financed under EBRD/EU SME Facility, it is compulsory to appraise the environmental and social risk for having

exposure over EUR 1 million with OTP Bank Romania. It is important to mention that companies with exposure over EUR 1 million in our portfolio were not financed by the EBRD/EU SME Facility.

Risk Category	Number of loans	Total exposure of the loans (mil. EUR)	%
Low	35	101.61	26%
Medium	60	250.59	64%
High	2	39.42	10%
Total	97	391.62	100%

In the field of operational risk management preparations were made for the implementation of the Advanced Management Approach for calculation of operational risk.

- We defined 9 new key indicators for better monitoring the operational risk. Monitoring takes place monthly and quarterly.
- Trainings were made for risk owners / the staff responsible for operational risk management, regarding the operational risk activities and processes.
- Reports regarding the operational risk exposure were submitted periodically to the Risk Management Committee and to the Management Board.

In 2014 we plan to launch Advanced Management Approach for calculating operational risk and to develop self-assessment procedures in order to avoid or mitigate the operational risks.

502 m RON

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



2.3.3 Banking security

No significant damage occurred in 2013 in terms of banking security due to the continuous improvements of the area, made in order to maintain a good track record and to comply with legal requirements.

The main achievements of banking security in 2013 were:

- reconciliation of regulations to secure products and business processes;
- warnings / information on events detected;
- request to implement security measures to prevent cards fraud done by customers' at automatic fuel dispensers;
- increasing and identifying security controls of the debt recovery activities from OFR to prevent external and internal abuses threatening the efficiency of the debt recovering;
- providing IT support in developing business application processes;
- monitoring financial and banking market to identify new ways of committing fraud and establishing measures to prevent it.

Furthermore, in the IT security area, important developments and improvements have been made. In the current context, marked by increasing cyber threats, effective measures were taken to increase the capacity of prevention and response to external events. Simultaneously with the implementation of technical solutions for monitoring, alerting and response, important partnerships with other institution specialized in this area were taken in order to benefit of all the resources available to support the business processes in the face of such events.

Internal security measures have focused on automating internal processes, improving monitoring and alerting mechanisms, emphasizing preventive measures by conducting vulnerability assessments and penetration tests, updating specific internal rules and regulations in accordance with national legislation, international standards and Group strategy and last but not the least raising security awareness among all staff.

In 2013 we trained both head office and branch network employees regarding the security instructions and anti-fraud activities.



2014
OBJECTIVES AND PLANS

Individuals	Launch a new Savings package campaign
	Extensive use of OTP Mentor Application
SMEs	Improve the quality of transactional services
	Recalibrate current account and attached services
	Develop POS package with commercial activities
Corporate clients	Introduce standardized landing products
	Keep on the focus and product development in the agri business
Digital banking	Finance local governments' infrastructure development projects
	Raise internet banking penetration among individual clients
Risk management	Maintenance of existing loan portfolio
	Development of new products with improved risk profile
	Implementation of AMA and improvement of self-assessment procedures

3 employees



Our principles



Professional development



Staffing



Internal communication

Our principles

Talented and committed staff is essential to achieve our business goals both on the short and long term. Appropriate recruitment, continuous development of colleagues' skills and knowledge, convenient working conditions and atmosphere all have equally high importance.

We have responsibility towards our employees by securing jobs and providing reasonable remuneration.

Our HR strategy is an essential support for our business strategy. Our staff transmit our values and our commitment to ethical behaviour towards the clients. We are aware of the importance and the wide impacts of the HR management on the bank's performance.

We respect the rights and support the welfare of our employees by

- acting in accordance with the principles laid down in the Code of Ethics;
- assuring cooperation with our employees and their families;
- offering internship programs for students;
- offering sound and personal integration program for new hires;
- offering training for our employees based on performance and competence assessment;
- offering opportunity for internal promotions;
- encouraging the talents within the bank.



We maintain successful workplace cooperation and appropriate employee relationships by

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

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



2012 We said		2013 We did	
Behaviour assessment and team formation optimization.	✓	Employees of branches were assessed regarding human competencies, head office colleagues were evaluated from behavioural point of view. Results are used for improvement purposes.	
Create a formal new internship procedure.	✓	The procedure was created: we received 157 applications and hosted 41 interns in 2013.	
Elaborate a pilot project for talent management.	✓	The pilot project was successfully implemented: we continue the project with 40 talents.	
Regarding trainings: <ul style="list-style-type: none"> ■ continue the follow up of the trainings, ■ redesign the consultative selling skills training for new hires, ■ visit monthly the branches with low performance performed by regional trainers, ■ improve managerial skills of branch managers and agent managers 	✓	<ul style="list-style-type: none"> ■ We had 23 follow up training sessions and trained 190 employees. ■ The course was enriched with specific situations from real life and OTP Bank Romania customized movies. ■ We implemented the project. ■ We introduced Leader Light Program, containing personalized trainings. Balance Score Card and employees' assessment is the base for this project. 	
Create a deeper integration procedure for the network.	✓	We launched the improved integration procedure.	
Enhance Engage+: making it more interactive, starting a CEO blog	✓	We introduced new sections like CEO blog, My Opinion, Hobby Cafés.	
Apply an outplacement consultant to make reemployment easier for our colleagues.	✓	We hired a consultant.	

✓ FULFILLED 🔄 IMPLEMENTATION IS ON-GOING ✗ NOT FULFILLED

Staffing

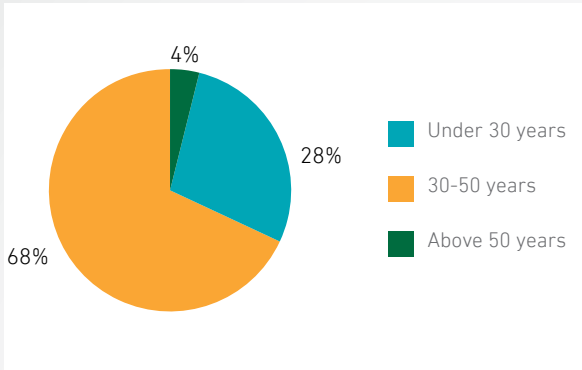
Trends of the previous years continued: the general employment in the banking sector decreased, and several financial institutions had to further reduce their headcount in 2013 as well.

OTP Bank Romania managed to protect most of its employees, our headcount decreased slightly (by 3.9%) compared to the previous year. **Headcount** optimization remained the focus both in the head office and within the branch network. As a result 6 units were closed, 1 unit was opened and positions were abolished at the headquarters as well. High performing

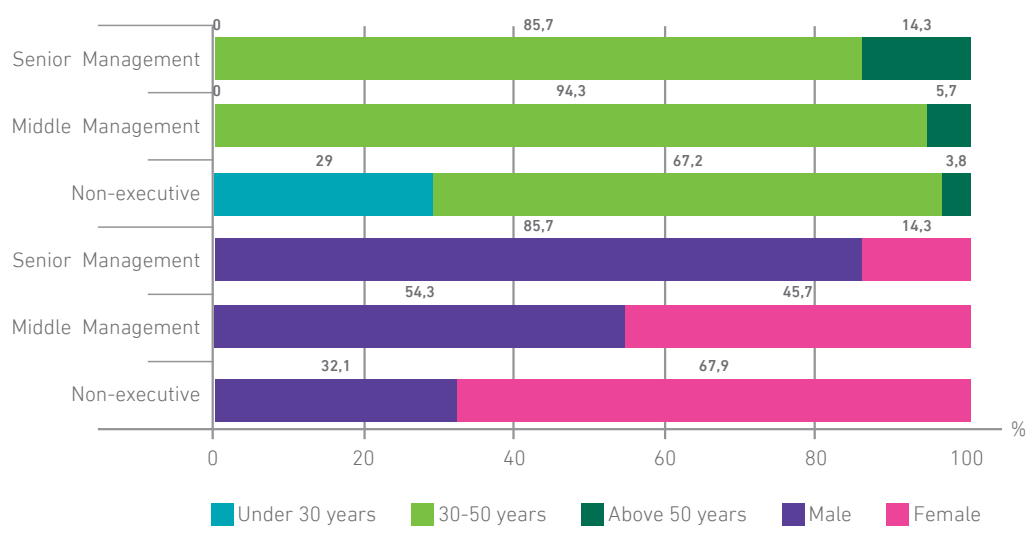
employees have been relocated to other units and we hired an outplacement consultant to support our colleagues by making reemployment easier.

Part time concept was introduced in 2013 as a part of headcount optimization. Part time concept reduces working hours and working load for our employees, if necessary, based on the FTE (full-time employee) model analysis. It creates working opportunity for people willing to work on a part-time base (e.g. parents with small children). The number of part-time employees is expected to rise in 2014.

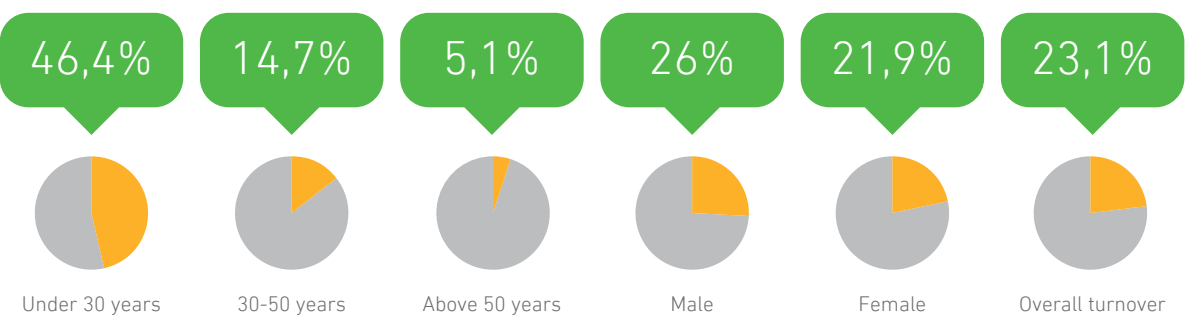
Employee headcount data number of persons, 31 December	2011	2012	2013		
			Male	Female	Total
Full-time employees	1065	1033	300	669	969
Part-time employees	1	1	8	17	25
Total number of employees	1066	1034	308	686	994
Percentage of employees with a fixed-term employment contract	5%	3%	2%	5%	4%
Percentage of male	28%	29%	-	-	31%
Percentage of female	72%	71%	-	-	69%



BREAKDOWN OF POSITION BY AGE GROUP AND GENDER 31.12.2013

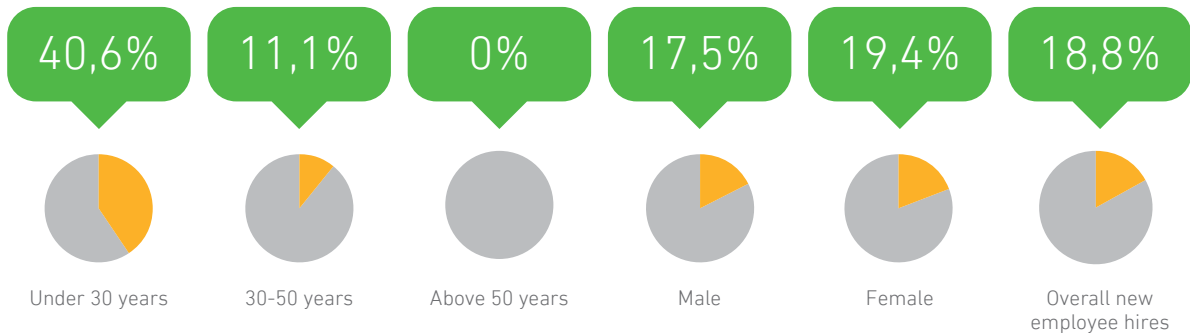


PERCENTAGE OF EMPLOYEE TURNOVER BY AGE GROUP AND GENDER 31.12.2013



PERCENTAGE OF NEW EMPLOYEE HIRES BY AGE GROUP AND GENDER

31.12.2013



We launched a new **internship procedure** in June 2013. Results show success: we received 157 applications till the end of the year. Most of the applications were from Universitatea Babeş Bolyai, Cluj Napoca but students applied from almost all parts of the country and one of them even from abroad.

OTP Bank Romania hosted 41 interns (26 Hungarian speakers). The biggest part of the students spent a month at OTP Bank Romania; 86% were hosted in branches. Almost all interns performed better than 85% at the final evaluation.

Altogether 7 interns were hired afterwards, 5 in the territorial units and 2 at the head quarter. All students achieving 100% at the evaluation are kept by our HR Directorate as an own pool with the possibility of hiring afterwards. We plan to continue the internship procedure in 2014 as well.



Professional development

Training is a key element of our new HR strategy.

In 2013 all branch and head office personnel was assessed on human specific competencies. Besides Leader Light Program and talent management project – detailed below – the results were used for team formation project. In this regard we conducted workshops for managers and provided them permanent support, consultancy and coaching. For head office directorates the project will run into 2014.

Trainings were focused on:

- **Development of managerial skills and team formation:**
We implemented the Leader Light Program for branch managers and agency managers with the aim of improving management competitiveness. All participants went through a Balanced Scorecard and behavioural assessment process. Then the program provided customized trainings focusing on identified personal skills gaps. The program is designed to continue also in 2014, starting with an evaluation of the 2013 actions.
- **Consultative selling skills:**
We continued the follow up of the consultative selling skills trainings; finalized 23 training sessions, and trained 190 employees. The courses for new hires were enriched with specific situations from the real life and from our bank's practice with customized movies. Our 5 regional trainers monthly visits low performing branches and provides support by trainings on the job, direct observation of employees and sales coaching.
- **Professional trainings:**
Main focuses of the sessions were: credit card, risk based pricing, bancassurance, quick loans, soft collection, and professional trainings for head office staff.

Hours of in-class training per employee	In-house				External			
	2011	2012	2013		2011	2012	2013	
			Male	Female			Male	Female
Senior management	20	24.6	6.3	16.0	60	24.7	17.3	189.0
Middle management	1.1	0.7	18.8	17.3	3.4	1.7	68.1	101.3
Non-executive	0.2	0.9	13.9	17.1	0.9	0.5	5.6	6.5
Average	0.4	1.1	13.0	16.8	1.6	0.8	30.3	98.9

We implemented a new, deeper integration process for **new hires** in 2013 with the goal of offering a safe, clear and well-informed start. Allocated tutors support the whole process for all new employees. The tutor's responsibilities are structured to be able to follow closely and efficiently the new hires over the 3 months trial period.

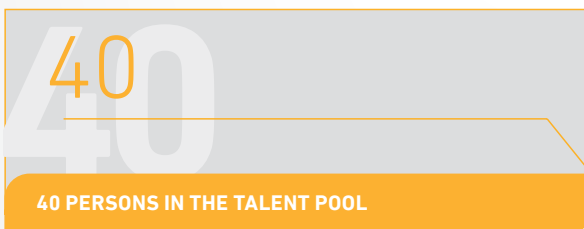
One of our most important achievements in 2013 was the launch of the **talent management** pilot project. The project focuses on retention of talent and key personnel. The main objective of the pilot was to select the members of the exceptional group – managers and non-executive employees – owning outstanding behaviour and competencies. Appropriate members were selected on the basis of our performance management system and the Voice of Client analysis report.

Talent pool was concluded of 40 persons, and personal development plan was also defined. We formed a separate pool for the CEO direct directorates; the development plan for them will be defined in 2015.

Performance evaluation

Our new **performance management system** came into force in 2013. The structure of the system was designed in line with the business strategy and the macro-economic situation. The result oriented system sets clear directions, targets and deadlines to all employees. The objectives are business driven, network staff is evaluated monthly, employees in the headquarter yearly but with quarterly feedback. Plans for personal development are determined on the basis of the evaluation. The new system tackles non-performance as well. An acquisition process was started towards an integrated platform of performance management system, training administration and talent management. The system will support easier access to data and will provide improved opportunities for analysis.

We retained our tradition to **honour our employees'** commitment and high achievements by awards. Being proud of our employees with outperforming sales results we highlight the best individual and team contributors in a dedicated section of our online newsletter, OTP Magazin. We post a special message on our intranet platform. We honour loyalty by loyalty diplomas each month for colleagues celebrating their anniversary of working at OTP Bank Romania. We honour loyalty by loyalty diplomas each month for colleagues celebrating their anniversary of working at OTP Bank Romania. 12 diplomas were handed over at the Christmas party to our colleagues, honouring outstanding commitment to team work, exemplary motivation and pro-active attitude combined with professionalism.



Remuneration

We updated our Remuneration and Benefits Policy related to the Collective Labour Agreement and performance management system modifications. Performance ratings were changed according to the new performance management system. Implementation of the performance review system and the newly designed remuneration grid is a milestone. The bank's salary structure is now clearly mapped, functional levels became transparent, and the internal equality of base-pay resulted in an improved satisfaction of our colleagues. Employees now get a better understanding of HR principles and a better perspective of their carrier path and personal development. We started to provide further compensation in case of individual dismissal for employees working more than 5 years at OTP Bank Romania and fulfilling at least "as expected" category at the last performance evaluation.

In 2013 we managed to reduce overtime further, though excessive overtime was tackled by paying supplementary hours and granting days in lieu.

We provide special benefits for our employees:

- regular benefits like meal or meal vouchers (for head quarter employees we intend to reintroduce meal tickets in 2014), bank sector benefits, retirement benefits equalling at least 2 months basic salary,
- benefits in special cases like child birth, marriage, a family member's death, death of an employee.

In 2013 we maintained the medical services for our colleagues, a great feat amidst cost cuttings. Free medical check-ups, general medical services and professional medical advice are available for the family members of our colleagues as well. All of our employees own health and accident insurance. Discounts are available at dental and medical clinics also for all of our employees, besides we provide discount for several health and recreational facilities. Colleagues in Bucharest are able to take advantage of free optometric check-ups, discounts at sports clubs, spas; on site chair massage is offered for head quarter staff.

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

Preferential holidays are available in our accommodation facilities for years. In 2013 we provided this opportunity in Constanta.

Number of employees benefiting from preferential holidays	2013	
	Branches	Head Office
Constanta	65	55
Total	120	

Absenteeism due to illness or accident	2011	2012	2013		
			Male	Female	Total
Sick leave (number of working days)	29,489	30,442	6,747	15,201	21,984
Rate of absenteeism	11.6%	12.5%	9.4%	9.6%	9.5%

No accidents occurred in 2012 and in 2013. There was one work related accident in 2011.



Internal communication

OTP Bank Romania traditionally places great emphasis on internal communication focusing on accessible, informative and inclusive information.

In 2013 we improved Engage+, our internal communication platform. The integrated platform shapes the business aims and corporate values to drive performance and gather a consistent community of professionals. In 2013 we improved the articles making them shorter and more visual, we transferred the remaining information from our old intranet system and developed new sections (BlogCEO, My Opinion). We created 14 Hobby Café workshops, aiming to balance professional and personal life by focusing on employees' hobbies, daily life.

We conducted an internal survey among the members of the management (more than 150 respondents) nine month after the launch of the platform. Results are impressive: 98.87% of the respondents are satisfied with the internal communication process.

99%

99% OF THE RESPONDENTS ARE SATISFIED WITH INTERNAL COMMUNICATION






2014

OBJECTIVES AND PLANS

- Evaluation of Leader Light Program
- Finishing team formation project support for head office directorates
- Introduction of assessment centre for identifying training needs of employees with poor results
- Finalizing the use of integrated platform for performance management system, training administration and talent management
- Defining personal development plan for the CEO direct directorates talent pool participants in 2015
- Conduct a survey regarding Engage+ among employees

4 communities



	Right to Read
	Right to Education Foundation
	OTP Equal Opportunity Program
	OTP Sport Program
	Volunteering

Our principles

We do our best to work together and support the communities we are part of by

- volunteer work: a way of help that provides mutual benefits for the recipients and the givers;
- sponsorship: through money or in-kind sponsorship of particular events and initiatives we can express and strengthen our commitment to our determined values.

We focus on long term projects and cooperation.

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

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

Traditional corporate social responsibility (CSR) needs to deliver better for both companies and society. Executives need a new approach to engage the external environment. OTP Bank believes that the best way to evolve is to integrate external engagement (IEE) into business decision making at every level of the company.



Right to Read

Since 2010, Right to Read campaign achieved significant impact and created the opportunity of reading for thousands of children.

OTP Bank Romania donated more than 11,000 books and proper furniture for 22 schools in 2013.

The program has been running for four years with proven results and gained numerous awards as appreciation. The impact of the campaign went beyond any initial objective. Since the beginning of the campaign:

- Right to Read reached and equipped libraries of 165 rural schools, in 40 Romanian counties selected on the basis of the recommendations of the campaign supporters.
- 31,000 children, living in rural environment benefit from the new books.
- Donations reached 103,000 books.

Public involvement has an essential role in the results; we have encouraged donations through the media since the launch of the project. We also have welcomed other organisations to follow us on the way to support children's reading.

Results of our social media activity:

- Almost 30,500 fans of the Facebook page of the campaign.
- More than 11,000 weekly total reach.
- We continued to post different contents on the page's wall at least once a week. Messages give information regarding the campaign status, photos, movies and quotes about books and lecture for getting the fans directly involved in the campaign.
- We were also able to inform the communities of Romanians from Italy, United Kingdom, Germany, Spain and France (top 5 countries with fans) regarding the campaign.
- The 11 movies uploaded on YouTube reached almost 10,500 views. Themes of the movies include making-of film for the first 2 schools equipped, Marcel lures talking about the Right to Read, Marcel lures in the radio spot Right to Read, Edipresse media group joins the Right to Read campaign, interviews with authors taken by our team at Bookfest.
- Right to Read photostream was viewed more than 2,300 times on Flickr.



The development and literacy of the future generation is essential everywhere but even more crucial for the improvement of the disadvantaged rural areas. Even though reading plays an unquestionable important role in this process, a large number of children do not have the opportunity to read books because of their poor domestic circumstances, and because schools do not have libraries or own only a limited collection of books. These fundamental problems have been the main driving forces to implement our Right to Read campaign.



Right to Education Foundation

Preparation of professional background for Right to Education Foundation was started in 2013. Our educational initiative aims to raise interest in the financial education among teenagers from secondary school.

While creating the training materials and methodology we relayed on traditional collaboration with Romanian Universities and on the experiences of dresoruldelei.ro, the process included research activities and pilot trainings involving the Hungarian OTP Fáy András Foundation with a 20 years experience of financial education. Trainers of the Foundation implemented 3 pilot trainings reaching more than 250 students within 4 cities.

Training materials meet the requirements of 'teaching by entertainment' and are based on the methodology of OTP Fáy András Foundation. A general module, Evaluation of Money, and different modules for all grades of secondary schools were created. The official registration of Right to Education Foundation will occur in the beginning of 2014, and trainings will start afterwards.

250

TRAINING OF 250 STUDENTS WITHIN RIGHT TO EDUCATION PILOT PROGRAM IN BUCHAREST, ORADEA, CLUJ AND MIERCUREA CIUC.



OTP Equal Opportunity Program

We are committed to offering support to those that help social groups as part of their mission. We analyze and find those who need us most in their activity with focus on children. We are aware that there is no other way one can support a society's growth than supporting the development of its young generation.

Children are our future, so we are always looking for opportunities to improve their lives through partnerships with youngsters' organizations and associations.

OTP Community Building Program

The Community Building Grant Program seeks to support, strengthen and build on communities. OTP Bank Romania team believes culture is a heritage that is entrusted to us for future development. In this respect, we choose to offer our logistic and financial aid to create and develop special events, theatre festivals, concerts. We also support the endeavors of actors and film makers that are related to communities. Exhibitions and artists' associations receive our support, too.

OTP Sport Program

Sport has unique attributes that enable it to contribute to peoples' development process. Its potential to set the foundation for healthy child development and its ability to connect people, make it a development tool that can be used to meet a range of objectives.

OTP Bank believes that sport should be an important component of any comprehensive development program. We support sport from a development perspective and we point out that it increases individuals' ability to organize, lead, foster networking, communicate, co-operate, manage, evaluate, become goal-oriented and self-directing, become more active, inform each other and develop a sense of responsibility and fair play.

Hence, OTP Bank Romania stands as a reliable partner for sport organizations and competitions that sustain professional behavior.

Employees

Job quality should be a key objective of any employer. Happy employees create happy customers that produce business results. Employees want fair, respectful, healthy and democratic workplaces that value their engagement.

We value our employees, as they are our most important resource. They are the starting engine for every achievement, for every good result that we have had in 10 years of presence on the local market.

With an ethical approach and a healthy working philosophy, OTP Bank Romania turned social responsibility into a general practice within the organization.

To name a few examples: we constantly recycle paper and other used materials, we are responsible in the way we use our energy by implementing intelligent systems of cutting energy consumption and we encourage our employees to be part of voluntaries programs, such as blood donations, trees planting activities and others.

Volunteering

We involve our colleagues in different volunteer activities; we strive to support and implement their own initiatives. In 2013 we continued our programs with our employees' contribution:

- organized 4 sessions of blood donation: 117 colleagues donated 58 liters of blood, supporting the life of 350 people altogether;
- carried out an internal campaign promoting the possibility of personal income tax's 2% to be directed to the non-governmental sector;
- encouraged to gather books in branches and head offices within the Right to Read campaign.

350 PEOPLE

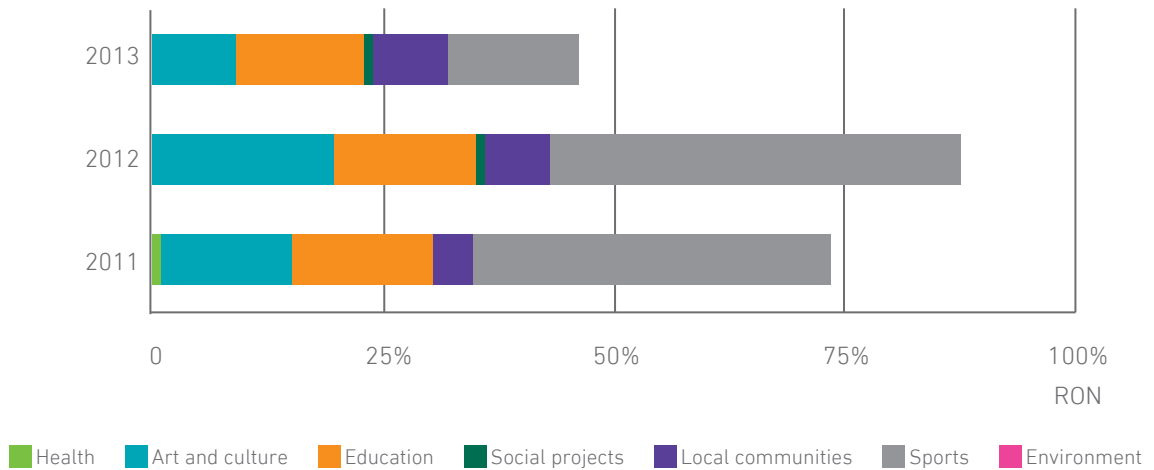
IN 2013, WE MANAGED TO SAVE OR IMPROVE THE LIFE OF 350 PEOPLE, THROUGH THE 58 LITERS OF BLOOD DONATED BY OUR 117 DONORS WITHIN THE 4 SESSIONS, BY THE EMPLOYEES OF OTP BANK ROMANIA.



Sponsorship

Although we decreased the budget of sponsorship in 2013 by 47% compared to the previous year due to strict cost cutting measures throughout the organization, we managed to support organizations and initiatives we consider strategic.

AMOUNT OF SPONSORSHIP BY CATEGORY, 2011-2013



2014 OBJECTIVES AND PLANS

- Registration of Right to Education Foundation and offering trainings

5 environment



Internal campaign



Printing and paper



Procurement

Our principles

We care about the environment; we strive to operate our offices in an environmentally friendly way. Being an office-based business our focus is on energy consumption, the use of electronic devices and paper, and waste management. Reducing our energy, water, paper consumption is also important for saving costs. Decreasing costs is of great importance for years, thus no major investment could be implemented in 2013.



2012 We said	2013 We did
Possible use of renewable energy resources depending on the results of the study examining the investment opportunities	<div style="text-align: center;">✓</div> We established a collaboration with a new energy supplier, 26% of our electrical energy consumption derives from renewable sources.
✓ FULFILLED	🔄 IMPLEMENTATION IS ON-GOING
	✗ NOT FULFILLED





Internal campaign

We started a campaign at the beginning of 2012 and continued it in 2013: the aim is to encourage environmental responsibility and healthy way of living among our employees. We focused on energy, paper and water saving, and on promoting physical activities (recommending the use of stairs instead of the elevator). Key messages on stickers can be seen at the most accessed areas, both in the headquarter, and in the branches. Our colleagues' feedbacks were positive.

Energy

Mainly due to weather conditions we did not manage to decrease our energy consumption in 2013. The tight budget did not let us implement any energy saving investments in 2013, although advantages of former investments and up-to-date technologies are useful. We changed our electricity supplier, and the new collaboration with MASZ means that 26% of our

consumption derives from renewable sources. In 2014 we plan to use LED lighting in 15 branches.

Business travel

Is a significant portion of our environmental impact. Considerable results were achieved due to rationalization. We managed to decrease the kilometres run by the vehicle fleet by 7%, saving almost 10% of the related CO2 emission compared to the previous year. We bought 13 new vehicles aiming to substitute the old ones generating high consumption, maintenance costs and emissions.

Number of business flights fell by almost 50% compared to 2012, as we used the videoconference infrastructure to the fullest possible, and as the business situation required less personal meetings. The related CO2 emission fell by 73%* compared to the previous year. As in the previous years, most of the flights took place between Bucharest and Budapest, or within Romania.

Energy consumption	Total (1000 GJ)			Per employee (GJ)		
	2011	2012	2013	2011	2012	2013
Electricity	19.4	19.4	20.7	17.8	18.5	20.6
Natural gas	n.a.	11.5	11.4	n.a.	11.0	11.3
District heating	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Vehicle fuel	5.5	4.5	4.1	5.1	4.3	4.1

The chart shows an estimation of energy consumption.

CO2 emissions, tons		2011	2012	2013
Direct	Vehicle emissions	360	295	268
	Air travel related	120	159	42
	Resulting from natural gas consumption	n.a.	562	634
Indirect	Resulting from electricity consumption	594	594	633
Total		n.a.	1610	1577
Per employee		n.a.	1.53	1.57

145 TONS

SAVED ALMOST 145 TONS OF CO2 EMISSION, EQUIVALENT OF 18 PERSONS YEARLY EMISSION BY DECREASING BUSINESS TRAVEL.

* specific CO2 emission of flights decreased at the same time



Printing and paper

On OTP Bank Romania level paper consumption increased by 8% compared to 2012. Though the head quarter's consumption decreased by 23%, the increased consumption of the network stems from the higher sales and business activities. The bank's committees became totally paperless in 2013.

Waste

Cartridges are now recycled everywhere. Paper and PET bottles are sorted at our headquarter offices. 2013 is the first year when we have exact data regarding the selectively collected waste: we collected 771 kgs of paper and 161 kgs of PET bottles.

Our continuous cooperation with Greentronics allows us to collect electronic waste and used batteries throughout the bank and send them to be recycled. In 2013 we collected 2500 kgs electronic waste, 700 bulbs and neon. 130 pieces of computers were scrapped out of 1400 in 2013.

Procurement

We did not change our procurement policy within the reporting period. Procurement of OTP Bank Romania is centralized on bank level. Though Investment Committee of OTP Bank Hungary decides on high value investments and several part of IT procurement is controlled by direct or indirect means (e.g. special regulations, prices valid on OTP Group level). The most determining factor when selecting a product or service is price-quality ratio. The most important purchases of 2013 were elements of the security system and refurbishment works – relocation of two branches and refurbishment of the head quarter.

Used materials	2011	2012	2013
Paper (tons)	90	77	83
Printer cartridges (kgs)	434	424	667

6 GRI Index



DETERMINATION OF APPLICATION LEVEL AS PER THE GRI G3.1 GUIDELINES

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

Nr. of Indicator	Description of Indicator	Page	Comments
Strategy and Analysis			
1.1	Statement from the most senior decision maker of the organisation about the relevance of sustainability to the organisation and its strategy	5.	
1.2	Description of key impacts, risks, and opportunities.	5., 16., 20., 35., 38., 43., 49., 51.	
Organisational Profile			
2.1	Name of the organisation	back-cover	
2.2	Primary brands, products and/or services	website	http://www.otpbank.ro/ro/persoane-fizice http://www.otpbank.ro/ro/pfa http://www.otpbank.ro/ro/imm http://www.otpbank.ro/ro/corporatii
2.3	Operational structure of the organisation, including main divisions	14.	
2.4	Location of organisation's headquarter	back-cover	
2.5	Number of countries where the organisation operates		Romania
2.6	Nature of ownership and legal form	11.	

Nr. of Indicator	Description of Indicator	Page	Comments
2.7	Market served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	website	See the Annual report @ http://www.otpbank.ro/en/about-us/otp-bank-romania/annual-reports/
2.8	Scale of the reporting organisation	12.	
2.9	Significant changes during the reporting period	website	See the Annual report (link above)
2.10	Awards received in the reporting period	13.	
Report Parameters			
3.1	Reporting period for information provided		Calendar year 2013
3.2	Date of most recent previous report		We published our last report in 2012. http://www.otpbank.ro/export/sites/default/ro/despre-noi/responsabilitate-sociala/raport-CSR-2012.pdf
3.3	Reporting cycle		Annual
3.4	Contact point for questions regarding the report or its contents	9.	
3.5	Process for defining report content	9.	
3.6	Boundary of the report		OTP Bank Romania SA
3.7	State any specific limitations on the scope or boundary of the report		No supplier is covered by the report.
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations		No subsidiary is covered by the report.
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report	9.	
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement		Modification in data gathering, or correction of information if they proved to be incorrect afterwards.
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report		There was no change in the boundary.
3.12	Table identifying the location of the Standard Disclosures in the report.	55 -59.	We also use the table for disclosing information.
3.13	Policy and current practice with regard to seeking external assurance for the report		The report is not assured externally.
Governance, Commitments, and Engagement			
4.1	Governance structure of the organisation	website	http://www.otpbank.ro/en/about-us/otp-bank-romania/management/
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	website	http://www.otpbank.ro/en/about-us/otp-bank-romania/management/
4.3	For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members	website	http://www.otpbank.ro/en/about-us/otp-bank-romania/management/
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	43. website	See the Annual Report. (link above)
4.5	Linkage between compensation for members of the highest governance body	website	See the Annual Report. (link above)
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided		Compliance with the Code of Ethics..

Nr. of Indicator	Description of Indicator	Page	Comments
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental and social topics		No such strictly set criteria, primarily management and bank sector experience and qualification is required.
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation		Code of Ethics, Organisational and Operational Regulation, Group Management Regulation, Collective Bargaining Agreement
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles	16.	The Management Board ensures the management function within the Bank, by fulfilling all the necessary and useful actions for the achievement of the Bank's activity object, excepting for those that according to the law falls within the competence of the Supervisory Board and of the General Shareholders Meeting.
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	16.	The Supervisory Board ensures the supervision function within the Bank, by exercising the permanent control over the Management Board, and also on compliance of its activities with approved strategies and policies.
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation	32-33. website	See CSR report 2009 @ http://www.otpbank.ro/export/sites/default/ro/despre-noi/responsabilitate-sociala/raport-CSR-otpgroup-2009.pdf
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses		There are no such initiatives.
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organisations		OTP Bank Romania is a member of professional – business and banking – associations and local chambers of commerce and industry.
4.14	List of stakeholder groups engaged by the organisation	website	See CSR Report 2009 http://www.otpbank.ro/en/about-us/social-responsibility/annual-reports.html
4.15	Basis for identification and selection of stakeholders with whom to engage	website	See CSR report 2009 (link above)
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	43. website	See in the CSR report of 2009 (link above)
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting		
Economic Performance indicators			
Management Approach		website	See the Annual Report. (link above)
EC1	Direct economic value generated and distributed	17.	
EC4	Significant financial assistance received from government		OTP Bank Romania has not received such assistance in the reporting period.
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	website	Equal opportunities are ensured by hiring without giving preference to locals. However most of the employees are from the local community. Information regarding the senior management can be found on our website.

Nr. of Indicator	Description of Indicator	Page	Comments
Environmental Performance Indicators			
Management Approach		51.	
Energy			
EN3	Direct energy consumption by primary energy source	52.	
EN4	Indirect energy consumption by primary source	52.	
Emissions, Effluents and Waste			
EN16	Total direct and indirect greenhouse gas emissions by weight	52.	
Labour Practices and Decent Work Performance Indicators			
Management Approach		37.	
Employment			
LA1	Total workforce by employment type, employment contract, and region	38.	
LA2	Total number and rate of employee turnover by age group, gender, and region	39-40,	
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations		Temporary or part-time workers receive the same benefits as full-time employees (prorated).
Labour/Management Relations			
LA4	Percentage of employees covered by collective bargaining agreements		100%
Occupational Health and Safety			
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region	42.	
LA8	Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	42.	
Training and Education			
LA10	Average hours of training per year per employee by employee category	41.	
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	40.	In-house training courses, financial support for external education, provision of study leave with guaranteed retention of job, severance package taking into account the length of employment, assistance (e.g. training, counselling) on transitioning to a non-working life and job placement services are provided.
Diversity and Equal Opportunity			
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	39.	
Human Rights Performance Indicators			
Management Approach		37.	
Non-discrimination			
HR4	Total number of incidents of discrimination and actions taken		No such incidents have occurred.
Child Labour			
HR6	Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour		The bank does not use child labour.
HR7	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures taken to contribute to the elimination of forced or compulsory labour		The bank does not use forced labour.

Nr. of Indicator	Description of Indicator	Page	Comments
Society Performance indicators			
Management Approach		30-31.	
Corruption			
S02	Percentage and total number of business units analyzed for risks related to corruption.	34.	
Public Policy			
S06	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country		In accordance with our sponsorship policy we exclude political parties and organisations from sponsorship.
Anti-Competitive Behaviour			
S07	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes		There was no such legal action against the bank.
Compliance			
S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	31.	
Product Responsibility Performance Indicators			
Management Approach		19.	
Product and Service Labelling			
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	22.	
Marketing Communications			
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes		No non-compliance occurred.
Compliance			
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	31.	
Financial Services Sector Supplementary Performance Indicators			
FS2	Procedures for assessing and screening environmental and social risks in business lines	32-33. website	For additional information see CSR report 2009 for details. (Link above)
FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector	28.	
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	24-31.	
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	24-31.	
FS15	Policies for the fair design and sale of financial products and services.	19. website	See CSR report 2009 for details. (Link above)
FS16	Initiatives to enhance financial literacy by type of beneficiary.	47.	



OTP Bank Romania S.A.

66-68 Buzesti St. 1, Bucharest, 011017 Romania

Phone: +40 (21) 307 57 00

Call Center: 0800 88 22 88

csr@otpbank.ro

www.otpbank.ro

www.estedreptulmeu.ro