



2014

csr

CORPORATE SOCIAL
RESPONSIBILITY
REPORT



2014

csr

CORPORATE SOCIAL
RESPONSIBILITY
REPORT

CONTENTS

DESIGNATIONS

Aspects certain stakeholder groups might find more relevant/interesting:



investors



employees



general
population



customers

Programs intended to enhance the population's financial education



Tables and charts in Chapter 'DATA'



	CHAIRMAN'S WELCOME	6
★ ≡ 👤 ⚙	I. ABOUT THE REPORT	10
★ ≡ 👤 ⚙	II. OTP GROUP	14
≡ 👤 ⚙	1. CUSTOMER FOCUS	20
≡ 👤	1.1. Enhancing In-branch services	22
	1.2. Extension of accessible service	24
	1.3. Improvement of responsible customer communication	25
	1.4. Assistance for the work of clerks, development of background processes	25
	1.5. Improvements to complaint management	26
	1.6. Measuring customer satisfaction	26
≡ 👤 ⚙	2. DEVELOPING FINANCIAL LITERACY	28
★ 👤 ⚙	3. INNOVATIVE BANKING SOLUTIONS	32
	3.1. Services available on mobile devices	34
	3.2. Internetbank: OTPdirekt	36
	3.3. Promotion of electronic services	36
	3.4. Promotion of bank card use	37
	3.5. E-statements	37
★ 👤 ⚙	4. FINANCIAL PRODUCTS AIMED AT THE DEVELOPMENT OF THE LOCAL COMMUNITY	38
	4.1. Retail	40
	4.2. Condominiums	41
	4.3. MSE clients	42
	4.4. Agricultural customers	44
	4.5. Large enterprises	45
★ ≡ 👤 ⚙	5. SECURITY	46
	5.1. Stability of the Group	47
	5.2. Development of risk management systems	48
	5.3. Security enhancement of banking systems	49
★ ≡ 👤 ⚙	6. COMPLIANCE – ETHICAL SERVICE	50
≡ 👤	6.1. Compliance	51
	6.2. Debtor protection	52
≡ 👤 ⚙	7. RESPONSIBLE EMPLOYER	54
≡ 👤	7.1. Employment	56
≡ 👤 ⚙	7.2. Education and training	56
≡	7.3. Remuneration and rewarding of employees, career opportunities	58
≡	7.4. Employee engagement, internal communications	58
≡	7.5. Health, working environment	59
≡ 👤 ⚙	8. COMMUNITY INVOLVEMENT	60
	8.1. Our CSR programmes	61
	8.2. Volunteering	63
	8.3. Community involvement across the Group	64
≡ 👤	9. ENVIRONMENTAL PROTECTION	68
★ ≡ 👤	III. DATA	74
	1. OTP Group in figures	75
	2. Data on responsible service provision	78
	3. Employee data	82
	4. Data on corporate social responsibility	95
	5. Data on environmentally friendly operation	96
	IV. GRI INDEX	100



OTP Bank Plc. is a major financial service provider in the CEE region, and one of the most stable banks of Europe as evidenced also by the results of the 2014 stress test. I am convinced that our successes are underpinned by our long-term commitment and firm values.

We give priority to the stability of our Company, full legal compliance, as well as to the preservation and growth of the assets of our depositors and shareholders.

DEAR READER,

OTP Bank is a conservative financial service provider in the good sense. Our motto, 'With trust and responsibility for each other,' says a great deal about what our stakeholders can expect from our Company, and we are trying to meet those expectations every day in respect of all stakeholder groups. We are also open to innovation, and apart from organic growth, we attach great importance to acquisitions as well – we purchased two banks in 2014, one in Romania and one in Croatia.

We give priority to the satisfaction of our customers, the development of financial literacy and ethical business conduct over short-term profit maximisation. We attach importance to the development of our customers' financial literacy and awareness. This is exemplified by our literacy campaign on credit card use run in the last year, as part of which our clerks gave customers a detailed demonstration on how to use their cards responsibly without borrowing.

In line with our Company's profile, we strive to provide real and meaningful assistance for the development of young people's financial literacy. Following the opening of OK Centre, the flagship of this activity, in 2014 we opened an educational centre in Nyíregyháza, and one in Bucharest. We are planning to open another unit this year. Similarly to all other areas of our operations, our social responsibility is value driven and regulated, with a focus on measurability and effectiveness.

In an improving macroeconomic environment, with inflation stabilised at a low level and interest rate levels declining, an increasing number of people have decided to keep their money at home rather than in a bank or in investments, exposing themselves to significant security risk and a certain degree of impairment risk. An important practical pillar of financial awareness is to recognise that apart from offering suitable options to manage savings, banks could also reduce security risks.

As a leading retail operator, our Company has also been strongly affected by Hungarian legislative changes involving consumer contracts: the process has required significant

bank resources, both financial and human. At the same time, through the conversion of foreign exchange mortgage loans into HUF loans, significant risks have been removed from the system, while – as a result of settlement with customers – instalments have been reduced by individually varying degrees. Additionally, we expect the burdens on the Hungarian banking system to be reduced pursuant to the agreement of February 2015 between the Hungarian government and the EBRD, which could drive market activity.

The situation in the Ukraine requires constant vigilance – in the last year, we were forced to close 23 branches, despite which we have managed to maintain the stable operations of the Bank, while focusing efforts on critical locations to provide assistance to local communities. In Russia, due to a volatile economic environment providing continuously deteriorating prospects throughout 2014, we limited disbursements of certain credit products and made adjustments to our pricing. In 2015, we already experienced a slight improvement in our operating environment.

In Russia, in April 2015 we launched our online bank Touch Bank, which offers innovative and leading digital banking services to our customers.

Clearly, despite the recent challenges we have been facing, our Bank has been following a forward-looking strategy in support of growth, with a preference for innovative solutions. To a large degree, our achievements are owed to the preparedness of our employees and the decisive role of their efforts. Our Company being a service provider, it is often our employees' humane attitudes and expertise that provides our customers with the edge for which they give us credit. In my view, it is further optimisation of banking operations at Group level, the adoption of a customer-friendly approach, and the use of electronic channels and new, innovative products that mark the direction in which OTP Group should continue its progress along its existing values.

Yours sincerely:
Dr. Sándor Csányi
Chairman & CEO



CUSTOMER FOCUS

79 BRANCHES  

REFURBISHMENT OF 79 BRANCHES (5%)
AT GROUP LEVEL

5 ATMs  

5 PILOT ATMS CAPABLE OF TAKING
CASH DEPOSITS

20%  

20% SHORTER AVERAGE
WAITING TIMES AT OUR BRANCHES

FINANCIAL PRODUCTS AIMED AT THE DEVELOPMENT OF YOUNG PEOPLE AND LOCAL COMMUNITIES

90,000  

WEALTH PLANNING SESSIONS

 **10%** 

OVER 10% INCREASE IN THE NUMBER OF
AGRICULTURAL CUSTOMERS IN 2014

ELECTRONIC BANKING SOLUTIONS

18,000  

PAYPASS/NFC OTP MERCHANT TERMINALS
IN HUNGARY

1.6 MILLION 

OVER 1.6 MILLION INTERNET BANKING
CUSTOMERS REGISTERED IN HUNGARY

20%   

INCREASE IN BOTH
THE VOLUME AND NUMBER
OF BANK CARD TRANSACTIONS

150,000 

MORE ELECTRONIC BANK
STATEMENTS

 **75%**

75% INCREASE IN NEW BUILDING SOCIETY
DEPOSITS

1.2 BILLION HUF



HUF 1.2 BILLION IN SUPPORT TO 903 SMES IN
CONNECTION WITH CORPORATE CONSULTANCY

117 BILLION HUF



HUF 117 BILLION WORTH OF LOAN AGREEMENTS
SIGNED IN PHASE 2 OF THE FUNDING FOR
GROWTH SCHEME UP TO THE END OF 2014

DEVELOPING FINANCIAL LITERACY

15,000

10,000 STUDENTS IN HUNGARY AND 5,000 IN THE NEIGHBOURING COUNTRIES PARTICIPATING IN FINANCIAL LITERACY EDUCATION



MORE THAN 100



TRAINING FOR MORE THAN 100 TEACHERS

200



STUDENTS IN THE FÁY SUMMER CAMP

SECURITY



22ND

OTP BANK RANKED 22ND OUT OF 123 BANKS IN THE STRESS TEST OF THE EUROPEAN BANKING AUTHORITY (EBA), AND FINISHED FIRST AMONG THE MAJOR BANK GROUPS IN THE REGION

0.0067%



THE INCIDENCE RATE OF FRAUD INVOLVING BANK CARDS ISSUED BY THE BANK IS 0.0067% AT GROUP LEVEL, A MAGNITUDE LOWER THAN MASTERCARD'S EUROPEAN AVERAGE (0.0501%)

RESPONSIBLE EMPLOYER

555,000



HOURS OF TRAINING

RESPONSIBLE EMPLOYER

1.5 BILLION HUF



WORTH OF DONATIONS

1,895

1,895 VOLUNTEERS



ENVIRONMENTAL PROTECTION

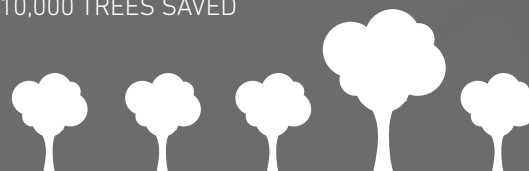


SAVINGS FROM TRAVEL REDUCTIONS EQUALLING THE ANNUAL CARBON FOOTPRINT OF 100 PEOPLE COMPARED WITH THE PREVIOUS YEAR

584 TONS



584 TONS OF RECYCLED PAPER, APPROXIMATELY 10,000 TREES SAVED



I.

ABOUT THE REPORT

In this year, OTP Group is publishing its annual CSR Report for the ninth time. This Report concerns 2014. The purpose of the Report is to present our endeavours and achievements from the perspectives of responsible operations, sustainability, society, environment and the economy at large.



Compliance with GRI G4 guidelines



Audited



Professionalism



Based on stakeholders' expectations

2014

CSR

The Report has been compiled with three key requirements in mind:

1

INFORMATION OF INTEREST TO STAKEHOLDERS

2

ASPECTS DEEMED MATERIAL BY THE MANAGEMENT OF OTP BANK

3

COMPLIANCE WITH GRI G4 GUIDELINES

We have regularly been assessing our stakeholders' expectations concerning the Report (the most recent survey was carried out in 2013), and have been making efforts to shape and improve our reporting practice in the light of survey results as well as of other formal and informal feedback.

This year's Report is compliant with GRI's (Global Reporting Initiative) G4 Guidelines, the most widely recognised and used set of reporting standards in the world. In transitioning to the new Guidelines, we took the opportunity to review and adjust the structure of the Report, and to rethink the aspects and indicators presented. Accordingly, the 2014 Report has been renewed structurally and also partly in terms of its contents. As in previous years, assurance on this year's report has been provided by the Hungarian company of Deloitte.



At Group level, preparations for the application of the new standards took approximately one year:

1

IN EARLY 2014, 16 EXECUTIVES OF OTP BANK CARRIED OUT AN ELECTRONIC ASSESSMENT OF SUSTAINABILITY ASPECTS IN TERMS OF MATERIALITY FROM THE PERSPECTIVES OF STAKEHOLDERS, AS WELL AS OF ECONOMIC, SOCIAL AND ENVIRONMENTAL IMPACTS.

2

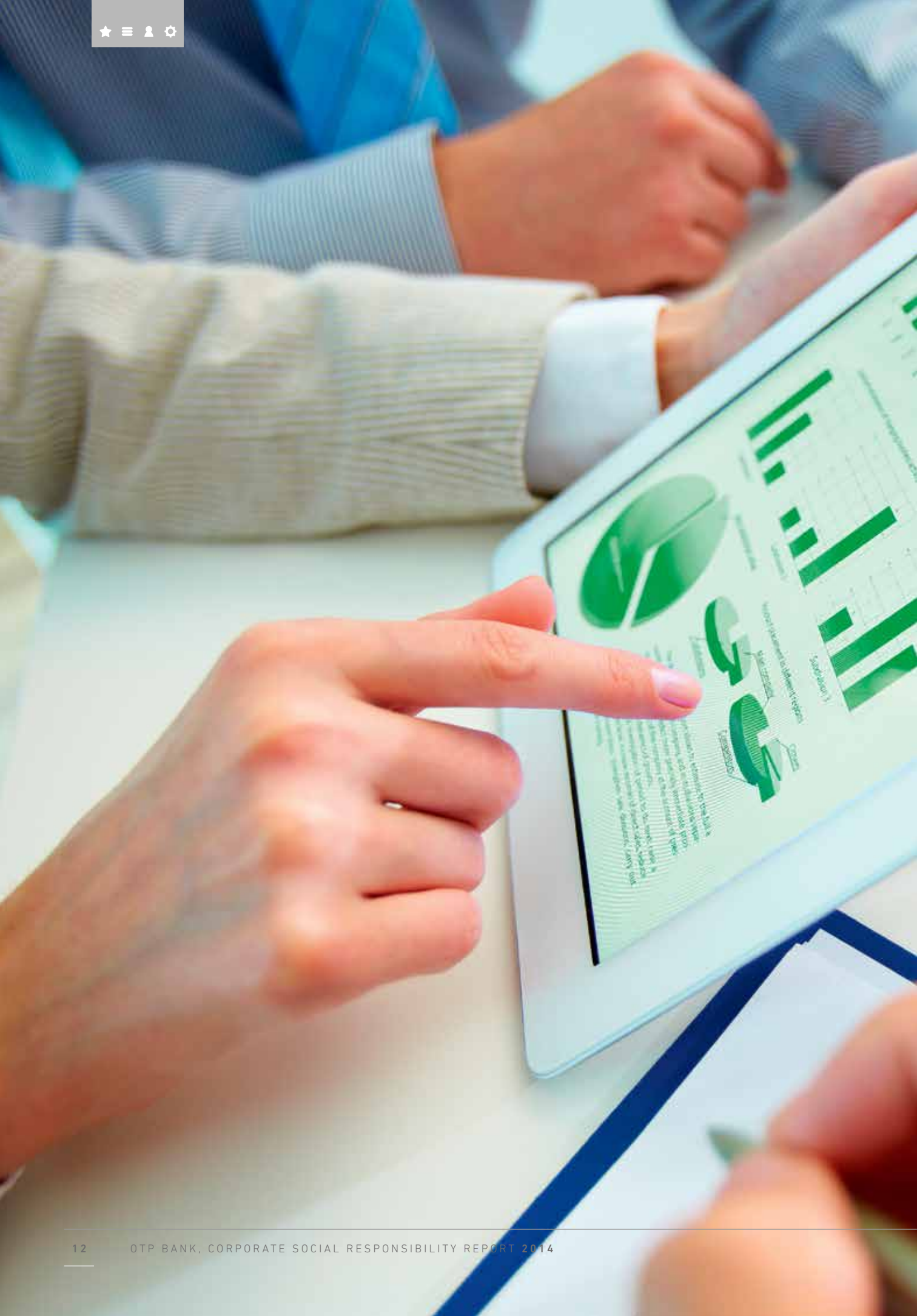
PARTICIPATING EXECUTIVES DISCUSSED THE RESULTS OBTAINED AS PART OF A WORKSHOP HELD IN FEBRUARY, ADOPTING A DECISION ON THE BOUNDARIES OF THE CSR REPORT AND THE PERFORMANCE INDICATORS TO BE PRESENTED, AIMING TO ENSURE THAT THE REPORT FULLY COVERED ALL MATERIAL ASPECTS. THEY DESIGNATED THE UNITS RESPONSIBLE FOR SPECIFIC ASPECTS AND INDICATORS.

3

FOLLOWING THIS, WE STARTED DEVELOPING THE DATA COLLECTION SYSTEM SO THAT WE COULD MAP GROUP LEVEL INFORMATION TO EACH ASPECT AND INDICATOR DEEMED TO BE MATERIAL.

4

WE DEFINED THE STRUCTURE OF THE REPORT AS PART OF A WORKSHOP HELD IN OCTOBER WITH EMPLOYEES AND MANAGERS OF THE MARKETING DIRECTORATE INVOLVED IN REPORTING, AS WELL AS OUTSIDE COMMUNICATION AND CSR EXPERTS IN ATTENDANCE.



Based on stakeholder feedback and the management's decision, for OTP Bank Plc. the Report covers the following of the G4 aspects:

COMPLIANCE RELATING TO PRODUCT RESPONSIBILITY



ANTI-CORRUPTION

COMPLIANCE

ECONOMIC PERFORMANCE

ANTI-COMPETITIVE BEHAVIOUR

PRODUCT AND SERVICE LABELLING



CUSTOMER PRIVACY

MARKET PRESENCE

NON-DISCRIMINATION



MARKETING COMMUNICATIONS

PUBLIC POLICY



EQUAL REMUNERATION FOR WOMEN AND MEN



INDIRECT ECONOMIC IMPACTS

TRAINING AND EDUCATION

LABOUR/MANAGEMENT RELATIONS

OCCUPATIONAL HEALTH AND SAFETY



SECURITY PRACTICES

PRODUCT PORTFOLIO (SECTOR-SPECIFIC)

EMPLOYMENT

LOCAL COMMUNITIES

DIVERSITY AND EQUAL OPPORTUNITY



LABOUR PRACTICES GRIEVANCE MECHANISMS



ENVIRONMENTAL COMPLIANCE

EMISSIONS

ENERGY

In the list, interpretation extended to the supplier chain is marked **green**, whereas the boundaries of reporting refer to OTP Group by default. Public policy is the only subject where the boundaries of reporting are limited to OTP Bank (OTP Hungary) and its subsidiaries that carry substantive weight in their respective countries. The list reflects the materiality ranking established at OTP Bank's management workshop.

For more details about our corporate social responsibility efforts, please visit our dedicated microsite (<https://www.otpbank.hu/csr/en/main>). This Report provides relatively concise information on general principles and focuses specifically on the events of 2014, while the microsite offers a more detailed explanation on our responsible operations in general, our basic principles and our practices. Content information is also disclosed in the GRI index.

As in previous years, we have also created a Brochure called 'With trust and responsibility for each other' based on the Report, which customers can pick up at our branches.

A comprehensive insight into OTP Bank Plc.'s operations is also facilitated by annual and quarterly financial reports, available at the Company's website (<https://www.otpbank.hu/portal/en/IR/Reports>).

In the Report

- By default, data refer to OTP Group as a whole and the parent company. The only exceptions from this are financial data, which refer to the OTP Core (Hungarian core activities, that is, those of the entity comprising OTP Bank, OTP Mortgage Bank, OTP Building Society and OTP Factoring) instead of OTP Bank, in line with our financial reports. In accordance with the GRI's requirements, in some cases data are disclosed separately for each country of our operations.
- As regards the presentation of non-data information and practices, references are given as to the company or companies affected. Compared with subsidiaries, the Hungarian OTP Bank is somewhat overrepresented in the report. This is due to the fact that the Group is headquartered in Budapest and the Hungarian environment is therefore of particular strategic importance, and also because a number of developments are first launched by the Hungarian parent bank and only get implemented at subsidiaries of the Group afterwards.



II.

OTP GROUP

OTP Group provides universal financial services.

Traditional banking operations are performed by the OTP Bank, while specified services, including car leasing, investment funds are developed and offered by the Bank's subsidiaries.



Stability



Profitability



Growth



"OTP Group is a leading financial service provider within the region: in 2014, it served over 13 million customers across nine countries. We retained our position as the market leader credit institution in the retail segment in Hungary, Montenegro and Bulgaria. OTP Group's strategy is underpinned by three strong pillars: maintenance of stability, profitability and growth. As a listed company boasting the highest share trading volume at the Budapest Stock Exchange, we consider transparency to be extremely important."

László Bencsik
Deputy CEO, Strategy and Finance Division

Our activities

OTP Group engages in the provision of universal financial services. As its flagship unit, OTP Bank Hungary provides a wide range of state-of-the-art financial services in Hungary, while offering, through the network of local Group subsidiaries, solutions to a number of other special financial needs including the distribution of investment funds, home and other specific savings, and auto financing. The service portfolios of foreign subsidiary banks are different, in each case aiming to leverage development potentials and responding to market conditions. In addition to retail, our Group also gives priority to serving corporate customers to a high standard, with the parent bank and most subsidiary banks offering special products to agricultural companies.

<https://www.otpbank.hu/portal/en/AboutUs/OTPGroup>



► During the year, we completed two acquisitions:

» Through the acquisition of Banco Popolare Croatia, OTP Bank is primarily strengthening its positions in Northern Croatia, Zagreb and Slavonia, particularly in the field of retail lending. As a result, OTP Group now serves 440,000 customers in Croatia.

» In June 2014, OTP Bank Romania agreed to acquire a 100% interest in Banca Millennium S.A.; however, the transaction was not yet completed and consolidated in 2014. The transaction was closed on 8 January 2015.

► The slowdown of the Russian economy and the political and economic conditions in the Ukraine have also affected our Company, causing major losses in both countries. As a consequence of these unfavourable developments, by the end of 2014 more than 100% of 90 DPD loans were covered by total provisions in the case of both subsidiary banks.

► In Hungary, the negative after-tax profit effect resulting from the overall provisions allocated in connection with legislative changes concerning consumer loans (including the annulment of exchange rate margins, the presumed annulment of unilateral interest and fee increases, and the HUF conversion of foreign exchange mortgage loans) amounted to HUF 155.9 billion in 2014.

Key events in 2014

As in previous years, in 2014 OTP Group retained its stable position,

- Achieving a consolidated Common Equity Tier 1 ratio of 14.1%.
- Liquidity at a secure high level, with operational liquidity corresponding to EUR 6.9 billion at the end of the year.
- The ration of 90 DPD loans was 19.3% on 2014 year-end, down from 19.8% at the end of the previous year.

TODAY OTP BANK IS PRESENT IN 9 COUNTRIES OF THE REGION

The OTP Group is Hungary's largest financial service provider group and, due to the international expansion that began in the early 2000's, it is currently a key player in the Central and Eastern European market.



9 countries



100+ subsidiaries



1,500 branches



4,000 ATMs



13 million customers

OTP CORE²

Number of branches	395
Number of employees	8,541
Balance sheet total	HUF 7.128 billion
Market share ⁴	27.9%

OTP BANKA SLOVENSKO, 2002



Number of branches	61
Number of employees	661
Balance sheet total	HUF 464 billion
Market share ³	3.0%

OTP BANKA SRBIJA, 2007



Number of branches	48
Number of employees	670
Balance sheet total	HUF 110 billion
Market share ³	1.5%

OTP BANKA HRVATSKA, 2005



Number of branches	112
Number of employees	1,246
Balance sheet total	HUF 655 billion
Market share ³	5.3%

CKB MONTENEGRO, 2006



Number of branches	29
Number of employees	440
Balance sheet total	HUF 196 billion
Market share ³	18.5%

OTP BANK RUSSIA, 2006



Number of branches	303
Number of employees	17,195
Balance sheet total	HUF 751 billion
Market share ³	1.1%

OTP BANK UKRAINE, 2006



Number of branches	116
Number of employees	4,006
Balance sheet total	HUF 422 billion
Market share ³	3.9%

OTP BANK ROMANIA, 2004



Number of branches	84
Number of employees	972
Balance sheet total	HUF 476 billion
Market share ³	3.9%

DSK BULGARIA, 2003



Number of branches	376
Number of employees	3,566
Balance sheet total	HUF 1,604 billion
Market share ³	27.5%

OTP CSOPORT

Number of branches	1,524
Number of employees ¹	38,104
Balance sheet total	HUF 10,971 billion
Market capitalization	EUR 3.4 billion
Employee training cost	HUF 783 million
Taxes paid	HUF 175 billion
Donations	HUF 1,508 million
Percentage of wheelchair accessible branches	50%
Energy consumption per head	23.38 GJ
Co ₂ emission per head	0.96 t

Data (audited, IFRS) as of 31/12/2014 or for 2014.
The map features the acquisition date next to the Bank's name.

¹ With full-time and part-time staff combined in each case; active and inactive employees.

² OTP Core is the business entity measuring the core activities of OTP Group in Hungary, comprised of OTP Bank, OTP Mortgage Bank, OTP Building Society and OTP Factoring. No other Hungarian subsidiary is included.

³ In each case, market share refers to the share of retail loans.

⁴ Loans to households: based on aggregate data by OTP Bank, Merkantil Bank, OTP Building Society and OTP Mortgage Bank.

OTP Group received the following awards and recognitions in 2014¹:

BANK OF THE YEAR 2014:

For its support to the National Financial and Economic Learning Centre for Secondary School Students, OTP Bank has been recognised as the 'Most Active Bank Contributing to Developing Financial Literacy' for the second time in MasterCard's competition. Furthermore, it has again been named 'Most Innovative Bank of the Year', while also winning the 'Retail Savings Product of the Year' award.

BEST BANK IN HUNGARY:

the editorial board of Global Finance Magazine, industry analysts and banking experts selected OTP Bank as the best bank in Hungary in both 2014 and 2015. Additionally, the first prize of 'Best Social Media in Central and Eastern Europe' was awarded for our activity in that field.

BEST PRIVATE BANKING SERVICE:

OTP Bank has been awarded the 'Best Private Banking Service in Hungary' prize for the second time by The Banker Magazine and for the first time by Euromoney. Owing to its sustainability performance, OTP Bank has continuously been included in the Responsible Investment Universe index of the Vienna Stock Exchange since 2009.

BEST BANK IN BULGARIA:

Euromoney awarded DSK Bank in recognition of its governance, innovation and market impacts.

NATIONAL CHAMPION:

The European Business Awards scrutinises 17,000 companies throughout Europe and in 2014 DSK Bank was selected as National Champion in Bulgaria. The prize was awarded on the basis of an assessment of the Company's business achievements, innovative solutions and ethical standards.

RELIABLE BANK 2014:

The performance of Ukrainian JSC Bank was recognised by The Banker Magazine.

NATIONAL CHAMPION 2014–2015:

the European Business Awards selected the Croatian OTP banka Hrvatska in the category of Best Employer.



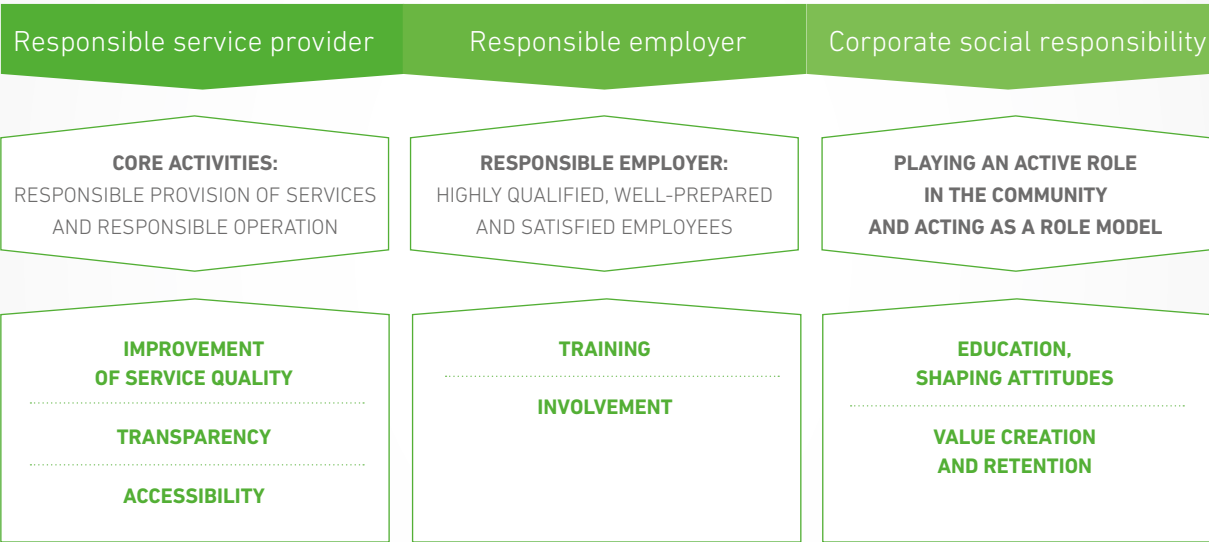
¹ We highlighted recognitions given to the Bank as a whole, linked to innovation or CSR, but we are no less proud of the awards won by our financial products.

Our impact on sustainability and indirect economic impacts

- Our Bank Group is a key participant in several markets within the CEE region and through its services plays an important role in stabilising the economy and the financial system, as well as in retaining and improving the standards of living.
- Using the funds of our depositors, our lending can drive purchases, consumption and investments². Therefore, we have an impact not only on our customers but, indirectly, also on economic growth, the population's living standards and the utilisation of natural resources.

- OTP Group is a major taxpayer; **D** through our tax payments, we make a meaningful contribution to the provision of community services and the management of social inequalities.
- Due to our size, we have an important impact on employment both directly **D** and indirectly through the supplier chain.
- The direct use of resources resulting from our operations impacts the environment **D**, and it is our aim to mitigate such impacts.

OUR CSR STRATEGY SETS OUT THE THREE KEY PRIORITIES OF CORPORATE SOCIAL RESPONSIBILITY.



i

Our **CSR Strategy** sets out the three key priorities of corporate social responsibility, and in previous years we drafted our CSR Report with those priorities in mind. While retaining the strategy, in this year's reporting we have focused on articulating the responsibility undertaken in the provision of banking services, our core activity, which is reflected in the new chapter structure.

² In our Annual Report, deposits and loans are disclosed by segment (retail, micro and small enterprises, medium and large enterprises, local governments).

II.1

CUSTOMER FOCUS



"Customer retention is of strategic importance for our Group; therefore, we are tirelessly working to improve both customer satisfaction and the customer experience. Our goal is to let our customers sense and experience the values that we represent and which determine the way we operate as a company – this requires a renewed mindset and improvement in all areas of providing our services."

Antal Kovács
Deputy CEO, Retail Division



Accessible reference branch



Deposit ATMs



E-document repository



'Banks are where money is kept'



Remote experts



Wi-Fi

In Hungary, in 2014, despite the challenges facing the sector, we managed to maintain, and in the case of in-branch services, even improve the level of our service quality:



CUSTOMER SATISFACTION IMPROVED,



IN-BRANCH WAITING AND PROCESSING TIMES IMPROVED,



ACCESS TO AND PROCESSING TIMES OF THE INTERNET BANK IMPROVED,



THE AVAILABILITY OF ATMS IMPROVED,



CALL CENTRE RESPONSE TIMES AND THE RATIO OF LOST CALLS IMPROVED.

Our undertakings / 2013

Results / 2014

EXPANSION OF ACCESSIBLE SERVICES

Opening an accessible reference branch.

The branch in Fény utca has been opened.

Continuing with the 'Without Limits' series of regional open houses, strengthening our cooperation with interest groups of the disabled.

Implemented in a total of 6 locations

ENHANCING IN-BRANCH SERVICES

Having estimated waiting times featured on tickets dispensed by the queue management terminal.

Implementation in progress, testing has been completed

Provision of Wi-Fi access at another 164 branches across Hungary, with the intention to introduce it abroad as well.

Implemented in Hungary and the Ukraine

Extension of appointment scheduling to mobile devices and SmartBank

Not implemented

Launching a pilot project for ATMs with deposit functionality.

Implemented

Extension of the programme for the introduction of quality assurance elements to the express delivery of debit cards

Implemented

Rationalising the processes of account opening and contract amendment.

Implemented for OTPdirekt contracts
Implementation in progress for current account opening

DEVELOPING THE INFORMATION WE PROVIDE

Ensuring electronic access to notices at our branches.

Implementation in progress as part of the E-document repository

Based on the lessons learned from the renewal of the notices for the OTP Simple service package, we are planning to modify the notices for the other account packages as well.

Instead of the renewal of notices, we have opted for continuously updated product information. This includes the key information for customers on 1 or 2 pages

Making infomercials available to facilitate the selection of products.

Implemented

The transfer of NYESZ and TBÉSZ³ information documents and declarations will be integrated into the process of NYESZ and TBÉSZ payments and also made part of the account closure procedure

Information documents have been integrated into account opening, closure and payment procedures

ASSISTANCE FOR THE WORK OF CLERKS, DEVELOPMENT OF BACKGROUND PROCESSES

Introduction of business intelligence⁴ allowing the improvement of quality control of telephone and e-mail customer service and the provision of faster service.

The first phase of business intelligence has been implemented, and development will continue in the coming year.

COMPLAINT MANAGEMENT

Implementation of grievance action plans at all subsidiaries across the Group.

Subsidiary banks have completed the vast majority of the tasks undertaken in the action plan. We are cooperating with subsidiary banks on the completion of open tasks.

³ Retirement Savings Account (NYESZ) and Long-Term Investment Account (TBÉSZ)

⁴ Methods intended to improve the decision-making process through easier and more purpose-friendly access to data.

1.1.

Enhancing In-branch services

As regards in-branch services, our goals include improved branch conditions and a better meeting of customer needs.

- ▶ We continued our **branch refurbishment** programme, with 79 branches (5%) renovated during the year at Group level. A significant number of branches were refurbished in Hungary, Bulgaria and Russia.
- ▶ By virtue of the Croatian acquisition, in 2014 15 bank branches were added in the country.
- ▶ OTP Bank deployed 5 pilot ATMs capable of taking **cash deposits**, as an increasing share of deposits are being made outside branch opening hours. Customers making regular deposits welcomed the service.

Reduced waiting times

- ▶ As a key improvement, we have been able to reduce **in-branch waiting times** further. With over one-third of our customers, we start service within 1 minute, virtually without any waiting. We reduced the average waiting time of about 6 minutes in 2013 below 5 minutes by the end of 2014.
- ▶ We tested the **waiting time projection system**, which complements OTP Bank's queue management system. Estimated waiting times are featured on tickets dispensed by the queue management terminal.
- ▶ Free **Wi-Fi** access at branches contributes to making the waiting time more pleasant for customers. At the end of 2014, free Wi-Fi access was provided at 270 branches of OTP Bank (two-thirds of all branches), 320 branches of DSK Bank (85%), and all branches of JSC OTP Bank.
- ▶ An increasing number of customers are using the option of **appointment scheduling**, and they are more satisfied with our service than those who do not arrive for scheduled appointments. Customers arriving for scheduled appointments wait 25% less than in 2013, just over 3 minutes. In 2014, over 243,000 appointments were scheduled.

- ▶ To support more efficient customer service and proactive customer requests, in 2014 we introduced the **FiókÉrt** system at OTP Bank Romania. Among other functions, the system helps to avoid customer peaks at branches, orienting customers to visit branches at times (times of day or days) when waiting times are expected to be shorter.
- ▶ The number of branches equipped with kids' corners further increased at subsidiary banks: 2 new corners were added in Montenegro and 3 in the Ukraine.

Customer information and service

- ▶ Customers visiting OTP Bank's 30 busiest branches are assisted by **customer area personnel**, who provide information upon entrance and while waiting. As a result:
 - » waiting time indicators have improved (ratio of customers called to desks within the expected time, average waiting times),
 - » a higher ratio of customers arrive for scheduled appointments and are identified with cards through queue management terminals.
- ▶ In the Ukraine, we tested an electronic queue management system at some branches.
- ▶ In 2014, we deployed **OTP Browsers** (touch-screen devices available to users) to more than 110 branches, as a result of which the device is available at nearly all branches. At approximately 50 branches, the OTP Browser now provides access to the **E-document repository**, which enables the electronic display of notices and terms of business. In addition to the currently effective notices and terms of business, the E-document repository also provides access to documents of the past 2 to 3 years which are no longer effective.

We have continuously been implementing developments to rationalise the processes of **retail account opening and contract amendment**. The main direction of the developments is to reduce the amount of printed documents, and to widen the scope of activities available through electronic channels (e.g. applications for new products). As part of streamlining the account opening process, in 2015 we are significantly reducing the amount of documents to be printed, which will save us paper, and time for customers.

► At the personal customer service desks of OTP Voluntary Private Pension Fund and OTP National Health Fund, we provided internet access for customers to enable the registration required for balance checks to be carried out in-branch with assistance from clerks. Additional employees are involved in personal customer service as required.

► **Remote expert customer service system:** In 2014, at 20 so-called mini-branches we introduced an innovative customer service system involving remote expert support for small branches. As part of the service, the customer is received at their regular branch by their regular clerk, but their special needs (such as the administration of securities) are attended to by call centre or the consultant of another branch. The introduction of the remote expert system makes our high-level consulting services available to residents of subregions as well.

1 min

WITH OVER ONE-THIRD OF OUR CUSTOMERS, WE START SERVICE WITHIN 1 MINUTE, VIRTUALLY WITHOUT ANY WAITING.

270

WI-FI AT MORE THAN 270 BRANCHES

100%

E-BROWSER AT NEARLY ALL BRANCHES

A PLEDGE FOR QUALITY

In order to guarantee a high standard of service, we make a voluntary commitment, failing to meet which we offer customers preferential terms or gifts by way of compensation.

► We first introduced this feature for our personal loan applications in 2012. According to our pledge, loans are to be disbursed within one hour of signing the contract, otherwise customers receive a HUF 10,000 TESCO voucher. In 2014, 70,711 personal loans were disbursed, while only 7 vouchers needed to be granted.

► Starting in early 2014, the pledge programme was extended to the express delivery of debit cards. Where express delivery fails to be completed within the stated deadline, the customer receives a HUF 5,000 voucher, accompanied by a refund on the fee of express delivery. In 2014, the service was used by a total of 2,748 customers, of whom 19 received vouchers.



CUSTOMER FOCUS AWARD

Each year OTP Bank announces a contest for best branch performance. In 2014, our **Jászberény branch office** received the Customer Focus Award.

0.01%

OUT OF 70,700 PERSONAL LOAN APPLICATIONS, ONLY 7 TOOK MORE THAN THE ONE HOUR PLEDGE TO DISBURSE

1.2.

Extension of accessible service

Our aim is to provide services to persons with disabilities to the same standards of quality as to the rest of our customers, in a manner tailored to their specific needs. The Complex Bank Accessibility Team set up in 2013 continued its work, as a result of which the following developments were completed in 2014.

For all disability groups:

► The Fény utca branch was fully converted to meet the needs of special customers. Among other developments, access was provided to clerk desks and devices, a tactile guide strip was constructed, and at 2 desks induction loop amplifiers were installed for the hard of hearing. In the open house held in autumn 2014, the customers concerned welcomed the conversions carried out and judged them to be useful.

► Under the slogan 'Without limits', open houses were held at one branch per region in a total of 6 locations. At these events, we presented and tested the branch developments with representatives of foundations helping people with disabilities and special customers in attendance, approximately 50 to 60 people on each occasion. We organised sensitisation training sessions for branch employees, with an average 10 employees attending at a time.

Previously existing service components:

- » rules of procedure on the in-branch servicing of customers with special needs;
- » staff training materials and guidelines; with minimum training mandatory for all bank employees, and detailed instructions for those handling accounts and working in advisory positions;
- » option to notify branch about special needs when making appointments;
- » customers with special needs having scheduled an appointment serviced at dedicated accessible teller desks.



FOR WHEELCHAIR-BOUND CUSTOMERS:

► 97% of OTP Bank's branches are accessible (the same ratio is 50% at Group level).

Previously existing service components:

- » queue management terminals now enable requests for special assistance;
- » accessible ATM search option in the online ATM locator;



FOR THE DEAF AND HARD OF HEARING:

► induction loop amplifiers were installed at an additional 20 branches, as a result of which nearly 120 branches (one-third of all branches) were equipped with induction loops⁵ at the end of the year;

► new basic sign language courses were launched for employees at larger branches, with nearly 100 participants up to the end of 2014, of which 53 enrolled for the advanced course.

Previously existing service components:

- » the queue management system now features an extra menu item to request dedicated assistance;
- » special 'laminated' communication aids to help communicating with deaf clients;



FOR THE BLIND AND VISUALLY IMPAIRED:

► following the in-branch pilot of tactile guide strips, a decision was adopted on the deployment of tactile guide strips in 120 busy branches in 2015.

Previously existing service components:

- » call signs to allow guide dogs into branches;
- » ATMs and POS terminals featuring Braille keypads or marked number 5 buttons;
- » accessible electronic banking interfaces – our renewed website as well as each page of our branch Browser are 'blind friendly'. In addition to the OTP Bank website, OTP banka Hrvatska has also launched its accessible site.

⁵ An electronic device that makes audio information more intelligible for people wearing hearing aids in the presence of external noises and echoes.

1.3.

Improvement of responsible customer communication

Providing comprehensive information to our clients in an objective, transparent and engaging manner is treated as a priority. Accordingly, we are constantly working on our communications, going beyond mere compliance with legislative requirements.

► At OTP Bank, updates were made to product information providing a transparent summary of the key fees applied to retail bank accounts. Such product information enables clerks to explain account packages to customers in a clear and concise manner, and customers to select more easily.

► Information on real estate loans was redesigned. Employees assist customers' choice with product comparisons created in-branch based on each customer's preferences (e.g. whether they give priority to APR or the initial instalment).

► In response to falling interest rate levels (with the cost of keeping money, an increasing number of people may decide to keep their money at home rather than in a bank), we ran a campaign called 'Banks are where money is kept' to remind customers to continue keeping their savings in a bank. For customers, an important practical pillar of financial awareness may be to recognise that apart from offering expert assistance with the management of savings, our Bank could also reduce security risks.

► Improvements were made to communications on credit card use at OTP Bank's branches. Our clerks inform customers about using their cards without borrowing. The provision of information proved to be effective, as customers are now more aware in using the opportunities provided by credit cards, driving an increase in the ratio of repayments within the interest-free time limit.

1.4.

Assistance for the work of clerks, development of background processes

In order to provide quality and fast customer service, our employees are trained and background processes and systems are developed on a continuous basis. To that end, the following developments were carried out in 2014:

► OTP Bank implemented the first phase of the business intelligence system for e-mail customer service and the call centre. The system enables the automated processing of certain types of e-mails without clerk intervention, allowing clerks to respond more quickly to customer requests that require a substantive answer.

► Special emphasis was placed on monitoring the knowledge and up-to-dateness of clerks dealing with premium customers including in terms of the current market and economic events and products (e.g. test questions on news relating to investments, roadshows, training sessions).

► OTP Bank's communication system for clerks was explained to the representatives of all subsidiary banks. OTP Bank Romania introduced the electronic knowledge test system, which has been in place in Hungary for years, to be completed by sales staff on a daily basis. A similar knowledge test system is in place in Croatia.

► OTP banka Hrvatska's new programme Eureka! collects employees' development suggestions concerning the bank's operations, and rewards the best.

► OTP Bank Russia introduced new customer service requirements, and renewed training materials for clerks.

► OTP Bank Russia made versatile improvements to its interactive voice-response (IVR) system. The introduction of mobile identification significantly increased the possibility of automated response. Owing to the optimisation of the IVR system and arrangements for the provision of information on contracts and repayments, the automated processing of calls increased from 40% to 49%. Following a conversation with the customer service employee, the customer is offered the options to participate in the IVR satisfaction survey, or, where appropriate, to file a complaint with the employee's superior. The Bank is planning further developments in the second half of 2015.

1.5.

Improvements to complaint management

At OTP Bank, complaint management is a priority, centrally managed and strictly controlled process, which in 2014 remained essentially unchanged; however:

- ▶ We made efforts to **accelerate** sub-processes, which enabled us to process customer complaints faster than the statutory requirements.
- ▶ Based on the deficiencies identified and legislative changes, we prepared informative **instructional material**, which has been covered by all employees in direct customer contact.
- ▶ Previously, OTP Bank had set standardised requirements and recommendations for **subsidiary banks**. In 2014, subsidiary banks implemented a number of developments in order to improve the complaint management process:

- » OTP Bank Russia completely renewed its complaint management practice. As part of that, it set up a new expert team and the Complaint Management Centre, introduced a two-tier complaint management system, commissioned an electronic complaint management system and defined a taxonomy of complaints.
- » In 2014, based on the complaints received, OTP Banka Slovensko initiated changes to a total of 33 processes/ procedures, of which ten were implemented by the end of the year.
- » OTP banka Srbija made improvements to the mechanism of filing complaints, as part of which it designed a new brochure including a customer-friendly complaints form, it introduced customer satisfaction measurement in connection with complaints, while also developing the internal electronic system and process descriptions.
- » OTP Factoring improved its electronic recording system and created a complaint management interface within account levies⁶.

1.6.

Measuring customer satisfaction

To measure the satisfaction of **retail customers**, OTP Bank uses the TRI*M methodology introduced in 2011 (for more details, see <https://www.otpbank.hu/csr/en/customer-focus>). OTP Bank's level of customer retention increased significantly by the end of 2014 (with a TRI*M Index of 67⁷), owed to an improvement in general satisfaction and an increase in perceived competitive advantage.

OTP Bank's active recognition is incomparably higher than that of any competitor. Following the previous trend, in 2014 the bank's judgement further improved in absolute terms as regards reliability and accuracy. There was a significant improvement in the judgement of banking services not only among OTP Bank's customers, but also among those of competitors. Overall, customers are more satisfied with the range of services, their relevance, and the convenience services available.

Among OTP Bank's customers, there was an improvement in the judgement of access to branches, accompanied by better satisfaction with customer management (up-to-date knowledge, helpfulness) than previously. Of the factors assessed in connection with branches, customers continue to expect the Bank to improve waiting times further.

We continued to assess Service Quality Management (SQM)⁸ which, targeted at in-branch customer service, yielded a permanently high indicator throughout 2014, meaning that satisfaction with transactions was considered adequate.

In summer 2014, OTP Bank carried out an assessment of customer satisfaction with the standard of telephone service. Overall, 94% of the approximately 4,200 respondents were satisfied with the standard of telephone service.

94%

SATISFACTION WITH THE STANDARD OF
OTP BANK'S TELEPHONE SERVICE

⁶ collection order

⁷ The TRI*M score can range between -66 and 134 points.

⁸ Within 7 days following an in-branch transaction, the customer is called and asked for their opinion about in-branch service. The assessment involves every branch on a quarterly or semi-annual basis.

2015

OUR GOALS

DEPLOYMENT OF TACTILE GUIDE STRIPS IN 120 BUSY BRANCHES.

INSTALLATION OF AUDIO KITS IN ATMS AT 120 BUSY BRANCHES, ENABLING BLIND AND VISUALLY IMPAIRED CUSTOMERS TO USE THE ATMS BY MEANS OF EARPHONES PLUGGED INTO THE ATMS.

ADVANCED SIGN LANGUAGE TRAINING FOR 50 BRANCH EMPLOYEES.

TREATING COMPLEX ACCESSIBILITY AS A PRIORITY IN ALL FUTURE BRANCH PROJECTS.

SETTING UP OTP EDUCATION POINTS TO ENHANCE CUSTOMERS' KNOWLEDGE ON E-BANKING

IMPLEMENTATION OF THE REMOTE EXPERT SYSTEM IN ADDITIONAL SMALL BRANCHES.

INTRODUCTION OF ELECTRONIC SIGNATURES IN BRANCHES FOR THE PURPOSE OF PAPERLESS IN-BRANCH SERVICE (REQUIRING THE CUSTOMER TO SIGN AN ELECTRONIC SURFACE RATHER THAN PAPER).

UPGRADING AND STREAMLINING ONLINE SAVINGS CONSULTANCY INTERFACES, ADDITION OF USER-FRIENDLY FUNCTIONS.

CONSOLIDATION OF PREFERENTIAL TERMS OFFERED ON DIFFERENT PRODUCTS, ENABLING CLERKS TO MEASURE AND COMMUNICATE PREFERENTIAL RATES.

EXTENSION OF BUSINESS INTELLIGENCE IN CENTRAL CUSTOMER SERVICE AREAS, AUTOMATED PROCESSING OF ADDITIONAL LETTER TYPES, DEVELOPMENTS TO ACCELERATE PROCESSING.

DEVELOPMENT OF A NEW ELECTRONIC SYSTEM AT CKB BANK TO REGISTER, MANAGE, RESPOND TO AND ARCHIVE COMPLAINTS.

DEVELOPMENT OF A NEW ELECTRONIC SYSTEM AT DSK BANK, INTEGRATION OF COMPLAINT MANAGEMENT WITH DOCUMENT MANAGEMENT AND CALL CENTRE SYSTEMS.

WE AIM TO EXTEND OUR EFFORTS TO CONTRACTED PARTNERS OF OTP GROUP IN TERMS OF ENHANCING CORPORATE RESPONSIBILITY (E.G. THROUGH LESS PRINTING, SUPPORT FOR LOCAL COMMUNITIES) AS WELL AS OF REDUCING THE BURDEN ON REGIONS AND BRANCHES (E.G. THROUGH INCENTIVES FOR SCHEDULED APPOINTMENTS, IMPLEMENTATION OF E-LEARNING SYSTEMS).

II.2

DEVELOPING FINANCIAL LITERACY E

OK 2 new regional OK Centres



School Bank



Career School



OTP Self-provision Index



"OTP Bank is committed to the development of financial literacy, which is central to its corporate social responsibility programmes. I am convinced that as a leading financial service provider, we ought to share the responsibility for training young people and adults who possess the essential financial knowledge and are empowered to make responsible decisions. Our aim is no less than the building and promotion of financial literacy on a large scale."

Dr. Antal Pongrácz

Deputy Chairman, Deputy CEO, Staff Division

We are making contributions to enhancing the knowledge of students as well as the adult population through our own foundation and programmes, as well as in cooperation with other organisations. As one of the most important values of OTP Bank's financial education programme, experiences show that it is programmes like this that can reach out to most young people in Hungary today.

The activities aimed at enhancing the financial literacy of students are primarily carried out in cooperation with or via the OTP Fáy András Foundation, which has 22 years of professional experience. The Foundation operates the **OK Centre**, i.e. the National Financial and Economic Learning Centre for Secondary School Students, which is the key pillar of our efforts in this field. The OK Centre provides tuition-free courses to tens of thousands of students using our

own innovative and advanced educational techniques and methodologies. Additionally, the Centre is also a scientific institution with its own research base, which continuously seeks the best solutions to the financial education of young people. After Budapest, in 2014 the institutional model was taken to Nyíregyháza and Bucharest as well, demonstrating our strong belief in the success of professionalism and of the novel approach targeting young people. Qualitative research carried out in 2014 found that the financial education offered by the OK Centre represents an initiative that fills a niche in terms of both form and substance, and as such, it is suitable to act as a catalyst of public thinking about the importance of financial education. Our research confirms that students who have participated in the training sessions are more aware in thinking about matters of finance, economy and financial management.

Our undertakings / 2013

Extension and full roll-out of the Sulibank project

Redesign of the website mileszel.hu

Regional OK Centres in Nyíregyháza and in several countries in the region

Participation by over 10,000 students at the OK Centre's free sessions during the 2013–2014 academic year

Results / 2014

Implemented, involving 37 partner schools in addition to the development of learning materials.

The Karriersuli and Karrieriskola programmes have been implemented.

We have opened the Centres in Nyíregyháza and Bucharest, and are planning to set up an additional OK Centre.

Implemented; our courses reached more than 10,000 students across Hungary.

Originally, the OK Centre would target secondary school students with training courses in finance and economics in one Budapest centre. However, given the high interest and success, both the subjects covered and the target audience were broadened considerably: now we have career training based on self-knowledge, the audience of our Sulibank programme also includes primary school students, and owed to the opening of the new OK Centres, access to the services of the Centre also widened geographically.

➤ Apart from expansion, 2014 was also a year of **materials development**. All of the modules produced in 2012 for secondary schools were rethought and restructured. We aimed to ensure that the courses truly met the characteristics and expectations of today's secondary school generation. Additionally, 10 new thematic training modules were designed for secondary school students, covering subjects of interest to young people from science through trends and fashion to entrepreneurship.

➤ The **Sulibank** programme targeting the primary school age group was launched in the 2014–2015 academic year following the pilot programmes. 37 primary schools are currently participating in the programme, with new ones joining continuously. Within the framework of the project, we developed grade-specific modules for grades 2 to 8, and set up a Sulibank training room at the Budapest Centre. On the sulibank.hu website, online education tools are also available to parents, teachers and students (students are offered interactive games to enhance their knowledge).

By the end of the year, our range featured 11 grade-specific training modules (7 for primary and 4 for secondary schools) and 15 up-to-date thematic modules in light and advanced versions.

➤ New areas of development include the programmes **Karriersuli**, designed for primary school students, and **Karrieriskola**, targeting secondary school students, which is free and only requires registration. The extremely complex training courses, based on self-knowledge and facilitating career orientation and awareness, are comprised of 3 or 4 sessions, with 4 hours per session. Following the Karriersuli programme, parents are also given the opportunity to meet the trainers, who share their professional insights regarding the children.

➤ As a result of methodology developments, today we have more than 120 short films to spice up our courses, over 100 of which were shot in 2014. In addition to the OK Centre's trainers, the films feature representatives of the financial and economical scene, public figures, actors and actresses, athletes, singers and comedians.

➤ In 2014, the OK Centre also compiled a set of distance learning materials:
<http://www.oktavoktatas.hu/tananyagok.html>

15,000

MORE THAN 10,000 STUDENTS IN HUNGARY AND CLOSE TO 5,000 YOUNG PEOPLE OUTSIDE HUNGARY RECEIVED INSTRUCTION IN FINANCE, ECONOMICS AND FINANCIAL MANAGEMENT AS WELL AS BASIC CAREER TRAINING VIA THE OK CENTRES.

Financial and Economic Educational Centre

FREE

FINANCE

BUSINESS

ECONOMICS

AUDIOVISUAL

INTERACTIVE



FORGING A NEW FINANCIAL CULTURE

INTERRELATED

OK

MODULES

20,000 YOUNG PEOPLE REACHED

10,000 STUDENTS ATTENDING COURSES IN HUNGARY

TRAINING OVER A 100 TEACHERS IN COOPERATION WITH ELTE PPK (ELTE FACULTY OF EDUCATION AND PSYCHOLOGY)

805 TRAINING GROUPS

17 TRAINERS

TRAINERS IN BUDAPEST: 147 INSTITUTIONS

TRAINERS IN NYÍREGYHÁZA: 15 INSTITUTIONS

105 EVENTS

VENUES ARRANGED FOR 36 EVENTS

200 STUDENTS TRAINED IN THE FÁY SUMMER CAMP

(Based on data as of 31 October 2014)

Further programmes aimed at developing financial literacy at Group level

HUNGARY

The operation of the OK Centre is the central element of our activities for the development of financial literacy. Additionally, as in previous years, we published the OTP Self-Provision Index as part of the World Savings Day, and were the main sponsor of the Portfolio Self-Provision 2014 Conference and of the Financial Awareness Forum.

RUSSIA

Our Bank joined the Russian Central Bank's financial education programme.

UKRAINE

The Bank compiled a dictionary to explain key financial terms and services, which is available on its website and social media sites. Additionally, the Bank's regional executives gave a number of finance lessons to students, e.g. as part of the World Savings Day.

SERBIA

The Bank's employees gave a lecture on finance to senior students majoring in international business studies.

ROMANIA

The Bank established the Right to Learn Foundation, which, similarly to the OTP Fáy András Foundation, promotes the implementation of the Bank's financial education programme among secondary school students (see above for more details).

BULGARIA

The Bank has compiled a dictionary of financial terms for its customers, which it published on its website. On their Facebook profile, they periodically communicate various technical terms to customers, mostly in the form of quizzes.

CROATIA

Nearly all of the Bank's branches regularly invite children to remind them of the importance of savings and responsible money management.



THE OTP SELF-PROVISION INDEX

Published regularly for the past four years, the OTP Self-provision Index reflects the condition and development of Hungarian society in the field of self-provision⁹. The social picture obtained confirms our belief that our Bank should give priority to supporting financial education programmes. 26% of respondents accumulate their savings only in their homes, and many keep a substantial proportion of their bank or money market savings in current accounts without tying up their funds.

2014: The OTP Self-provision Score 36/100 – 2 points up from the previous two years.

Nearly one-half of the population have a positive view on the concept and importance of self-provision; however, their financial options have significantly deteriorated over the past years. Only 23% of the population have any kind of savings for unexpected situations, while the same figure was 24% a year ago, and 28% in summer 2011. A mere 17% of the population have savings for retirement. It is a promising sign that 81% of the population are planning to save for the coming years.

2015

OUR GOALS

HIGHER RECOGNITION OF THE OK CENTRE

LAUNCH OF A TRAINING CENTRE IN SLOVAKIA

RESEARCH ON THE METHODOLOGY OF THE OK CENTRE AND ITS EFFECTIVENESS

ENHANCEMENT OF TRAINING SESSIONS HELD IN EXTERNAL VENUES (STADIUM TRAINING TO BE HELD IN THE GROUPAMA ARENA)

DEVELOPMENT OF A FINANCE CARD GAME (BANKING) AS PART OF COOPERATION BETWEEN MAGYAR NEMZETI BANK AND OTP FÁY ANDRÁS FOUNDATION

LAUNCH OF A TEACHERS' CLUB FOR TEACHERS PARTICIPATING IN THE OK AND SULIBANK PROJECTS

⁹ The survey covers providing for families, the opportunities in self-training, health preservation and environmental protection.

11.3

INNOVATIVE BANKING SOLUTIONS



Mobile Wallet



OTPay



Simple application



SmartBank in the Ukraine



Renewed OTPdirekt in Slovakia



PayPass in Serbia



"In recent decades, one of our greatest strengths has been the timely recognition of the need for change. Our customers motivate us for constant renewal and for quick responses to market challenges. For years and increasingly so, it has been OTP Group's strategic objective to implement electronic banking solutions. We believe in market competition and quality services – they collectively facilitate our Company's introduction of innovative services. We have implemented a number of developments: support for cutting-edge technologies, mobile and digital solutions, and the development of the call centre have been in focus for some time. Our goal is to create added value for our customers, and be the best in this field as well, be it the availability, compatibility, or the simple and safe usability of our tools and products."

Péter Forrai
Managing Director, Electronic and Retail Current Account Directorate

Our undertakings / 2013

Developing SmartBank mobile applications and internet banking interfaces for multiple subsidiaries.

Implemented

Launching the Mobile Wallet and OTPay applications to expand the range of payment options.

Implemented

Establishment of a system of incentives to boost debit card use instead of cash.

Implemented

By providing incentives for the use of electronic banking solutions, OTP Group is also facilitating the resolution of social issues:

- ▶ it points to a cashless future, which is safer and more transparent than holding cash;
- ▶ it helps new generations to learn about modern financial tools;
- ▶ it offers users more favourable bank costs;
- ▶ it provides access to developed and competitive financial services in economically backward areas as well.

Although at a slower rate, the number and ratio of our customers using e-channels continues to grow. Our customers primarily use the internet bank, which provides the widest range of functions. By the end of 2014, in Hungary there were more than 100,000 customers who registered for the SmartBank¹⁰ service as well; indeed, banking via mobile devices is preferred by an increasing number of users.

¹⁰ SmartBank is the version of OTPdirekt for mobile phones. The functions of the OTPdirekt SmartBank service are available to customers already using the OTPdirekt internet service.

3.1.

Services available on mobile devices

As mobile devices are becoming increasingly widespread, the demand for services and banking applications available on those devices is obvious today, which OTP Group is seeking to satisfy to the greatest extent possible. OTP Bank's services are available on all platforms (Android, iOS and Windows).

OTP Mobil is OTP Group's youngest subsidiary, which was set up to act as an innovation laboratory dealing with mobile technologies.

Our developments in 2014

- ▶ OTP SmartBank now enables several different login profiles (identifiers and account numbers) to be saved on a single device, which has been welcomed by customers.
- ▶ The OTP SmartBank application is now also available on devices running Windows 8.1 (tablets, PCs). Our customers' view of the Windows application has been positive. We are continuously adding new functions in line with the specific features of the platform, and with the range of functions available for the other two platforms.
- ▶ Access to the SmartBróker application¹¹ was extended to customers who are not registered for the OTPdirekt Bróker service but manage their securities account via the internet bank.
- ▶ QR codes are now enabled for online bill payments.
- ▶ The Car Lottery application was launched, allowing the prizes of Car Lottery Passbook drawings to be queried.
- ▶ The OTP Club¹² application (iOS, Android) was launched.
- ▶ Cheque scanning and voice control were added to the functions available on Windows Phone.
- ▶ The design of the OTP SZÉP card application was overhauled, and an account turnover check functionality was added.

▶ For our Ukrainian subsidiary bank, the OTP SmartBank¹³ was launched for the iOS and Android platforms at the end of the year.

▶ SmartBank is now also available at OTP Bank Romania.

▶ In Russia the OTPcredit application was launched, which allows information on consumer credit and personal loans to be checked (e.g. amount outstanding, schedule, method of payments, map search for payment facilities).

▶ In Bulgaria, the mobile application was rolled out for business customers on all three platforms (iOS, Android and Windows), with passive functions for the time being.

▶ The DSK Gameo mobile application was introduced to make the management of money matters more enjoyable and fun. The application converts the tasks of daily banking (e.g. savings and the setting of financial targets) into a game of rewards and incentives. DSK Bank is the first bank in Bulgaria and the second in Europe to have introduced such an application.

▶ In Serbia, we renewed the design of the free Financial Assistance application, and added new functions.

¹¹ SmartBróker allows customers to use their mobile phones to carry out securities transactions, and to monitor changes in prices and their investment portfolios.

¹² OTP Club is a scheme of preferential terms for OTP Bank's active bankcard users.

¹³ Among foreign subsidiary banks, the SmartBank service is available at OTP banka Hrvatska, DSK Bank and OTP Russia.

¹⁴ Hungarian Mobile Wallet Association

Mobile payment solutions

In the Hungarian market, OTP Bank is a pioneer in introducing innovations, and as such, being a **supporter of promoting novel payment solutions**, it is a founding member of MOTE¹⁴. We expect that in the near future, the increasingly widespread use of NFC (near field communication) technology will simplify the conduct of money matters in many aspects of daily life.

In 2013, in a joint effort with Hungary's three mobile carriers, we launched tests on the **mobile wallet**, which enables NFC payments. The Hungarian NFC merchant network is dynamically expanding. Among the 18,000 merchants enabling PayPass NFC and mobile wallet payments, the share of small shops is increasing.

In the first half of 2014, we launched the **OTPay** service (see the box for details). The integrated mobile payment application running on smart phones enables payments via the internet and, for the first time in the country, in stores as well. The free application is available to the customers of any bank, and merchants may implement mobile payments in their stores free of charge.



OTPAY

The service is available in stores, restaurants and online merchants displaying the OTPay logo. In the case of stores, only a displayed QR code needs to be captured, while with online purchases, it is sufficient to enter a phone number, without the need for the plastic card to be present.

The OTPay application also allows OTP Bank customers to check their account balances and make transfers to OTP cards by simply entering their phone numbers.

Using OTPay, payment data are communicated to the Bank's system in encrypted form bypassing the merchant, providing much more security to users, and relieving the merchant of a huge burden.

Joining the OTPay merchant network is also extremely simple: OTP Bank does not require new entrants to open an account, and allows the use of existing accounts held with any domestic bank. No monthly or fixed fees are charged, no POS terminals are required, and there are also no upfront entry or contract fees.



SIMPLE APPLICATION

We launched the **Simple** application, which is aimed at the simpler management of typical daily payments. The application has been positively received, and at the time of its launch, it offered eight functions: parking, e-vignette purchase, vending machine purchase, food delivery, mobile waiter, cinema, theatre and concert ticket purchase, program tips. The application is developed and the service portfolio is enhanced based on feedback from users.

20,000

SIMPLE APPLICATION DOWNLOADED
20,000 TIMES



TESTING OF MOBILE WALLET SERVICES

Based on test results and retail survey findings, the Hungarian Mobile Wallet Association estimated the initial number of users who were open to using mobile wallet services at 350,000 to 400,000. Active testers carried out 41,000 payment and over 4,000 loyalty point transactions in the course of 12 months. During the same period, users spent HUF 120 million with the application, which they used for payment in Hungary as well as another 20 countries.

In December 2014, the commercial service was also launched: Magyar Telekom was first to introduce its mobile wallet application, for which the bank cards required for payments are provided by OTP Bank as in the test period.

18,000

18,000 LOCATIONS IN HUNGARY ENABLING
NFC (MOBILE WALLET) PAYMENTS

3.2.

Internet bank: OTPdirekt

In both Hungary and subsidiary banks, the number of internet bank contracts increased as planned. In Hungary, at the end of the year there were over 1.6 million customers contracted for the internet service.

In 2014, several developments were carried out as part of the internet service to improve customer experience:

- After login, customers are given tailored product offers. Depending on the type of product, applications may be filed directly via the internet bank, callback requests may be placed, branch appointments may be scheduled, or the offer may be rejected.
- There are tip boxes to promote specific functions of the internet bank and SmartBank.
- The range of bank transactions was widened to include a number of Group member services (building society, health fund, voluntary pension fund).
- At our Slovakian subsidiary bank, in 2014 we renewed the OTPdirekt internet service, generating a monthly 1.5% growth in the number of users.
- In Serbia, the internet bank functionality was enhanced with standing orders, credit limit adjustment, Hungarian language, alerts, scheduled meetings, etc.). Access to OTPdirekt was also provided to agricultural users. The Remote Signature service was introduced to enable customers to sign domestic and foreign orders remotely.
- In Russia, we introduced a set of new internet bank services for consumer credit products (balance check, transactions, account statements, etc.). Additionally, we prepared Touch Bank, which provides online services. The bank is expected to become operational in 2015.

3.3.

Promotion of electronic services

Electronic services are offered to ensure customers' convenience, to provide incentives to the younger generation for responsible money management, to improve service efficiency (routine transactions, direct education), and not least to protect the environment by reducing the amount of paper used.

In 2014, several developments were carried out as part of the internet service to improve customer experience:

- In 2014, we organised several campaigns to support the use of the SmartBank and SmartBróker services (website, social media, OTPdirekt).
- We produced short films to promote electronic services:

OTP SmartBank:
<https://www.youtube.com/watch?v=BjrNj8f93IA>
 OTP SmartBróker:
<https://www.youtube.com/watch?v=GNTqvc3Pyzg>
 OTPay:
<https://www.youtube.com/watch?v=G-guAdHAbZg>

- We ran a campaign to present the SmartBróker developments to customers and employees, primarily to promote setting electronic alerts and to ensure that the recognition of securities transactions available through the electronic channel is improved. In addition to enhancing their knowledge, Customers who also participated in the educational game linked to the promotion had the opportunity of winning valuable prizes.
- In Bulgaria, we promoted the internet bank, and on Facebook we advertised games linked to products (home loans, consumer credit).

1.6Million

OVER 1.6 MILLION INTERNET BANKING CUSTOMERS REGISTERED IN HUNGARY

3.4.

Promotion of bank card use

The greater comfort and security provided by card payments over cash further increased the number and volume of card purchases in 2014. OTP Bank recorded an approximately 17% annual increase in both the volume and number of bank card transactions. We ran a number of promotions to increase customers' card use, in addition to which the Bank provided incentives for card use in the form of other preferential terms (e.g. OTP Trust Offer). Our development enables orders for replacement cards to be registered by phone or e-mail as well.

By the end of 2014, two out of every three OTP cardholders had PayPass cards, which corresponds to a more than 60% share of the Hungarian market.

We use the PayPass technology in several subsidiary banks. In Bulgaria, we promoted PayPass cards, while in Serbia we introduced MasterCard Debit PayPass cards as a new service.

3.5.

E-statements

Electronic account statements have been available for years from all members of OTP Group where enabled by legislation. We have continuously been providing incentives for customers to cancel paper-based statements. In 2014, we introduced e-statements as a new service in Russia.

Slovakia introduced e-statements in 2013. In 2014, the Bank ran a promotional campaign, generating a 60% increase in the number of e-statements during the year.

With OTP Bank's retail accounts, the 1.1 million e-statements sent out for retail accounts in December 2014 corresponded to 38% of all retail account statements. This is a 140,000 item increase compared to the same time of the previous year.

2015

OUR GOALS

LAUNCHING TOUCH BANK TO ENABLE FULLY ELECTRONIC BANKING IN RUSSIA

FURTHER INCENTIVES FOR THE USE OF ELECTRONIC CHANNELS, PROMOTION OF SMART PHONE APPLICATIONS

ENHANCEMENT OF OTPAY TO INCLUDE PARKING AND E-VIGNETTE FUNCTIONS

ENHANCEMENT OF OTPDIREKT WITH A FUNCTIONALITY FOR SZÉP CARDS

DEVELOPMENT AND IMPROVEMENT OF MOBILE APPLICATIONS IN HUNGARY AND IN FOREIGN SUBSIDIARY BANKS (E.G. EXTENSION TO ADDITIONAL PLATFORMS, MOBILE WALLET APPLICATIONS, NEW DESIGN)

IMPROVEMENTS TO THE DSK GAMEO IN TERMS OF THE USE OF LOYALTY POINTS

IN ROMANIA, DEVELOPMENT OF THE MYMENTOR APPLICATION OF THE INTERNET BANK FOR MOBILE DEVICES

REWORKING THE DESIGN AND STRUCTURE OF THE INTERNET BANK IN ROMANIA AND SERBIA, DEVELOPMENT OF NEW FUNCTIONS IN SERBIA

60%

OVER 60% SHARE OF THE HUNGARIAN MARKET FOR PAYPASS CARDS

1 Million

E-STATEMENTS FOR 1 MILLION RETAIL ACCOUNTS IN HUNGARY

11.4

FINANCIAL PRODUCTS AIMED AT THE DEVELOPMENT OF THE LOCAL COMMUNITY



ADLAK



FGS2 Insurance products



Wealth planning



“OTP Group aims to service all customer segments. We act in compliance with the requirements of business ethics in designing all our products. We pay particular attention to services provided to young people, the promotion of self-provision, social awareness raising, and to taking into account the unique characteristics of the business segment.”

László Wolf
Deputy CEO, Commercial Banking Division

This chapter explains the new or novel products which are targeted at young people, directly serve the development of local communities and economies, or provide environmental benefits. Refer to our website for information on previously launched products with social or environmental benefits.

More information:
<https://otpbank.hu/csr/en/financial-products>



Our undertakings / 2013

Priority financing for renewable investments in agriculture.

Expansion of integrator lending¹⁵.

Creation of pre-financing facilities for direct EU grants at OTP banka Hrvatska.

Continuing with the agricultural project in Russia.

Results / 2014

In the present economic and subsidy environment, developments have yet to be launched.

Implemented; due to market coverage, our efforts were focused on deepening our relations with existing partners.

The product was successfully designed and launched in a market leading position.

In light of the international situation and the Bank’s current market position, developments on agricultural products and sales have been postponed temporarily.



4.1.

Retail

Young people

There have been changes in the needs young people of the 21st century have for financial services. While previously customers wanted the bank to take care of everything on their behalf, today's young employees prefer to be in control. Our new service OTP Simple, a simple, transparent and free basic service, was developed for them in 2013. Several independent analyses have confirmed OTP Simple to be one of the best-priced products.

OTP Simple allows the customer to make a precise selection of the financial services they require, i.e. to tailor the bank to their needs. Naturally, they may do so via the internet or their mobile phone as well, requiring visits to a branch only in the rarest cases. We continuously provide incentives for the use of electronic channels and widen the range of documents that may be sent electronically.

OTP Simple is for users who are aware of their own financial needs, look for reliable and fast solutions, have a regular income, and have plans for savings. In response to OTP Simple customers' willingness to save and invest, we have provided a preferential securities account option as well.

LESS PRINTING

DEFAULT SETTINGS

TRANSPARENT
PRODUCT

SIMPLE PROCESSES

FIXED FEES



Most of OTP Group's banks offer account packages for various young age groups. OTP banka Srbija joined that group of providers in 2014 by launching the Maestro Junior bank card. Transactions can be monitored easily by parents.

Availability and upgrade of real property

It is a sign of the improving performance of the Hungarian economy that 2014 saw a double-digit increase in new housing loan contracts, and we are expecting similar growth for 2015 as well. Up to the end of 2014, more than 10,000 customers took the First Home Loan, which has been available at subsidised interest rates since August 2012. One-third of the customers applying for loans achieve their housing goals with subsidised loans.

As of 1 January 2014, the Income Tax Act has allowed employers to grant non-refundable assistance to employees for the repayment of housing loans. In the market, we pioneered a related product called ADLAK.

From the second half of 2015, the system of housing subsidies for families (CSOK) is expected to change favourably, to be followed up by our product as well.

375 loans

375 LOANS DISBURSED SINCE 2012 UNDER CROATIA'S 'SUNLIGHT LOANS' SCHEME, HELPING THE CONSTRUCTION OF ENERGY-SAVING HOMES

75%

IN 2014, DEPOSITS WITH OTP BUILDING SOCIETY INCREASED TO HUF 308 BILLION, UP 75% FROM THE PREVIOUS YEAR

¹⁵ The integrator concludes integration contracts with the agricultural production SMEs and private individuals holding traditional small-scale producer licences on the basis of which it supports and coordinates production (organising it where necessary), as a result of which agricultural goods of at least HUF 50 million are produced by the integration every year. The integrator fully or partially finances the working capital needed for production operations of the contracting partner from funds obtained from financial institutions by the integrator or on its behalf; the contracting partner* then purchases the goods produced for processing or resale, and also provides technological and/or administrative services as per the contracting partner's request.

Insurance products

Our insurance products facilitate our customers' self-provision on the long term to reduce the risks involved in borrowing, and to provide solutions in unexpected life situations and events. In summer 2014, OTP Bank introduced a unique repayment insurance for overdraft facilities, which was met with great success.

As a new product in the market, the Felfedező (Explorer) travel insurance linked to retail HUF or FX accounts provides continuous protection throughout the year.

Wealth planning, consulting, self-provision

In 2014, MasterCard gave the 'Savings Product of the Year' award to the OTP Supra Derivative Fund. Derivative funds, also including absolute return funds, accounted for 21% of the investment funds market in 2014. With HUF 100 billion worth of assets, OTP Supra is the largest absolute return fund in the market.

In addition to a wide and increasing range of products, we provide consultancy to support financial self-provision. In 2014, OTP Bank provided wealth planning advice to customers on more than 90,000 occasions. A sign of improving financial awareness is that the share of both long-term and tax-saving products continued to increase within customer portfolios. Between 2013 year-end and 2014 year-end, the share of the former increased from 52% to 56%, while that of the latter increased from 15% to 17%. Out of our subsidiary banks, OTP Bank Romania, DSK Bank and OTP banka Hrvatska provide savings planning services to customers, in alignment with the local specificities.

In 2014, to facilitate long-term self-provision, OTP Bank Slovensko introduced a savings account with a rate and terms that are uniquely favourable in the market.

As a unique option in Montenegro, CKB Bank launched a cash credit package for elderly customers (aged 75–84 years) involving smaller amounts up to HUF 472,000, facilitating the self-provision of the elderly for temporary financial needs.

90,000

MORE THAN 90,000 WEALTH PLANNING SESSIONS

4.2.

Condominiums

OTP Bank has retained its leading position in the condominium segment. This year, 1,006 applications were filed for the OTP Condominium grant, of which 9 applications were awarded in 3 categories (environmental protection, community building, better quality of life). Environmental protection continued to be the most popular category this year, with 40% of the condominiums applying for OTP Bank's grant in this category, mostly to finance the purchase of solar cell systems, lighting upgrades based on LED technology, and the replacement of energy-inefficient ventilation systems with energy-saving draft inducers.

We expect that the EU's 2014–2020 programming period will provide more opportunities to implement subsidised projects for the upgrade of condominiums, which OTP Bank intends to support both in a professional and a financing role.

Since 2014, OTP banka Hrvatska has been participating in the Sustainable Development Scheme of the Croatian Bank for Reconstruction and Development, which serves the energy-efficient refurbishment of buildings in local communities and condominiums.

35,000

MORE THAN 35,000 CONTRACTED CONDOMINIUMS, 660 NEW LOAN CONTRACTS IN HUNGARY

4.3.

MSE¹⁶ clients

Micro and small enterprises are key actors in the local economy and employment; consequently, OTP Group also pays particular attention to their financing and the servicing of their financial needs. In 2013, OTP Bank launched the OTP Business brand, whereby the range of its services was also widened. The design of the new brand and services was positively received by the target group, driving a significant increase in the number of the Bank's customers in the segment. In 2014, OTP Business supported four major conferences and a number of smaller networking events involving 15–25 participants each. By aiming to ensure that the professional conferences which we sponsor should be free for participants, we facilitate free access and the improvement of participants' competitiveness.

As an active participant in both phases of the **Funding for Growth Scheme** (FGS) launched by Magyar Nemzeti Bank, OTP Bank contributed to the success of the scheme and provided customers with access to funds at preferential rates. The Funding for Growth Scheme remained highly popular with businesses in 2014 as well. As a member of the Hungarian Banking Association, our Bank shared its experiences with the scheme, providing input to improvements on the plans.

Promoting and responding to economic recovery, OTP business doubled the limit of its special overdraft facility for businesses. The Széchenyi Supplementary Loan and the Széchenyi Pre-financing Loan facilitate the drawing of EU assistance.

The newly introduced Exim Card helps micro and small enterprises to improve their international competitiveness by means of preferential funding.

In 2014, CKB Bank financed 5 projects on water supply and sewerage, and 10 projects in the field of healthcare.

5,000

5,000 NEW OTP BUSINESS CUSTOMERS
IN 2014

117 Billion

HUF 117 BILLION WORTH OF LOAN
AGREEMENTS SIGNED IN PHASE
2 OF THE FUNDING FOR GROWTH SCHEME
UP TO THE END OF 2014






















CORPORATE CONSULTING PROGRAMME **E**

OTP Bank plays a unique role among Hungarian banks in the mediation of support: since 2012 it has been providing mediation services of the 'Corporate Consulting' (Vállalati Tanácsadás) tender programme in the context of a consortium incorporating OTP Hungaro-Projekt Ltd., the Hungarian Foundation for Enterprise Promotion (MVA) and the National Federation of Traders and Caterers (KISOSZ) in three Transdanubian regions and Central Hungary. This form of support represents a total of HUF 2.3 billion to micro enterprises and SMEs. The budget was fully committed by the end of 2014, and in the first half of 2015, the entire amount available will be absorbed. As a consortium leader, in 2014 OTP Bank remitted HUF 1.17 billion to a total of 903 recipient SMEs.

The program seems to have confirmed the objectives that had been set: industry-specific consulting does indeed help develop the entrepreneurial skills of micro enterprises and SMEs, which is essential for successful operations.

¹⁶ Micro and small enterprises

ASSETS BY SECTOR, %, 31 DEC.

		MICRO AND SMALL ENTERPRISES	MEDIUM AND LARGE ENTERPRISES
	AGRICULTURE, FORESTRY, FISHING	9%	5%
	MINING, QUARRYING	0%	0%
	MANUFACTURING	6%	8%
	ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLY	2%	14%
	WATER SUPPLY; SEWERAGE, WASTE MANAGEMENT AND REMEDIATION ACTIVITIES	0%	1%
	CONSTRUCTION INDUSTRY	7%	3%
	WHOLESALE AND RETAIL TRADE; REPAIR OF MOTOR VEHICLES AND MOTORCYCLES	18%	9%
	TRANSPORTATION AND STORAGE	2%	11%
	ACCOMMODATION AND FOOD SERVICE ACTIVITIES	1%	2%
	INFORMATION, COMMUNICATION	4%	0%
	FINANCIAL AND INSURANCE ACTIVITIES	4%	37%
	REAL ESTATE ACTIVITIES	34%	2%
	PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES	7%	3%
	ADMINISTRATIVE AND SUPPORT SERVICE ACTIVITIES	3%	5%
	PUBLIC ADMINISTRATION AND DEFENCE; COMPULSORY SOCIAL SECURITY	0%	0%
	EDUCATION	0%	0%
	HUMAN HEALTH AND SOCIAL WORK ACTIVITIES	0%	0%
	ARTS, ENTERTAINMENT AND RECREATION	0%	1%
	OTHER SERVICES	1%	0%
	HOUSEHOLD EMPLOYMENT ACTIVITY, PRODUCT MANUFACTURING OR SERVICE PROVISIONING FOR OWN CONSUMPTION	0%	0%
	ORGANISATION OUTSIDE THE AREA	0%	0%
	TOTAL (IN MILLION HUF)	349,991	483,805

4.4.

Agricultural customers

The agricultural focus of our Group is due partly to business considerations and partly to the need to provide financing options to local farmers and to facilitate their competitiveness. In FGS Phase 2, loans at 2.5% are also made available to small-scale producers. We aimed to reach the largest possible ratio of the target group concerned, since in many cases they may have a vital need to increase their available funds at the beginning of the farming year by pre-financing support.

In the market, our Bank pioneered the pre-financing product suite provided as part of FGS Phase 2 as a revolving facility over multiple years.

Several of our subsidiaries have been paying particular attention to lending to the agricultural sector and to serving its special market needs. In 2014:

- ▶ In Bulgaria we introduced the support pre-financing product;
- ▶ In Serbia, the so-called agro-microcredit helped acquire a significant number of customers, acting as an additional catalyst of agricultural lending.
- ▶ In Croatia, a pre-financing plan was developed for direct EU support relating to agricultural activities, offered only by OTP banka Hrvatska in the country, as a result of which the product made a significant contribution to an increase in customer numbers and a growth in lending volume.

10%

OVER 10% GROWTH IN LENDING TO AGRICULTURAL CUSTOMERS IN 2014

15%

15% INCREASE IN THE AVERAGE LENDING VOLUME OF PRODUCTS RELYING ON FGS2 FUNDS



4.5.

Large enterprises

OTP Bank's market strength is derived from Hungarian-owned enterprises, for which it designs tailored solutions, while also lending them at preferential rates (e.g. FGS funds).

Contributing to a more efficient use of environmental resources, we have been cooperating with GE on the implementation of several public lighting modernisation projects involving LED technology (e.g. Pécs).

In 2014, OTP Bank Romania financed one environmental project and 5 projects on the use of renewable energy, and granted loans for municipal infrastructure development on 8 occasions.

Following the government takeover of tender management tasks relating to state and municipal projects, there has been a marked shift in the operations of OTP Hungaro-Projekt towards the corporate segment, similarly to OTP Consulting Romania.

In 2014, OTP Hungaro-Projekt managed 15 projects for municipalities and non-profit organisations; additionally, it prepared tenders for 21 businesses and provided project management to 67 customers. By virtue of its tendering work, the organisation helped its corporate customers acquire approximately HUF 1.2 billion in financing support for a total of 21 projects, with a combined investment value estimated at HUF 2.5 billion. In addition to the above, another 11 projects prepared in 2014 are pending approval. Primarily, our tenders concerned the development of business establishments and related technology improvements, as well as agricultural developments.

2015

OUR GOALS

SALES FOLLOWING UP AND FOCUSING ON CHANGES IN THE SYSTEM OF HOUSING SUBSIDIES FOR FAMILIES.

BETTER SERVICE TO MEDIUM ENTERPRISES BY INTRODUCING SEMI-STANDARD PRODUCTS.

BETTER SERVICE TO MICRO AND SMALL ENTERPRISES BY INTRODUCING STANDARD PRODUCTS.

PROFESSIONAL AND FINANCIAL SUPPORT FOR EU GRANT APPLICATIONS OF CONDOMINIUMS.

PROVIDING FOR THE ELECTRONIC SUBMISSION OF THE BACKGROUND DOCUMENTATION OF EU GRANT APPLICATIONS.

11.5

SECURITY



ORX Operational Risk Management
Regulations



Credit fraud prevention system



“We give priority to maintaining the stability of the Group and to providing services that are secure for our customers in all aspects. Related to banking products and services are many processes that serve security, whether directly or indirectly. These are nearly imperceptible for an outsider and their importance only becomes apparent when they fail to function properly.”

Dr. István Gresa
Deputy CEO, Credit Approval and Risk Management Division

Our undertakings / 2013

Reviewing the Bank’s risk management system with a focus on the peculiarities of the agricultural sector

Development of the anti-fraud system.

With a view to security, we continuously improve our risk management and security systems.

For us, a secure bank means the following:



STABLE FINANCIAL BACKGROUND;



PROTECTION OF CUSTOMER DATA AND INFORMATION;



SECURE FINANCIAL SERVICES.

Results / 2014

Review still in progress.

The development is completed.

5.1.
Stability of the Group

In the stress test of the European Banking Authority (EBA), OTP Bank ranked 22nd out of the 123 European banks assessed, ahead of major bank groups of the region. At the end of 2014, OTP Group’s **Common Equity Tier 1** ratio stood at a comfortably high 14.1%. The ratio is down 1.9 percentage points from the previous year, which is partly due to a reduction in regulatory capital resulting from the losses incurred during the year.

Having regard to the situation evolving, in 2014Q2 the **Ukrainian subsidiary bank** discontinued its operations in Crimea by closing 8 branches. In Donetsk and Lugansk counties, 15 branches had to be closed, as a result of which the Bank had a total of 2 branches in those counties at the end of the year. In respect of the exposures outstanding in these regions, significant additional allocations were made to risk costs (see the Annual Report for further details in that regard).

In the extraordinary situation, the Bank had to stand its ground in multiple fields, and was required to manage its operations and retain the trust and loyalty of its customers and employees amid rapidly deteriorating economic circumstances and an armed conflict. Key consequences of the economic and political situation: drastic depreciation

of the hryvnia, deterioration in the operating conditions of businesses and in customers' repayment ability and willingness, falling demand. Depositors in the affected areas will be paid in other branches; at the same time, the Bank prudentially allocated provisions to cover approximately 100% of the exposures in these regions. In the circumstances, we consider it a key achievement that the Bank maintained secure operations and liquidity, and passed the stress test initiated by the Ukrainian supervisory authority. In order to maintain trust and comfort, we placed special emphasis on external and internal communications.

For customers the Bank ran a crisis communication campaign focusing on the Bank's reliability, stability and high quality of service. The purpose of this was to prevent a bank run, and the efforts proved to be successful: the volume of deposits significantly increased (adjusted for the effect exchange rate changes).

In 2014, the Bank significantly cut its lending in both the retail and the corporate segment. The retail business waived all penalties and also some fees for residents of the affected areas, and introduced a special loan restructuring practice (see Chapter 6.2 for more details).

In Russia, the environment of the consumer credit market started to deteriorate from 2013H2; to the deterioration of the economic situation at large in 2014Q4, the Bank responded by limiting and temporarily suspending disbursements for specific products, and by taking pricing measures.

14.1%

COMMON EQUITY TIER 1 RATIO OF 14.1%

5.2.

Development of risk management systems

OTP Group's principles of risk management remained unchanged, despite which we continued to improve our processes and assessment systems in 2014 as well.

In terms of operational risks, the occurrence of events previously deemed to be of low risk but having drastic effects may become realistic (e.g. the events in the Ukraine, legislative changes with major financial effects); preparation involving appropriate scenario analysis is highly instrumental in managing situations.

Increased digitisation involves elevated IT risks and the emergence of new types of risk (e.g. data loss, system halts, fraud attempts), which is why in 2015 we are placing particular emphasis on ensuring the business continuity of our key electronic systems.

At the end of 2013, our Group became a member of the ORX (Operational Riskdata eXchange) data consortium comprising 65 banks, which, already in 2014, significantly contributed to improvements in the quality of data and methodologies and to the development of more reliable scenarios and models in the field of estimating losses.

In calculating capital requirements for operational risk¹⁷ members of OTP Group are progressively transitioning to the use of the AMA¹⁸ approach. In 2014, the assessment of our Romanian subsidiary bank was completed, and the Slovakian and Croatian banks submitted their applications for membership. Due to the application of the AMA approach and our ORX membership, we amended our Operational Risk Management Policy, which, consequently, among other measures, requires mandatory validation for high loss amounts, extends the range of event types to be registered and recorded by specific units, regulates the process for the accounting reconciliation of loss data, and, on an expert basis, allows the Operational Risks Committee to make 5% adjustments to the capital requirements for operational risks in the course of annual internal capital calculations.

¹⁷ At Group level, the capital requirement for operational risk provides coverage for both expected and unexpected losses.


¹⁸ AMA approach: Advanced Measurement Approach

In Hungary, the achievements of 2014 also include the **anti-fraud system** becoming operational, which provides better protection against external fraud by means of data screening and network analysis. For the Group as a whole, external fraud (credit fraud, card fraud) has remained the most important operational risk, primarily concerning subsidiary banks. Apart from this, in the Ukraine IT issues occurred, and conditions of war caused damage to property.

In the coming years, we aim to make operational risks a part of strategic decision planning. For that purpose, among other measures, we are planning to develop a 'risk appetite framework', which will help compare the level of risks to expected losses and the costs of risk management.

5.3.

Security enhancement of banking systems

The provision of banking services is inseparable from security. The protection of data assets and the prevention of data loss are priority goals, to achieve which we have in place and develop processes and systems. The number of cases involving abuse of customers' personal data was negligible with most Group members; in the Ukraine and Russia combined, there were three cases of abuse involving a significant number of customers. 

Owing to effective bank security measures, violent crimes (bank robbery, ATM raids, burglary) are becoming strongly inhibited, and have virtually been eliminated in Hungary. With a view to the protection of customers' interests and data processing at an increasingly high level, the Group implemented a series of security enhancements in 2014. To ensure data management integrity and data security and to prevent data leakage, the Group applies and develops cutting edge information technology and security solutions, continuously checking and testing them.

0.0067%

THE INCIDENCE RATE OF FRAUD INVOLVING BANK CARDS ISSUED BY THE BANK IS ONLY 0.0067% AT GROUP LEVEL AND 0.005% FOR OTP BANK, A MAGNITUDE LOWER THAN MASTERCARD'S EUROPEAN AVERAGE (0.0501%)

2015 OBJECTIVES

REVIEWING THE BANK'S RISK MANAGEMENT SYSTEM WITH A FOCUS ON THE PECULIARITIES OF THE AGRICULTURAL SECTOR

DEVELOPMENT OF A 'RISK APPETITE FRAMEWORK'

PROGRESSIVE TRANSITION OF SUBSIDIARY BANKS TO THE USE OF THE AMA APPROACH

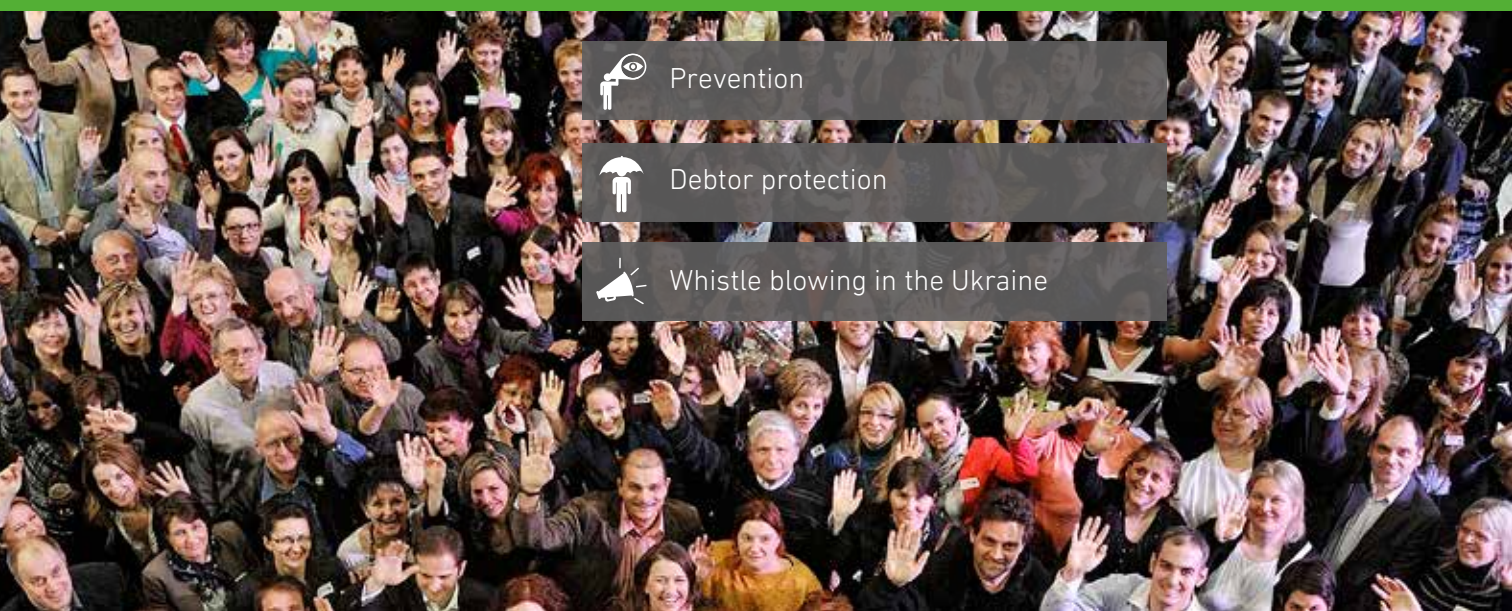
IMPLEMENTATION OF A DATA LEAKAGE PROTECTION (DLP) SYSTEM

ARRANGEMENTS FOR MEASURES TO INCREASE CUSTOMERS' AND EMPLOYEES' AWARENESS OF IT SECURITY

11.6

COMPLIANCE – ETHICAL SERVICE

OTP Group places emphasis on compliance, i.e. on compliance with the requirements of business ethics even beyond compliance with legal provisions, in order to ensure the protection of customers' interests and fair, ethical and transparent operations.



Prevention



Debtor protection



Whistle blowing in the Ukraine

Our undertakings / 2013

Issue of the improved Conflict of Interest Policy

Further development of anti-money laundering screening systems.

Results / 2014

The reviewed Conflict of Interest Policy is scheduled to be issued in 2015H1

The anti-money laundering screening systems have been updated in most subsidiaries, and in banks where the development is in progress, adequate screening is provided by the current version until the end of 2015.

6.1.

Compliance¹⁹

Compliance plays an important role in supporting business processes, in particular by means of the consulting, opinion and approval functions performed during the design of product development, internal regulations, business processes and product information. Compliance was further reinforced in 2014: during the year, the Parent Bank's Compliance unit alone provided opinions on over 5,600 internal regulatory documents and 176 committee proposals.

Key events in 2014:

- ▶ As in previous years, in 2014 we gave prominence to organising training sessions to address new issues on compliance, as well as on the training of new entrants. The regularly updated guidelines and informational materials on compliance published on the intranet facilitate the fulfilment of the obligations set out in the policies. Additionally, bank employees are increasingly making use of positions and consultation provided by telephone or in writing.
- ▶ JSC OTP Bank in the Ukraine introduced a whistle blower system on ethical and legal issues for customers and employees. Reporting forms are submitted via the website, and are received and investigated by the Compliance Department.
- ▶ OTP Bank continued the development of a new whistle blowing system to be launched in 2015, which will enable the complex submission and receipt of reports on infringements and ethical issues.
- ▶ At Group level, a total of 2 ethical issues were reported by customers, both concerning the inadequate standard of customer service, objectionable tone of communications, and inappropriate clerk conduct. In both cases, a violation of the Code of Ethics and the occurrence of minor ethical offences was established. The employees concerned were instructed to abandon the conduct which was inconsistent with the Code and to comply with the ethical norms set out in the Code, and were warned in writing. No procedures were initiated before the Ethics Committee. In 2014, no reports were filed concerning equal opportunities.
- ▶ In 2014, the Hungarian Competition Authority (GVH) imposed a HUF 38 million fine on OTP Bank. The Authority found that the Bank had provided misleading information on the option of interest-free repayment in the course of credit card use, and on the consequences of failure to observe the grace period. In addition to the payment of the fine, the Authority obliged the Bank to display the decision at its

branches and on its website for 120 days, and to reimburse customers on the allegedly unlawful interest charged between 1 January 2012 and 18 December 2013 plus default interest. OTP Bank paid the fine and made voluntary improvements to the information provided in-branch on credit card use (see the chapter Customer focus). At the same time, we applied to the court for legal remedy.

- ▶ At Group level, fines were imposed in 45 cases on grounds of violation of consumer protection rules, amounting to a total of HUF 1.1 billion. **D** During the year, the supervisory authority imposed a fine on OTP Bank on one occasion in the amount of HUF 60 million on grounds of inappropriate practices identified in connection with unilateral adjustments to the fees, commissions and charges applied to consumers at the disadvantage of such consumers. The fine was paid by our company.
- ▶ In Hungary, a number of credit-related legal actions were pending in the first half of the year. Following the decisions of the Curia, the legal conditions were provided for regulated settlements between credit institutions and customers who had taken FX and HUF loans in the preceding years. Experts of the Banking Association contributed to the legislative process throughout the legal preparations. Following extraordinary preparations and subject to intense supervisory attention and media coverage, settlements started in early 2015.
- ▶ Of the hundreds of FX borrower lawsuits launched to establish the nullity of the loan contracts, OTP Bank lost only in two cases but has appealed before the supreme court of Hungary, the Curia.
- ▶ For the handling of disputes concerning contracts between consumers and financial service providers, the Financial Arbitration Board operates as an alternative forum for out-of-court dispute settlement. The cooperation between the Board and our Group has remained stable, and in the majority of Board proceedings, customers accepted the agreement offered by us. In 2014, a total of 312 proceedings were initiated and the Board put forward a recommendation against our Bank's position only in one case, which we accepted with a view to a satisfactory settlement. Fines were imposed and paid in only 11 instances in connection with these cases, in a total amount of approximately HUF 600,000.

¹⁹ Compliance with legislative requirements, international norms and standards of ethical business conduct



6.2.

Debtor protection

In 2014, our debtor protection programmes remained available to customers facing payment difficulties. In addition to assistance programmes by the state, we continued to provide the option of programmes developed by the Group²⁰.

During the year, there were no major changes in the **debtor protection tools** offered by the Bank. The option to use omnibus accounts was terminated in December due to the HUF conversion of FX mortgage loans in 2015Q1 and changes in the legislative environment. In 2014H1, we launched a campaign in two phases, offering an omnibus facility and term extension to delinquent and endangered customers. With most products, the ratio of transactions participating in the debtor protection programme followed a declining trend in 2014.

In the case of subsidiary banks, major changes to the debtor protection tools were needed in the Ukraine and Russia. In the Ukraine, due to the political and economic situation evolving, a major part of customers faced repayment difficulties, and their willingness to pay also deteriorated. The previous toolkit, designed for the 2008–2009 crisis, had to be reconsidered entirely. Under two plans, the Bank converted retail FX loans into hryvnia at the current market rates. In one of the plans, a default 30% debt relief and preferential interest rates were offered to customers who had made contractual repayments during the term, while in the other plan, interest rates were reduced for the grace period. The volume of loans converted into hryvnia amounted to the equivalent of HUF 2 billion at the end of 2014. In Russia, customers faced payment difficulties following the imposition of sanctions, primarily from the end of the year.

With OTP banka Hrvatska, the stock of loans participating in the debtor protection programme increased for technical reasons. Due to statutory obligations, where the limit of an overdraft facility is reduced and the customer is unable to repay the differential in a single amount, they may do so in 12 monthly instalments. Loans approved for that reason are added to the stock participating in the debtor protection programme.

²⁰ Possible options: term extension, (partial) suspension of repayment or the combination of the two, refinancing loan, credit line reduction contract, instalment plan, amendment of the credit facility

AT GROUP LEVEL, THE RATIO OF PARTICIPANTS IN DEBTOR PROTECTION FOR EACH PRODUCT IS AS FOLLOWS²¹ 31.12.2014

Rate (volume) of customers participating in debtor protection, 31/12/2014	OTP Bank	OTP Bank Russia	OTP Bank Ukraine	DSK Bank	OTP Bank Romania	OTP banka Hrvatska	OTP Banka Slovensko	OTP banka Srbija	CKB Bank
Overdraft	1.84%			0.00%			0.00%	0.00%	1.10%
Commodity advances	0.27%			0.16%					
Credit card	2.07%			0.00%			0.00%	0.00%	0.00%
Personal loan	1.60%	0.20%	15.2%	1.30%	0.68%	0.68%	0.00%	4.70%	8.90%
Auto loan		2.10%							
Housing loan	0.29%			2.70%	3.20%	3.20%	0.60%	5.70%	7.10%
Home equity loan	0.45%	1.30%		3.50%	3.93%	3.93%		5.80%	5.30%

In order to ensure long-term housing for heavily indebted and vulnerable families, our collaboration with the National Asset Management Agency continued into 2014. 7,460 transactions were approved in 2014, of which the purchase price was also paid in 6,175 cases. During the year, the number of enforcement proceedings, scheduled auctions and successful auctions fell in comparison with the previous year, which is explained by the Curia Act (XXXVIII of 2014) and the Settlement Act (XL of 2014) becoming effective. No evictions were made in 2014.

At Group level, the proportion of 90 DPD loans was down 0.4 percentage points to 19.3% year-on-year. Above all, the reduction is due to a significant fall in the ratio of delinquent loans in Russia and Bulgaria, which primarily reflects the partial write-downs carried out in 2014 according to IFRS²². Of the increase in the exchange rate adjusted volume of 90 DPD loans, taken without sales and write-downs, the Russian and Ukrainian contribution amounted to 67% in 2014. The rest of OTP Group's members reported no major changes in the dynamics of non-performing loans. (Investors are regularly informed about delinquent loans in sufficient detail; for more information visit the website <https://www.otpbank.hu/portal/en/IR/Events/Presentations>).



2015 OUR GOALS

PUBLICATION OF THE REVIEWED CONFLICT OF INTEREST POLICY

WHISTLE BLOWER LINE ON ETHICS: DEVELOPMENT OF AN INDEPENDENT AND SELF-RELIANT CHANNEL AND PROCEDURE FOR THE MANAGEMENT OF REPORTED ETHICAL ISSUES.

DEVELOPMENT OF A NEW CODE OF ETHICS AND RELATED INTERNAL PROCEDURES

COMPLIANCE WITH FATCA AGREEMENT

²¹ Blank fields indicate that the product is not covered by debtor protection or no information is available on the ratio:

²² Without partial write-downs, the ratio of delinquent loans would have been 22.0% at the end of 2014.

11.7

RESPONSIBLE EMPLOYER



Enhancement on skills development
trainings



Occupational Health and Safety Risk
Assessment



Promotion of sports



Mentor system



"As one of the region's significant employers, we are responsible for our colleagues. They play a key role in the performance of OTP Group as a whole, our primary goal is therefore to form and retain a talented and committed employee network."

Ágnes Rudas

Managing Director, Human Resources Management Directorate

Our undertakings / 2013

Introducing a succession system for managers in the branch office network

Renewal of OTP Bank's intranet

Establishing a methodology and framework for organisational development

Development and approval of new occupational fire safety regulations at national level in Hungary

Completion of the customer communications training, with full training of the employees concerned

Occupational health and safety risk assessment at OTP Bank

Raising awareness of sports, the various sports clubs and exercise options available at OTP Bank

Results / 2014

Development programmes based on performance assessment have been launched, establishment of a uniform succession system on the agenda for the years ahead.

Redesign is in progress

Both methodology and organisational development have been implemented.

Not implemented – contrary to initial plans, the most important of the legislative changes affecting banking operations (New National Fire Safety Regulations) was published with delay in 2014.

Implemented

Implemented


Implemented through intranet communications

For our basic principles and comprehensive objectives relating to employees see our website (<https://www.otpbank.hu/csr/en/responsible-employer>).



7.1.

Employment

In 2014, similarly to the previous year, employee headcount of full-timers as well as part-timers working more than 60 hours per month at OTP Group stood at approximately 38,000²³. Market and economic conditions called for a significant reduction in the size of the agency network in Russia and the Ukraine from 11,000 to 8,800 agents. Nearly all part-timers under 60 hours a month previously working in Russia (over 5,000 people) had their employment terminated, while in the Ukraine, the overall headcount was cut by approximately 40% compared to the previous year. In Croatia, the acquisition resulted in a 22% headcount increase. 

In 2014, the Group generally did not employ temporary agency workers.

OTP Bank's 2014 average headcount remained unchanged from the previous year, with the annual closing headcount 118 employees lower than in the previous year. The change was the combined effect of the headcount decrease resulting from the rearrangement of the central organisation and the headcount increase resulting from the launch of new activities (e.g. postal delivery department).

A key task in 2014 was the **rearrangement of OTP Bank's central organisation**. Aims of the rearrangement:


Objectives of rearrangement:

- more efficient operation at Group level, improved cost efficiency through the concentration of parallel functions,
- fewer levels of hierarchy for increased organisational flexibility,
- integration of organisational functions that may logically be concentrated.

The rearrangement also involved collective redundancies. Most terminations were carried out by mutual agreement. In 2014, OTP Bank partially outsourced its activities related to supply and operation, which going forward are carried out by OTP Real Estate Management Ltd. with a headcount of about 180.²⁴

7.2.

Education and training

In order to ensure the discerning standards of our customer-oriented services and the efficient operation of the organisation, we attach particular importance to the training delivered to our colleagues. In addition to professional training closely related to the performance of jobs, skills development was assisted by the following programmes: 

- For OTP Bank, the **customer communications training** was completed with full training of the employees concerned. Launched in 2011 and broken into personality types, our Public Relations Communication Training attracted another 539 of our colleagues (by the end of 2014, a total of 4,021 employees completed the course).
- At the call centre, the **mentor system** introduced in 2013 was formalised and reinforced by training courses and supporting materials. From the ranks of the best network mentors, we selected and specifically rewarded three employees who demonstrate outstanding commitment and a highly exemplary attitude in supporting new entrants with exercising professional skills and with organisational socialisation.
- We have provided our Mentors' Manual and mentoring documentation to our subsidiary bank in Montenegro, who are working on the implementation of a formalised mentoring system.

➤ In response to the development needs specified in the performance appraisal of OTP Bank's network leaders (branch managers and sales support staff), we organised training sessions in 9 topics (e.g. management of problem situations and conflicts, assertive communication, performance management, situational leadership). A total of 116 training sessions were organised with 1,039 employees attending.

- In addition to the comprehensive reworking of training materials for clerks, OTP Bank Russia specified new requirements for hiring branch managers.

In 2014, **major methodological enhancements were implemented:**

- We introduced a network training management process to improve the impact of training courses.
- With a view to improving the effectiveness of skills development training, we enhanced the lead-in and follow-up components of each training. Key components implemented: Self-learning film archive, e-mail reminders with follow-up tasks, Gamification based electronic development tool.

²³ Some of our employees, nearly 8,800 thousand people in total, work as contracted agents in Ukraine and Russia.

²⁴ For technical reasons, the Corporate Social Responsibility Report will include the company's data from 2015.

31/12/2014

NUMBER OF EMPLOYEES PER COUNTRY

STATISTICAL HEADCOUNT

17,142



Russia

9,295



Hungary

4,001



Ukraine

3,549



Bulgaria

1,246



Croatia

972



Romania

670



Serbia

661



Slovakia

440



Montenegro



EMPLOYEES

38,000



NEARLY 38,000 EMPLOYEES

At Group level, the majority of employees (79%) are women.

In 2014, no significant changes occurred in the representation of OTP Group employees' interests, with most employees remaining covered by a collective bargaining agreement.



TEAM BUILDING

As in previous years, in 2014 OTP Bank's employees used team-building events to help on several occasions. Examples:

- ▶ 145 employees of the Southern Transdanubia region cooked jam, then donated the finished products to a kindergarten, and as part of a Christmas event, to children with multiple disadvantages.
- ▶ 447 employees of the Electronic Banking Directorate prepared Christmas gift packs for children hosted in children's homes.

327 type



CLOSE TO 300,000 HOURS OF TRAINING IN 327 INTERNAL CLASS-ROOM-BASED COURSES FOR OTP BANK



98%



98% SATISFACTION RATE AMONG TRAINING PARTICIPANTS

56,000 hours



56,000 HOURS OF PROCESSING AND TESTING TIME AS PART OF 430 E-LEARNING MODULES/ KNOWLEDGE TESTS FOR OTP BANK



89%



89% PASS RATE AT KNOWLEDGE TESTS/ EXAMINATIONS

555,000 hours



555,000 HOURS OF TRAINING IN OTP GROUP (15 HOURS/PERSON)

7.3.

Remuneration and rewarding of employees, career opportunities

In 2014, OTP Bank's system of benefits and incentives remained essentially unchanged.

Members of OTP Group provide benefits to their employees in line with the subsidiary's significance in the financial market of the country at hand. For the most part, the Hungarian companies did not raise wages in 2014, while a majority of foreign subsidiary banks applied minor rises of 0–5%. **D**

DSK Bank modified a bonus correction assessment linked to the quality of customer service implemented for branch managers and sales staff.

In 2014, members of OTP Group continued to reward colleagues and teams exhibiting **professional excellence**. Rewards were given to collectives and projects achieving significant results in terms of cooperation and innovation in addition to business performance.



'FOR THE COMMUNITY' AWARD

Winner in the branch category: Vecsés branch

The winning application of the Vecsés branch included a number of unique ideas in the fields of knowledge sharing, cooperation and health preservation. The branch has set an excellent example to show that in addition to success-oriented behaviour, branch performance is also improved by a conscientious use of exercises aimed at the reinforcement of team spirit. The key to the cohesion of the community is the recognition and support of one another's work.

Awarded in the central category: **Electronic and Retail Current Account Directorate, Telephone Arrears Management Department I**

Recognition was given to a large and loyal community, who, at their own initiative, operate a number of practices that are unique in the development of effective communication, cooperation and employees, setting a worthy example for the Bank's other organisational units as well. The key values of the department include mutual attention, empathy, and acceptance, which are also reflected in the high quality of customer service.

7.4.

Employee engagement, internal communications

In 2014, internal communications focused on support for professional work, strengthening OTP Bank's image as an employer, and community building. Priority was given to updating communication channels as well as to the creation of the channels and tools of multiple-tier internal communications.

➤ A closed intranet interface was created for middle and senior management, allowing certain content, primarily videos, to be communicated periodically in a targeted and secure manner to recipients. The 'Samovar' event series act as a forum of opinion and experience exchange for middle management, who previously had few options to meet relatively informally.

➤ OTP Bank's Brand Book, 'Our Story', was compiled to mark OTP Bank's 65th anniversary. The book provides an overview of OTP Bank through its brand values, in the form of stories.

➤ In the English-language image film presenting OTP Group, animated captions are used to cover Group level information; sustainability and volunteering, topics of priority for the Bank; and the system of awards and recognitions.

➤ Experience exchange mechanisms between functional areas operate in accordance with best practices within the Group, and a number of subsidiaries have their own extensive systems of internal communication channels (e.g. newsletters, newspapers, online and interactive interfaces) to help employee information and engagement.

➤ The Ukrainian subsidiary bank placed particular emphasis on comforting employees. Employees received regular news in meetings, conference calls and e-mails, in addition to which the CEO provided weekly updates to employees via the CEO Blog on the intranet. The genuine and direct communication was received positively by employees.

7.5.

Health, working environment

For healthy employees

We continue to promote and popularise a healthy lifestyle among our employees, even beyond statutory requirements in several cases. In 2014, the key elements of health benefits remained unchanged (see our webpage for more details).

CKB Bank participated in a breast cancer prevention campaign. As part of the campaign, employees participated in an organised walk and screening, and all employees received a copy of the publication on the disease.

Several subsidiaries of OTP Group organise events for their employees and sometimes for their families as well, with the aim of spending time together in an informal setting. Most frequently, these events are organised around Christmas and the New Year. Our companies' employees also participate in events organised jointly with competitors.

Some examples from the past year:

- ▶ International Sports Days: On the Sports Days, the teams of three foreign subsidiaries, the five Hungarian regions, and the centre competed in eight sports. The events drew close to 400 participants.
- ▶ OTP Bank Family Day: over 6,000 people, including employees and family members, participated in the event. In addition to cultural programmes, volunteers were given the opportunity to put their skills to the test in the form of friendly matches.
- ▶ Hungarian Banks' Sports Convention: Held in 2014 with 16 banks participating. OTP Bank was represented by a team of 70 at the event, where it took first place in the aggregate.
- ▶ JSC OTP Bank organised a football contest for employees, with 110 participants and 200 supporters. 10 Employees of the Bank also participated in the Kiev Charity Marathon.
- ▶ In Croatia, OTP Bank's employees won a total of 7 medals on banks' joint sports day.

Occupational health and safety risk assessment

In 2014, national risk assessments on occupational safety were carried out for all establishments and employees of OTP Bank in compliance with the legal regulations in effect. Among other factors, temperature, lighting and noise levels were measured in each workplace, and psychosocial risks were assessed. In all establishments, the risk factors

identified were classified as 'B, Tolerable Risk – Requires periodic monitoring'. Risks that required immediate action and were severe and unacceptable were not identified in any of our establishments.

OTP Bank is committed to specifying adequate requirements in order to provide incentives for its subsidiaries and contracted partners to undertake a similar commitment to occupational health and safety. For Hungarian subsidiaries, OTP Bank's internal regulations may serve as guidelines.

Accidents

The number, severity and nature of accidents at work remained level with last year's data. The number of days of incapacity to work was similar to that recorded last year and was otherwise significantly decreasing from 2011. At OTP Bank, the greatest number of accidents continued to result from walking within buildings, generally due to the negligence of the employees concerned. Since in 2014, a majority of our employees suffering accidents at work were below 35 years of age, in occupational safety training, particular attention is given to first-job employees, to employees with limited professional experience, as well as to people engaged in student work or temporary work. New entrants are provided with general information on occupational safety and fire prevention already as part of the presentations of the Orientation Day.

2015

OUR GOALS

RENEWAL OF GROUP GOVERNANCE REGULATIONS WITH A VIEW TO MORE TRANSPARENT GROUP GOVERNANCE

OPINION ON AND PUBLICATION OF OTP BANK'S NEW HEALTH AND SAFETY POLICY

PREPARATIONS FOR THE ROLL-OUT OF AN INTEGRATED DIGITAL HR MANAGEMENT SYSTEM AT OTP BANK, ACCOMPANIED BY THE RENEWAL OF HR PROCESSES

A WIDER RANGE OF OPTIONS RELATED TO SPORTS AND HEALTHY LIVING, AND INTEGRATION OF SPORTS OPTIONS WITH THESE.



11.8

COMMUNITY INVOLVEMENT



Stakeholder engagement



OTP Bank Bozsik Programme



Jagamas János Collection



OTP Voluntary Programme



"OTP Group considers it important to contribute, to the extent permitted by its economic resources, to the community's development. Our support is value-driven and is provided in an effort to engage and mobilise stakeholders. Therefore, as one of Hungary's largest donors in the magnitude of billions, in addition to financial assistance we are launching an increasing number of projects that are implemented and developed at the Bank's initiative, through the engagement of non-governmental or professional partners, as a result of dialogue with stakeholders."

Zoltán Péter Nagy
Head of the Marketing and Communication Directorate

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

- developing financial literacy and raising awareness (given its primary importance, these endeavours are presented in a separate chapter);
- value creation and preservation (supporting culture) and
- creating opportunities and building communities (supporting sports and people in need).



Our undertakings / 2013

Renewal of OTP Bank's Volunteer Programme

More in-depth communication of OTP Bank's CSR endeavours to the public


Results / 2014


The volunteer programme continued in 2014, with redesign postponed until 2015H2.

Implemented, primarily in connection with the OK Centre.

8.1.

Our CSR programmes

Members of OTP Group implement their sponsorship activities independently of one another, meeting the local needs and within their own means. As part of these endeavours they cooperate with local NGOs, ensuring an effective and efficient utilisation of resources. 

For more details on the basic principles of our corporate social responsibility and the programmes we are sponsoring, please visit our website (<https://www.otpbank.hu/csr/en/community-involvement>). 

Committed to long term cooperation, OTP Group saw many of its collaborations continue into 2014 (e.g. International Children's Safety Service, Hand in Hand Foundation), explained in more detail on our [website](#). We spent HUF 1.5 billion on donations, a slight increase from 2013. 75% of the donations are associated with OTP Bank. In 2014, virtually 100% of donations were granted in the form of financial contributions.

Programmes aimed at value creation, the preservation and transmission of traditions, and the transfer of knowledge are gaining an increasingly prominent share in OTP Bank's support:

▶ With support from OTP Bank, a collection of several thousand items was made available to the public by the Archive of Folklore of the Romanian Academy in Cluj, the Institute for Musicology of the Research Centre for the Humanities of the Hungarian Academy of Sciences, and the Hungarian Heritage House. In three languages, the book and DVD collection presenting the archive of the unique work by Széchenyi Prize-winner **János Jagamas**, a Transylvanian Hungarian ethnomusicologist and musicographer, is making material available to the public only 5% of which was publicly accessible previously. His collections have not been published in audio form. Following the teaching of Zoltán Kodály, János Jagamas employed progressive methods in collecting the cultural traditions of Hungarians in Transylvania.

The collection published now was created in the 1940s and 1950s, and mostly comprises folk music of Hungarians in Romania from a number of areas unexplored to date, including areas not covered by any subsequent collections.

▶ We provided support for the full-length documentary 'Balaton Method', which brings the Kodály method closer to the young generation through the clips of popular contemporary performers; sample video: <https://www.youtube.com/watch?v=eHX0fTRTRfU&feature=youtu.be>.

▶ As in previous years, we sponsored the National Táncház Festival and Fair, and handed over the 2014 Táncház Award.

▶ We contributed to a number of local heritage events.

▶ In addition to the 'Felszállott a páva' talent series, in 2015 we are supporting the 'Gyerekpáva' programme as well.

▶ Sponsored by our Bank, the film 'Fehér isten' (White God) was awarded with the main prize in the category Un Certain Regard at the Cannes Festival: the film by Kornél Mundruczó received the highest recognition available in its category.

OTP Group has been making increased efforts to engage its stakeholders in its community involvement either as professional partners²⁵ or by providing an opportunity for the selection of the areas of support and beneficiaries:

▶ The band Punnany Massif has been sponsored by OTP Junior for years. In 2014, through the accomplishment of various local activities, a narrow group of people were granted access to the exclusive concert the clip of which was shot as part of the OTP Bank Veszprém Street Music Festival. The clip 'Hétköznapi hősök' (Everyday Heroes) also features the 'giant instruments' that were listed in the charity auction to support the implementation of 'Szimfónia' (Symphony), a music programme providing support for the inclusion of children in extreme poverty. The auction raised over HUF 700,000 worth of funds, which was doubled by OTP Bank. The amount raised provided an opportunity for about 200 children to participate in the programme.

▶ As in previous years, with support from OTP Bank and the Ministry of Human Resources, in 2014 the Humanity Social Foundation called for applications under the **Otthonteremtő** scheme, which provided an annual HUF 20 million in grants for the modernisation and renovation of homes to socially disadvantaged foster families and those raising adopted children. In 2014, 74 applications were submitted under the scheme, of which support was awarded by the Foundation Board to 11 families.

The initiative also aimed to draw the attention of society to parents who raise and care for foster-children as their own.

▶ Again in 2014, OTP banka Hrvatska organised a public application scheme for the allocation of the funds intended to be given away as donations. Applicants could submit their project proposals in four categories, and the selection committee eventually chose 52 projects worthy of support, which, in addition to falling within the areas supported by the Group, are also creative and innovative.

▶ Montenegro's CKB Bank let its employees, clients and partners decide on its website which one of the three goals it had identified (education, culture, community) the credit institution should support. Finally, the Bank supported all three projects.

2.6Billion

HUF 1.5 BILLION IN DONATIONS AND
HUF 1.1 BILLION IN SPONSORSHIP.

²⁵ Among other achievements, this is how the Complex Accessibility Programme, the OTP Volunteer Programme, the Model School Programme, and the initiatives listed below have been implemented in recent years.

8.2.

Volunteering

We provide incentives for the volunteering of our employees and welcome their initiatives. A meaningful proportion of our employees are committed to good causes, and support is frequently provided at the initiative of our employees. We primarily support initiatives aimed at assisting disadvantaged children and the disadvantaged, but our colleagues are just as happy to embrace other causes.

OTP Bank's Volunteer Programme continued in 2014. Of the 74 valid applications received during the year, financial support was awarded to 28. This means approximately 350 volunteers, who provided direct support to more than 2,000 children and adults. Many of the awarded teams regularly apply for funds and implement high quality programmes; volunteering has become a tradition in a number of cases. Through the postponement of programme redesign until 2015H2, we also wish to provide incentives for new teams, to encourage a wider group of volunteers.

Supported volunteer programmes by field:

SOCIAL (CHILDREN)	11
SOCIAL (DISADVANTAGED PEOPLE)	9
RENOVATION	3
SPORT	2
FINANCIAL EDUCATION	2
ANIMAL PROTECTION	1

★

★

★

CORPORATE SOCIAL RESPONSIBILITY AWARD

OTP Bank has a tradition of awarding branches which are the most committed to society; in 2014, the Corporate Social Responsibility Award was given to the Budapest Regional Centre and the Kaposvár branch.

The majority of Group members have a tradition of running various fundraising drives, be it for children in need, hospitals, colleagues in hardship, with most employees joining in. CKB Bank spent the amount set aside for Christmas gift purchases on the renovation and extension of a local school library, which was complemented by Bank employees' book donations. In Omsk, employees of the Russian subsidiary organised a volunteer campaign in the elderly home.

Several volunteer teams of OTP Bank joined awareness-raising events supported by the Bank ('TeSzedd!' – Volunteers for a Clean Hungary; Earth Hour; Hand in Hand; shoebox campaign of the Hungarian Baptist Aid). Through NGOs, CKB Bank supported tree planting campaigns in several towns, accompanied by volunteering employees' personal contributions.

Several of our subsidiary banks have a tradition of donating blood. CKB Bank was officially recognised by the Blood Transfusion Institute for employees' blood donations.

1,823

IN 2014, 951 OTP BANK EMPLOYEES DONATED BLOOD ON A TOTAL OF 1,823 OCCASIONS.

89%

1,895 OTP GROUP EMPLOYEES PARTICIPATED IN VOLUNTEERING²⁶

²⁶ Exclusive of blood donations

8.3.

Community involvement across the Group



HUNGARY

Education and awareness raising:

- It is primarily through the OTP Fáy András Foundation that the parent company contributes to education. 2014 saw the Foundation continue with its – now traditional – programmes. See the chapter Developing financial literacy for more details.
- In 2014, we continued to provide support for enhancing sensitivity to the various groups and issues of society. OTP Bank entered into strategic cooperation with the Foundation for Democratic Youth. OTP Fund Management has been a member of the HBLF Romaster programme for years. On behalf of OFM, two mentors help students and participate in related professional programmes.
- Additionally, OFM supported several foundations and associations (Resounding Talents Foundations, Hungarian Society of Investment Professionals, Rajk László College for Advanced Studies, Common Purpose, Transparency International), with aims including talent management, support for equal opportunities in higher education, and education for citizenship and social awareness.
- OTP Bank supported The Consumer Protection and Interest Alliance Foundation, the Foundation for the Development of Hungarian Management and Organisational Culture, and is a main sponsor of the Hungarian Hiker Association.
- OTP Hungaro-Projekt continued its cooperation with 9 NGOs. It regularly promoted the services of partner NGOs for corporate customers.

OTP bank is the no. 1 sponsor of sports in Hungary



OTP Bank
Bozsik Programme

HUNGARY'S LARGEST SPORTS TRAINING SYSTEM FOR YOUNG TALENTS

Years 5–14 (clubs):

43,253 2014
PARTICIPANTS 2010

73,605
PARTICIPANTS

Years 5–14 (institutions):

27,731 2014
PARTICIPANTS 2010

78,591
PARTICIPANTS

GOAL:

- engagement and long-term retention of children,
- engagement of girls,
- Club team programme for the most talented.

TRAINING:

- Held according to uniform professional and pedagogical guidelines,
- also taking age aspects into consideration,
- by more than 2,600 coaches either UEFA-certified or holding a Level D MLSZ degree.

- In autumn 2014, 4,876 teams representing 1,209 cubs participated in Bozsik tournaments,
- in the U7–U13 age group, approximately 56,000 children hold valid competition licences.
- Over the past half year, the Hungarian Football Federation organised over 4,600 events for them.

- OTP Bank is a **diamond sponsor of the Hungarian Olympic Committee**, whereby it helps Hungarian athletes' preparation for the Olympic Games. In 2015, a room in the OK Centre will be themed for the Olympics, so that an understanding of the connections between sports and sponsorship are supported by both the materials and the environment of training.

Health of communities and young people:

- Organised by the International Children's Safety Service, OTP Bank's Dentistry Roadshow hit the road for the 20th time. As in previous years, the programme included two tours in Székely Land. In 2014, close to 9,300 children had their teeth examined.
- The Bank also supported specific hospitals directly through equipment purchases. As part of that effort, we financed the setup of a 6-bed room in the Budapest Nyíró Gyula Hospital, and also supported the procurement of ultrasound devices for Semmelweis University).



BULGARIA

Helping the disadvantaged

- ▶ The Bank became the golden sponsor of the local SOS Children's Village, as well as the corporate parent of two SOS families, undertaking a long-term commitment to the two couples raising 11 children of different ages.
- ▶ At the end of 2014, the Bank joined another initiative of the SOS Children's Village. As a novelty in Bulgaria, a dedicated device was deployed at a central branch, using which customers can register to provide regular automatic support to the SOS Children's Village.



SERBIA

Education and awareness raising

- ▶ The Bank supported the 'Schools without Violence' project.
- ▶ We continued the sponsorship of the TV-quiz 'How Well Do We Know Each Other?', targeted at young people of different ethnic origin living in Vojvodina so that they can learn about each other's values and traditions.

Culture and local communities

The Bank was the main sponsor and exclusive financial service provider of the EXIT music festival for the second time. The festival, which started as a student movement that stood for the freedom and peace of Serbia and the Balkans, was proclaimed as the Best Major European Festival at the EU Festival Awards 2014.

Helping the disadvantaged

In May 2014, Serbia was hit by unprecedented flooding, causing major problems and damage. OTP Banka Srbija was one of the first to send financial and material aid (e.g. bottled water and canned food) to the areas affected. Additionally, the Bank's employees collected clothes and hygiene products for children.

Community involvement across the Group



UKRAINE

Local communities

JSC OTP Bank was not in a position to ignore the severe social and military events taking place in Eastern Ukraine. Accordingly:

- ▶ We made a donation worth over HUF 500,000 to a military hospital.
- ▶ We initiated a fundraising campaign so that one of our employees, who was drafted for military service, may be equipped with a thermal imaging device (we raised HUF 1.4 million).
- ▶ On our intranet portal, we created a "Help colleagues in the Donetsk region" tab, allowing and encouraging employees to provide mutual assistance to one another.

Helping the disadvantaged

The Bank continued to support SOS Children's Villages; among other things, jointly with the Hungarian Embassy in the Ukraine, we supported summer camps, and as part of the Children's Cinema Festival, the viewing of a Hungarian children's film.



CROATIA

Education and awareness raising

- ▶ The Bank supported education with more than HUF 20 million worth of scholarships: In 2013, it contributed to support for 65 students in Istria county, Zadar, and the regions of Sisak, Zupa doprovsacka, Gradac and Našice. Assessment criteria included students' social situation and academic results.
- ▶ The Bank supported the Eco-Krka Association as part of its Eco-Toy Library project, which involves a library where children can take toys they no longer use, for other children to borrow

Healthcare

- ▶ The Bank donated 5 inhalers to the children's ward of the Zadar hospital.



RUSSIA

Sport

The Russian subsidiary supported several children's sports events, including the Hungarian children's team at the Russian Winners Games, or the children's martial arts competition in Novosibirsk.

Culture and local communities

- ▶ The Bank supported the seasonal opening event of the Balassi Institute in Moscow, as well as an exhibition of Victor Vasarely's work in Moscow.
- ▶ The Bank provided assistance for the organisation of the Children's Cinema Festival in Saint Petersburg.
- ▶ OTP Bank also contributes to the maintenance of cultural life in the local community by supporting the Omsk National Library.



MONTENEGRO

Education

► The Bank has been a supporter of the Young Inventors' Fair for the second year, which is organised jointly by a number of governmental institutions.

Local communities

- CKB Bank provided financial support to a colleague suffering from a serious illness, and to an NGO dealing with child cancer.
- Jointly with employees, the Bank raised funds for equipment investment at the children's hospital in Podgorica.

Environment

CKB Bank has been a supporter of national parks in Montenegro for the second year, with employees also participating in the related activities and campaigns.



ROMANIA

Education and awareness raising

Adaptation of the OK Centre's financial education model to the Bucharest Centre via the Right to Learn Foundation. For more details, see the chapter 'Financial education'.

2015

OUR GOALS

STRENGTHENING CSR VALUES IN ORGANISATIONAL CULTURE AND INTERNAL COMMUNICATIONS

STRENGTHENING SOCIAL AWARENESS RAISING, INCLUDING IN RESPECT OF FUTURE AWARENESS AND EQUAL OPPORTUNITY

RESTRUCTURING OF THE VOLUNTEER PROGRAMME

RENEWAL OF THE OPERATIONS OF THE HUMANITY SOCIAL FOUNDATION²⁶, WHICH IS LINKED TO OTP BANK

PRIORITY SUPPORT FOR A CHILDREN'S TV TALENT SHOW IN FOLK MUSIC AND FOLK DANCE (FÖLSZÁLLOTT A PÁVA), AND FOR YOUNG MUSICAL TALENTS

PROMOTION OF SAFE TRANSPORT AS THE MAIN SPONSOR OF THE 'TOUR DE HONGRIE – WEAR A HELMET' CAMPAIGN

To read about OTP Bank's additional donation and sponsorship activities, visit <https://www.otpbank.hu/csr/en/community-involvement>. See our subsidiaries' websites for more information.



²⁶ The Humanity Social Foundation primarily helps those in need to reach the points of breakthrough from disadvantaged social situations. In its open support system, priority is given to longer-term support for specific purposes, maintaining the helping role undertaken in crises. Additionally, it contributes to the implementation of educational and training programmes, and provides support for independent exemplary and community development programmes.

11.9

ENVIRONMENTAL PROTECTION



Remote energy monitoring system



LED lighting



Interior Green Wall Award



Reduced paper use



New video conference rooms




Bicycle stands



"Year by year, we make efforts to mitigate the harmful effects of our operations, continuously looking for environmentally sound solutions. Our efforts are primarily focused on energy efficiency, reduced paper use and rationalised travel."

Miroslav Vichev
Deputy CEO, IT and Bank Operations Division

For our basic principles concerning the above and the fundamentals of our practice, visit our website <https://www.otpbank.hu/csr/en/environmental-protection>. 

The indirect impact of our activities and also our opportunities are primarily linked to our role as a responsible service provider and employer.

For years, our actions and activities have been determined by efforts to keep our operating costs under control. We implement targeted investments.

Our undertakings / 2013

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

Enabling our clients to opt out of receiving deposit and withdrawal slips during in-branch transactions.

Further expanding the remote energy monitoring system at OTP Bank's branches.

Extending separate waste collection to 60-65 branches of OTP Bank.

Results / 2014

Implementation in progress

Implemented

In 2014, the system was deployed in another 110 branches and is now operational in 254 branches.

Separate waste collection is being rolled out. Currently office paper is collected and removed separately. The possibility of separately collecting packaging material is being assessed.

Energy

We are continuously modernising our systems, and have been installing energy-saving, modern building engineering systems and energy-saving lighting as part of our construction investments. 2014 highlights:

► Decision was made on an extended deployment of a **remote energy monitoring system** in order to reduce the branch network's energy demand for heating and cooling. Having included 110 branches in the project, at the end of the year a total of 254 branches (two-thirds of all) were linked to remote monitoring.

► In the case of the 6 branches refurbished during the year, OTP banka Hrvatska paid particular attention to insulation and the installation of more energy-efficient heating and cooling equipment.

► DSK Bank occupied its new office building in Sofia in early 2014. The building was constructed from environmentally friendly materials and is equipped with the latest energy-saving cooling and heating system.

► In its key establishments, DSK Bank started to transition lighting into LED technology; additionally, previous district heating, oil heating or electric heating is being replaced with heating systems representing the latest technology (split, multi-split, VRV/VRF).

► In CKB Bank's main building, the old ventilator radiators were replaced with new, more energy-efficient equipment.

► In Romania, LED lighting was installed and air conditioning equipment was optimised in several branches.

► In Russia, every new office was equipped with energy-saving lighting and exterior signage lighting.

► In the Ukraine, energy-saving lighting was installed in several branches.

A6 BRANCH

BUDAPEST, ANDRÁSSY ÚT 6.

50M²

FRAME SIZE OF BRANCH
GREEN WALL



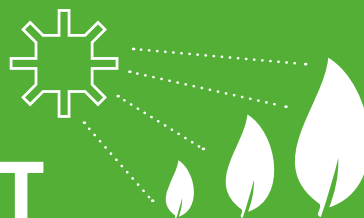
15CENTIMETRES

PLANTS ARE MOUNTED
ON THE WALL



11PLANT SPECIES

THE ORGANIC WALL INCORPORATES 11 PLANT
SPECIES, ARRANGED IN THE SHAPE OF THE
LETTERS OTP



LIGHT

THE EVEN GROWTH OF THE PLANTS IS
ENSURED BY PURPOSE-BUILT PLANT LIGHTS,
WHICH LIGHT THE WALL AT SPECIFIED
INTERVALS TO ALLOW THE PLANTS
TO REST AS WELL

WATER

AN AUTOMATIC WATERING SYSTEM PROVIDES
FOR THE WATER SUPPLY OF THE GREEN WALL.
THE IRRIGATION SYSTEM ALSO INCLUDES
A NUTRIENT SUPPLY SYSTEM

SOIL




THE GREEN WALL IS AN AQUACULTURE SYSTEM
WHERE PLANTS GROW IN A PLANTING MIX
WITHOUT COMING INTO CONTACT WITH SOIL.



INTERIOR GREEN WALL AWARD

The special organic wall in OTP Bank's branch at Andrásy út 6. took 2nd place in the Interior Green Wall category in the 'Green Wall of the Year' contest organised by the Hungarian Association of Green Roof, Green Wall and Green Façade Builders (ZÉOSZ).

The organic wall incorporates 11 plant species, arranged in the shape of the letters OTP. The even growth of the plants is ensured by purpose-built plant lights, which light the wall at specified intervals to allow the plants to rest as well.

OTP Group's energy consumption²⁸ was 886,000 GJ.  The amount of energy generated in 2014 using solar energy and heat pumps, respectively, was 1,950 and 3,010 GJ. OTP Bank reduced its gas and electricity consumption due to milder weather and more attentive operation. In the Ukraine, the reduction in energy consumption is primarily owed to the decrease in the number of branches.

Paper

We tirelessly work to cut back on our **paper use** and reduce printing operations. Over the past two years, virtually all of our subsidiary banks have launched projects for that purpose. In 2014, we managed to lessen the environmental load of printing through the following:


- ▶ In connection with current account and housing loans, OTP Bank launched a project to reduce paper use and replace paper with electronic means. In connection with housing loans, most of the approximately 170 pages of documentation to be provided is sent to customers by e-mail, allowing us to cut printing by 6.5 to 10 million pages per year. Contracts for the OTP Direkt service were reduced from 8–9 pages to a single page, saving approximately half a million printed pages per year. In 2015, we will cut the number of pages to be printed when opening current accounts.
- ▶ OTP Bank's account statements are printed on recycled paper. Transition has been continuous since 2013.
- ▶ JSC OTP Bank redrafted its customer contracts, reducing paper use by 10 million pages (13.7%).
- ▶ As a result of the project aiming to reduce the number of printed forms, OTP Bank Romania reduced its paper use by 2.2 million pages.
- ▶ Software allows DSK Bank to use certain documents exclusively in electronic form.
- ▶ In Slovakia, multifunctional office equipment was deployed at branches, allowing paper use to be reduced by means of scanning. A part of the money that would have been spent on paper are used to plant trees: In 2014, 252 trees were planted.
- ▶ In Slovakia, electronic displays were installed to indicate exchange rates, reducing the number of printed fliers.
- ▶ OTP banka Srbija review the document samples in use, shortened its contracts, merged documents, and switched to double sided printing.

584t

584 TONS OF RECYCLED PAPER (11.5% OF TOTAL PAPER USE), APPROXIMATELY 10,000 GROWN TREES SAVED 

Travels

The provision of banking services entails extensive travelling and transport.

At Group level, the overall mileage was down by close to 8 percent compared to 2013 data, resulting in a 9-percent reduction of carbon emissions.  Lower consumption is now a key feature when it comes to purchasing company vehicles. Cars are kept in service as long as it is economical and safe.

At Group level, the number of flights and related carbon emissions were reduced to two-thirds of the previous year's levels.

The OTP Group is increasingly exploiting the possibilities of **video conferencing**, year after year. OTP Bank commissioned 5 new video conferencing rooms in 2014, four in the country (Miskolc, Debrecen, Szekszárd, Győr), and one in Budapest. In 2014 our colleagues made a total of 4,400²⁹ video conference calls amounting to an overall duration of 4,500 hours. Videoconference calls reduced carbon emissions by 830 tonnes³⁰.

In 2014, several foreign subsidiary banks (JSC OTP Bank, OTP banka Srbija, OTP Bank Russia, DSK Bank, OTP banka Hrvatska, CKB Bank) increased the number of **bicycle stands** at central buildings or branches.

89%

SAVINGS FROM REDUCED TRAVEL EQUALLING THE ANNUAL CARBON FOOTPRINT OF 100 PEOPLE COMPARED WITH THE PREVIOUS YEAR

²⁸ Direct and indirect energy use combined.


²⁹ Group-level estimate based on OTP Bank's accurate data.

³⁰ In the estimate, the specific emissions of motor vehicles were taken into account at a lower value compared to the previous year, which is why emission savings were lower than in 2013.

Waste management

With IT equipment being replaced on a continuous basis, the handling of discarded equipment is in compliance with applicable environmental regulations. OTP Bank continues with its practice of 'giving gadgets a second chance' and has for years been giving away some of its discarded equipment for charity. In 2014, approximately 200 computers and a similar number of screens were given to various foundations. In the course of building refurbishment, old but usable equipment and furniture is used.

Among the subsidiary banks OTP banka Srbija, OTP Bank Romania and DSK Bank turn over electronic waste for recycling.


As for recycling, the separate collection of PET bottles, paper waste and used toners has been partly implemented by several members of OTP Group. Since 2014, our Serbian subsidiary has also been collecting paper waste separately both at the centre and at branches. The amount of waste collected this way is on a steady rise. 

The Bulgarian central office joined the Bulgaria Cap Project initiative, which is aimed at the collection of plastic bottle caps. After recycling, the caps are used for the production of wheelchairs.

1,442^t

1,442 TONNES OF SEPARATELY COLLECTED PAPER WASTE

Responsible procurement

Our procurements are primarily related to providing the conditions for and selling our services. Our procurement principles and expectations for suppliers remained essentially unchanged; see our website for more information. 

In order to leverage Group synergies, in 2014 subsidiaries' procurement was centralised in respect of certain goods and services, whereas with procurements that could not be centralised, procurement processes were standardised and Group level supervision was increased. Group level supervision allows for the standardisation of requirements for the goods and services to be procured, while asserting a preference for environment-friendly and economical solutions.

2015

OUR GOALS

REDUCING THE NUMBER OF PAGES PRINTED IN CONNECTION WITH CURRENT ACCOUNT OPENING AT OTP BANK.

INSTALLATION OF SOLAR CELLS ON THE OFFICE BUILDING IN DUBROVNIK.

CONSTRUCTION OF BICYCLE STANDS IN OUR PROPERTY IN LAJOS UTCA, BUDAPEST.

PARTICIPATION IN THE NATIONAL CAMPAIGN ON THE EFFECTIVE PREVENTION OF CARBON MONOXIDE POISONING LAUNCHED BY THE NATIONAL DIRECTORATE GENERAL FOR DISASTER MANAGEMENT. INSTALLATION OF CARBON MONOXIDE DETECTORS.

DETAILED ASSESSMENT OF THE POSSIBILITIES OF SEPARATE WASTE COLLECTION TAKING INTO ACCOUNT THE FEATURES OF THE BUILDINGS CONCERNED.

III.

DATA

The reporting practice and the Report's content is in compliance with GRI principles.

Based on our audit, the scope of the information covered in the Report meets GRI Core level.



22 companies



10,000 records



25 identified material aspects

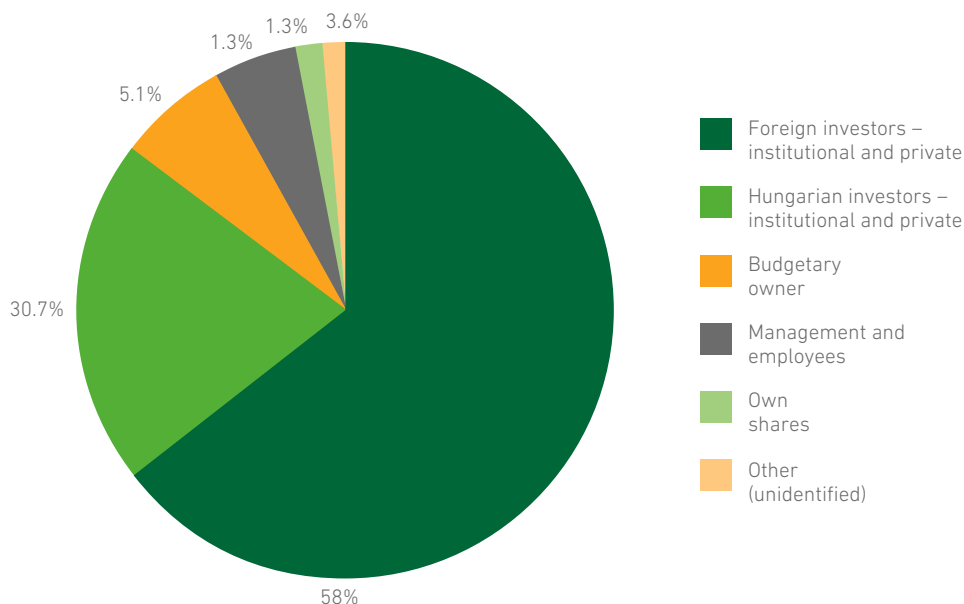
III.1

OTP GROUP IN FIGURES

Shareholder data

12/31/2014

SHAREHOLDERS



31/12/2014

SHAREHOLDERS

(WITH STAKES OVER 5%) AS OF

OWNERSHIP PERCENTAGE

INFLUENCE

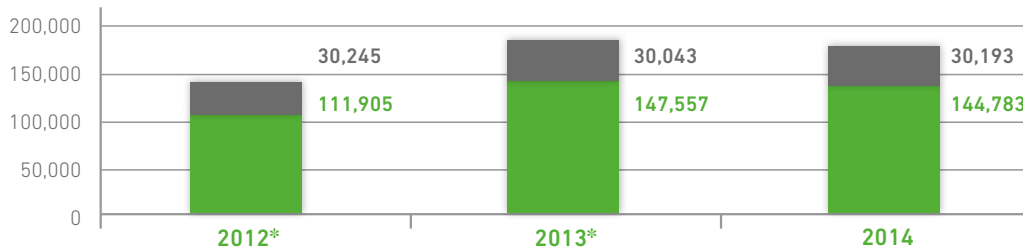
Rahimkulov family	8.89%	9.01%
MOL Hungarian Oil and Gas Plc.	8.57%	8.69%
Groupama Group	8.29%	8.40%
Lazard Group	5.09%	5.16%
Magyar Nemzeti Vagyonkezelő – National State Holding Company	5.03%	5.10%

Financial results

2014 ECONOMIC VALUE GENERATED AND DISTRIBUTED (BASED ON CONSOLIDATED, AUDITED IFRS PROFIT AND LOSS STATEMENT, IN MILLION HUF)			OTP CORE	OTP GROUP
I.	Direct economic value generated	= 1	375,669	826,061
1.	Net sales revenue	Interest revenue + non-interest type revenue (net fees) (adjusted)	375,669	826,061
II.	Distributed economic value	= 2+3+4+5	331,578	543,571
2.	Operating costs	Operating costs – personnel expenditures – depreciation	78,645	161,471
3.	Employees' wages and allowances	Staff costs – contributions on wages	72,030	165,016
4.	Payments to shareholders	Dividends	40,600	40,600
5.	Taxes paid	Total tax liability	138,967	174,976
6.	Community investments	Donations	1,336	1508
III.	Retained earnings	= 1-(2+3+4+5)	136,389	377,611

TAX LIABILITY OF OTP GROUP

million HUF



■ Special tax on financial organisations and the single contribution substituting non-payment of the financial transaction tax in 2013 (after taxes)

■ All other taxes (related to personnel expenditures, taxes on gross profits, corporate tax)

* Previous years' data adjusted retroactively due to a methodology review. Credit institutions' contribution has been included in the taxes on gross profits; going forward, the special tax on financial organisations is disclosed in the amount after tax, and its amount for 2013 includes the single contribution substituting non-payment of the financial transaction tax.

STATE SUBSIDIES, ALLOWANCES (IN MILLION HUF)	OTP BANK		OTP GROUP		OTP BANK		OTP GROUP	
	2012		2013		2014		2014	
Tax credits	0*	1,563	15,467	16,321	2,479	3,746		
R&D subsidies (HUF)	0**	-	-	0	0	0		
Other funds received from any government for any activity	-	50	-	21	5	155		
Total state subsidies and allowances	0	1,613	15,467	16,342	2,484	3,901		
<p>NOTE:</p> <p>*OTP Bank provided sponsorship to film making and spectator sports in 2012 as well, which made it possible for the Bank to leverage corporate tax credits, up to 70% of the calculated amount of the corporate income tax payable. In the tax year of 2012 OTP Bank Plc. did not have a positive corporate income tax base required for applying the corporate income tax relief based on its sponsorships that give rise to entitlement to corporate income tax relief, i.e. it had no calculated corporate income tax payable. The taxpayer providing sponsorship can also decide to apply the tax relief for the tax year's sponsorships not in the given tax year but in any of the next 3 tax years, regardless of whether the corporate income tax payable in the tax year of the sponsorship does or does not enable the applying of the tax relief.</p> <p>**Due to changes in applicable legislation since 1 January 2012 the Bank cannot, at its discretion, reduce the amount of the innovation contribution it has to pay by subtracting the direct costs of R&D activities, i.e. neither the costs of its own R&D activities nor those of such activities ordered from external organisations can be used as items reducing the amount of the innovation contribution payable.</p>								

III.2

DATA ON RESPONSIBLE SERVICE PROVISION

Portfolio components by sector

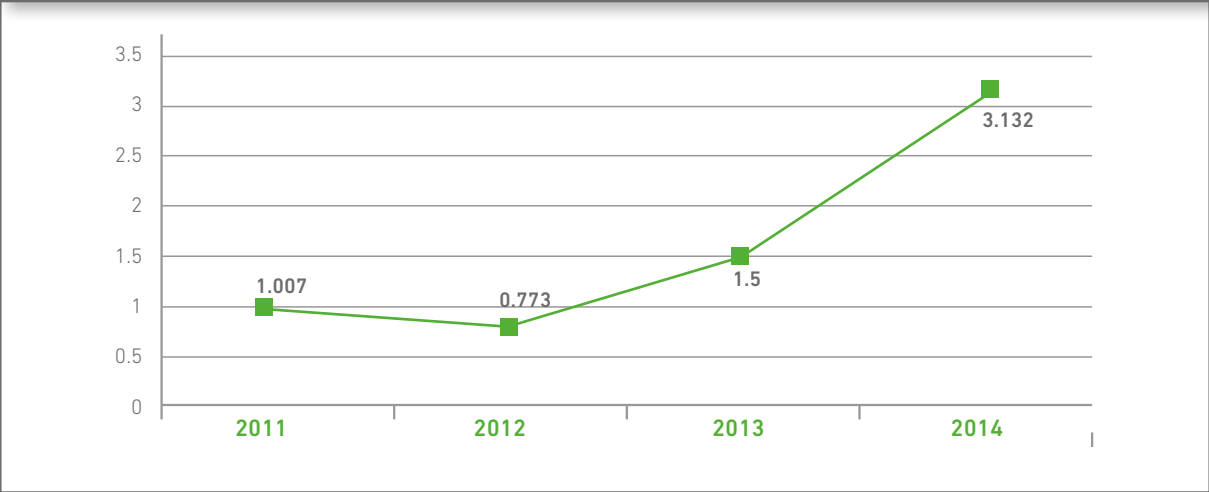
1.1.1.1 OTP GROUP 2014		
ASSETS BY SECTOR, %, 31 DEC.	MICRO AND SMALL ENTERPRISES	MEDIUM AND LARGE ENTERPRISES
Agriculture, forestry, fishing	13%	6%
Mining, quarrying	0%	1%
Light industry	13%	11%
Electricity, gas, steam and air conditioning supply	1%	3%
Water supply; sewerage, waste management and remediation activities	1%	1%
Construction industry	6%	7%
Wholesale and retail trade; repair of motor vehicles and motorcycles	24%	14%
Transportation and storage	4%	4%
Accommodation and food service activities	3%	3%
Information, communication	1%	1%
Financial and insurance activities	0%	20%
Real estate activities	13%	11%
Professional, scientific and technical activities	2%	3%
Administrative and support service activities	5%	2%
Public administration and defence; compulsory social security	0%	2%
Education	0%	0%
Human health and social work activities	1%	1%
Arts, entertainment and recreation	1%	0%
Other services	5%	4%
Household employment activity, product manufacturing or service provisioning for own consumption	5%	0%
Organisation outside the area	1%	5%
Total (in million HUF)	424,001	2,353,649

OTP BANK 2014

ASSETS BY SECTOR, %, 31 DEC.	MICRO AND SMALL ENTERPRISES	MEDIUM AND LARGE ENTERPRISES
Agriculture, forestry, fishing	9%	5%
Mining, quarrying	0%	0%
Manufacturing	6%	8%
Electricity, gas, steam and air conditioning supply	2%	14%
Water supply; sewerage, waste management and remediation activities	0%	1%
Construction industry	7%	3%
Wholesale and retail trade; repair of motor vehicles and motorcycles	18%	9%
Transportation and storage	2%	11%
Accommodation and food service activities	1%	2%
Information, communication	4%	0%
Financial and insurance activities	4%	37%
Real estate activities	34%	2%
Professional, scientific and technical activities	7%	3%
Administrative and support service activities	3%	5%
Public administration and defence; compulsory social security	0%	0%
Education	0%	0%
Human health and social work activities	0%	0%
Arts, entertainment and recreation	0%	1%
Other services	1%	0%
Household employment activity, product manufacturing or service provisioning for own consumption	0%	0%
Organisation outside the area	0%	0%
Total (in million HUF)	349,991	483,805

Assets managed by responsible investment funds

ASSETS MANAGED BY THE OTP CLIMATE CHANGE 130/30 FUND (IN BILLION HUF)



In our view the prevailing investment culture both in Hungary and our region still only recognises investments laying particular attention on responsible corporate operations to a modest extent; therefore, no major boom in such funds should

be expected in the near future. However, financial education and the advancement of financial literacy may indeed have a positive influence on the process.

ACCESS TO BANKING SERVICES IN ECONOMICALLY AND SOCIALLY DISADVANTAGED REGIONS³¹

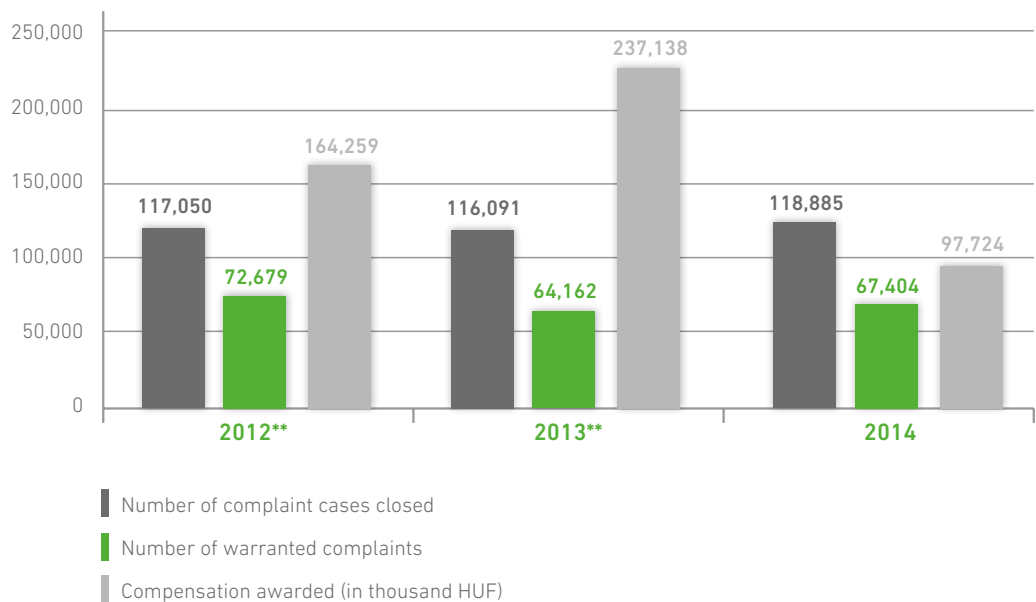
ACCESS POINTS IN DISADVANTAGED REGIONS	BRANCH OFFICE	ATM	POINT OF SALE
OTP BANK – HUNGARY			
Number of access points (% – as a percentage of the total)	67(17%)	229 (12%)	– ³²
Number of new access points (%)	0 (–) ³³	0 (0%)	–
Number of terminated access points (%)	1 (50%)	2 (3%)	–
DSK BANK – BULGARIA / n.a.			
CKB – MONTENEGRO			
Number of access points (% – as a percentage of the total)	2 (7%)	4 (5%)	1,625 (34%)
Number of new access points (%)	0 (–)	0 (–)	205 (26%)
Number of terminated access points (%)	0 (–)	0 (–)	170 (26%)
OTP BANK ROMANIA – ROMANIA			
Number of access points (% – as a percentage of the total)	8 (10%)	10 (8%)	49 (4%)
Number of new access points (%)	0 (–)	8%	18 (6%)
Number of terminated access points (%)	0 (–)	1 (100%)	6 (3%)
OTP BANKA HRVATSKA – CROATIA			
Number of access points (% – as a percentage of the total)	25 (22%)	38 (16%)	–
Number of new access points (%)	8 (42%)	10 (29%)	–
Number of terminated access points (%)	0 (0%)	3 (19%)	–
OTP BANKA SLOVENSKO – SLOVAKIA			
Number of access points (% – as a percentage of the total)	0 (0%)	n.a.	n.a.
Number of new access points (%)	0 (–)	n.a.	n.a.
Number of terminated access points (%)	0 (0%)	n.a.	n.a.
OTP BANKA SRBIJA – SERBIA			
Number of access points (% – as a percentage of the total)	0 (0%)	3 (2%)	–
Number of new access points (%)	0 (0%)	0 (0%)	–
Number of terminated access points (%)	0 (0%)	0 (0%)	–
OTP BANK RUSSIA – RUSSIA			
Number of access points (% – as a percentage of the total)	8 (3%)	7 (3%)	12,532 (17%)
Number of new access points (%)	0 (0%)	n.a.	n.a.
Number of terminated access points (%)	0 (0%)	n.a.	n.a.
JSC OTP BANK – UKRAINE			
Number of access points (% – as a percentage of the total)	17 (15%)	17 (13%)	6,400 (32%)
Number of new access points (%)	0 (–)	3 (100%)	363 (6%)
Number of terminated access points (%)	0 (0%)	0 (0%)	6,743 (46%)

³¹ Most disadvantaged subregions/districts

³² no point of sale

³³ none, not applicable

CUSTOMER COMPLAINTS, OTP BANK*



* OTP Bank, OTP Mortgage Bank and OTP Building Society

** Reporting methodology was modified at the end of 2013. Data for 2014 are reported under the new methodology, and data for 2012 and 2013 have been adjusted according to the new methodology.

CUSTOMER COMPLAINTS	OTP BANK*			OTP GROUP		
	2012**	2013**	2014	2012**	2013**	2014
Compensation paid (in million HUF)	164	237	98	273	368	249
Amount of compensation per warranted complaint (HUF)	2,300	3,700	1,450	3,500	5,000	2,100
* Also includes data for OTP Building Society and OTP Mortgage Bank. **Reporting methodology was modified at the end of 2013. Data for 2014 are reported under the new methodology, and data for 2012 and 2013 have been adjusted according to the new methodology.						

ABUSE OF PERSONAL INFORMATION (2014)

OTP BANK

OTP GROUP

complaints from external parties, the justification of which was confirmed by our organisation	0	25,659*
complaints received from regulatory authorities	3	1,686**
customer data leaked (number of customers concerned)	0	0
customer data stolen (number of customers concerned)	0	32,000***
customer data lost by organisation (number of customers concerned)	0	31,364****

* Complaints concerning OTP Bank Russia raised as a result of stricter legal requirements for personal data.

** 97% complaints concerning OTP Bank Russia raised as a result of stricter legal requirements for personal data.

*** Data theft concerning JSC OTP Bank. An IT error allowed a bank employee to steal the data concerned before termination of their employment. Illegal use of the data was successfully prevented, the appropriate legal action was taken by the bank against the employee. The IT systems were upgraded to provide safeguards against similar problems.

**** Customer data stored in Donetsk and Lugansk counties, concerning which the competent Ukrainian ombudsman found that the data had been lost due to force majeure, as a result of which no sanctions could be imposed on the Bank and no compensation was mandatory.

PROCEDURES OF AUTHORITIES AND OTHER LEGAL PROCEDURES CLOSED IN 2014

OTP GROUP

	Number of closed proceedings	Amount of fines paid (million HUF)	Number of procedures closed with fines	Number of procedures closed with non-financial sanction	Number of procedures closed in the framework of conflict management of conflict management procedure	Number of procedures closed with acquittal	Number of procedures converted into court procedures
violation of competition rules	18	58.3	8	3	0	0	7
violation of consumer protection rules	208	7.3	45	30	4	76	53
violation of rules on equal opportunities	0	0	0	0	0	0	0
supervisory procedures	8	60.3	2	2	0	3	1
violation of taxation rules	33	228.7	22	2	8	0	1
violation of environmental protection rules	0	0	0	0	0	0	0
other procedures that may result in the imposition of fines	417	149.7	83	10	143	174	7
Total	684	504.2	160	47	155	253	69

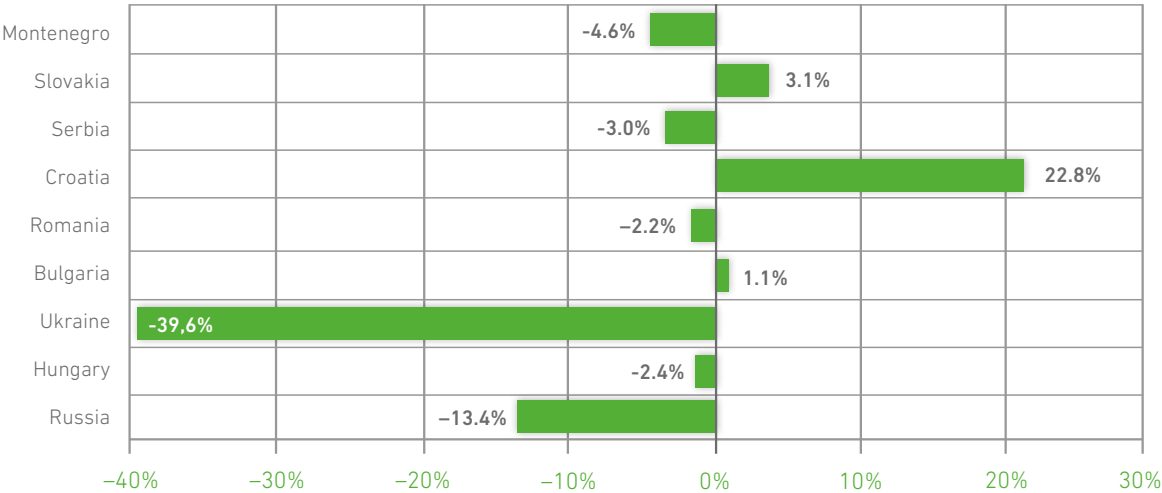
For 2012 data, see page 76 of the 2012 Corporate Social Responsibility Report.
For 2011 data, see page 72 of the 2011 Corporate Social Responsibility Report.

PROCEDURES OF AUTHORITIES AND OTHER LEGAL PROCEDURES CLOSED IN 2014	OTP BANK*						
	Number of closed proceedings	Amount of fines paid (million HUF)	Number of procedures closed with fines	Number of procedures closed with non-financial sanction	Number of procedures closed in the framework of conflict management procedure	Number of procedures closed with acquittal	Number of procedures converted into court procedures
violation of competition rules	3	54.4**	2	0	0	0	1
violation of consumer protection rules	68	0***	2	2	0	64	0
violation of rules on equal opportunities	0	0	0	0	0	0	0
supervisory procedures	5	60.0	1	2	0	2	0
violation of taxation rules	8	0.5	8	0	0	0	0
violation of environmental protection rules	0	0	0	0	0	0	0
other procedures that may result in the imposition of fines****	312	0.6	11	1	126	174	0
Total	396	115.5	24	5	126	240	1
<p>* Also includes data for OTP Building Society and OTP Mortgage Bank.</p> <p>** Paid jointly with EXIM Bank.</p> <p>*** Following the revocation of the decision, the fine paid was returned to the Bank.</p> <p>****Cases heard by the Financial Arbitration Board.</p> <p>1.1.1.2 The amount of fines imposed in Hungary fell to a quarter in comparison with the previous year. For 2013 data, see page 65 of the 2013 Corporate Social Responsibility Report.</p> <p>For 2012 data, see page 76 of the 2012 Corporate Social Responsibility Report.</p>							

III.3

EMPLOYEE DATA

31/12/2014 **CHANGES IN HEADCOUNT
COMPARED TO THE PREVIOUS YEAR**



For details, see the sub-chapter Employment

It is only with OTP banka Srbija that a major part of the organisation's activities are carried out by legally independent workforce, or by employees of suppliers, typically in the case of seasonal and occasional work and tasks outside the scope of bank operations.

As regards part-time employment, men are significantly outnumbered in this category by women.

EMPLOYEE HEADCOUNT (AS OF 31 DECEMBER)	OTP BANK						
	2012	2013			2014		
	Total	Total	Men	Women	Total	Men	Women
Full time employees	7,084	7,332	2,064	5,268	6,806	1,955	4,851
Part time employees over 60 hours a month	948	765	73	692	1,165	167	998
Statistical headcount, total	8,032	8,097	2,137	5,960	7,971	2,122	5,849
Part time employees below 60 hours a month	38	36	2	34	44	2	42
Employees, total	8,070	8,133	2,139	5,994	8,015	2,124	5,891
Proportion of women	74%	74%	-	-	73%	-	-
Proportion of men	26%	26%	-	-	27%	-	-
Proportion of those employed under fixed term contracts	9%	9%	10%	9%	8%	8%	8%

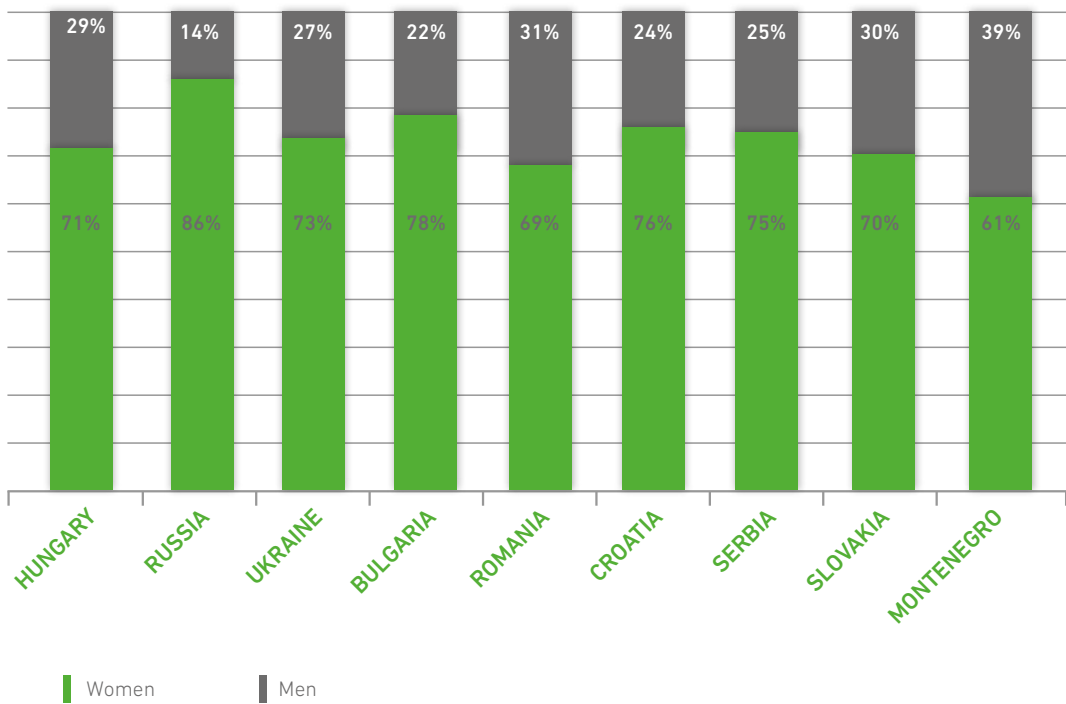
EMPLOYEE HEADCOUNT (AS OF 31 DECEMBER)	OTP GROUP						
	2012	2013			2014		
	Total	Total	Men	Women	Total	Men	Women
Full time employees	37,147	36,792	8,241	28,551	36,427	7,804	28,623
Part time employees over 60 hours a month	1,261	1,265	205	1,060	1,549	265	1,284
Statistical headcount, total	38,408	38,057	8,446	29,611	37,976	8,069	29,907
Part time employees below 60 hours a month	14,296	5,332	967	4,365	128	16	112
Employees, total	52,704	43,389	9,413	33,976	38,104	8,085	30,019
Proportion of women	79%	78%	-	-	79%	-	-
Proportion of men	21%	22%	-	-	21%	-	-
Proportion of those employed under fixed term contracts	3%	37%*	29%	39%	8%**	8%	8%

* The high figure is primarily due to the fact that more than 73% of OTP Bank Russia's workforce (most of them agents) are employed under fixed-term contracts. Fixed-term contracts apply to a relatively high number of employees at OTP Banka Slovensko (25%) and Montenegro's CKB Bank (15%)

**97% of OTP Bank Russia's employees are employed under contracts for an indefinite term. Employees of the former Croatian Banco Popolare are employed under fixed term contracts.

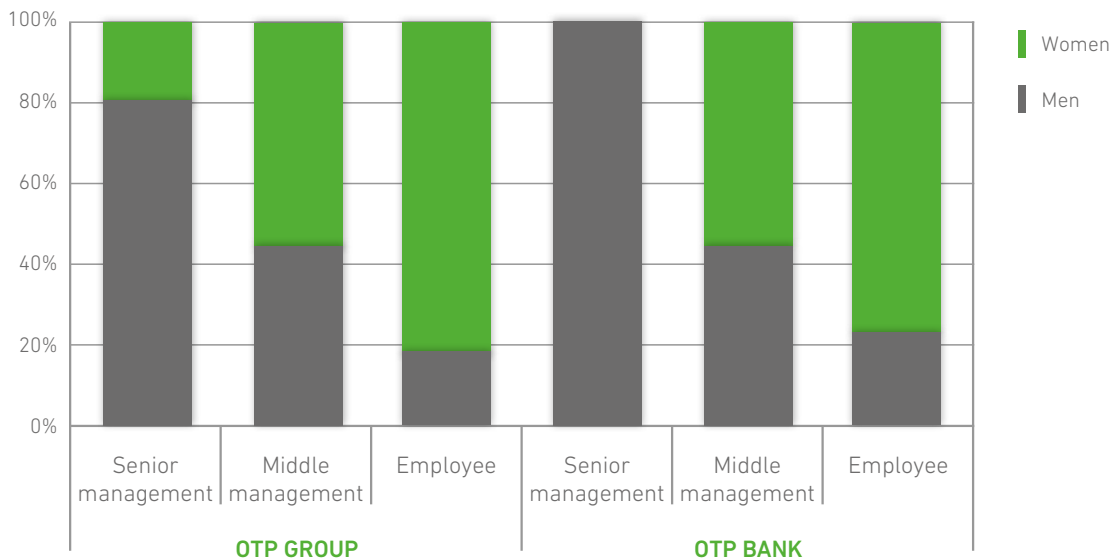
31/12/2014

EMPLOYEE CATEGORIES BY GENDER



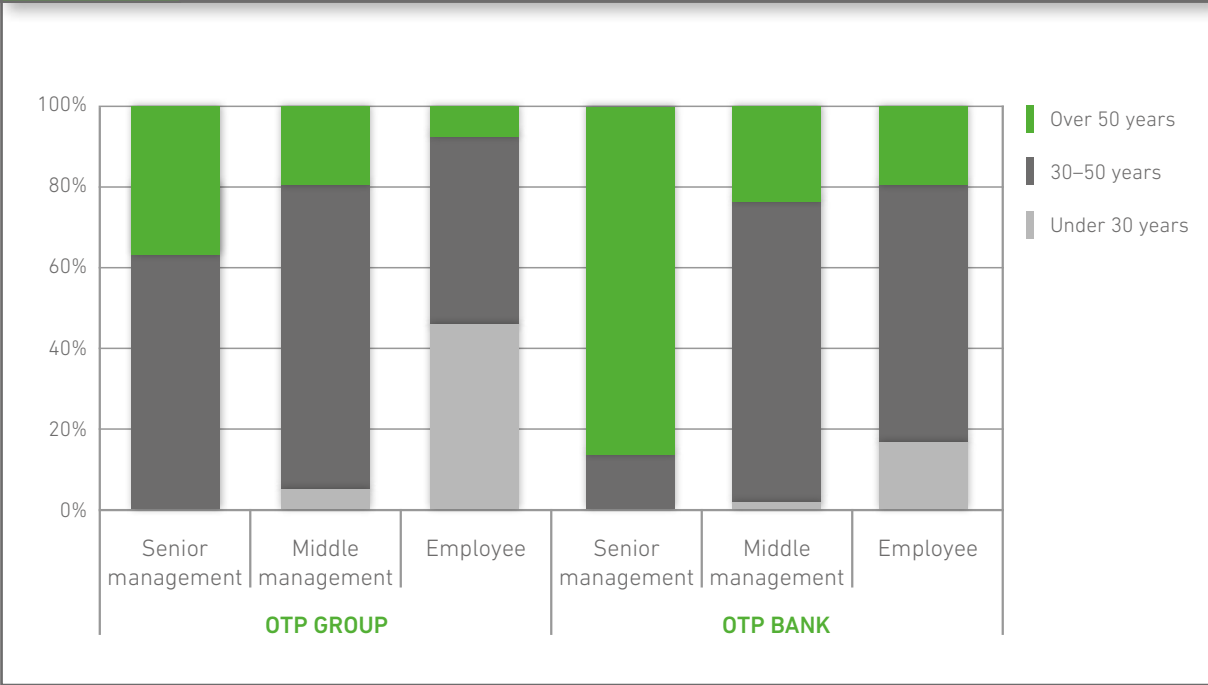
31/12/2014

EMPLOYEE CATEGORIES BY GENDER



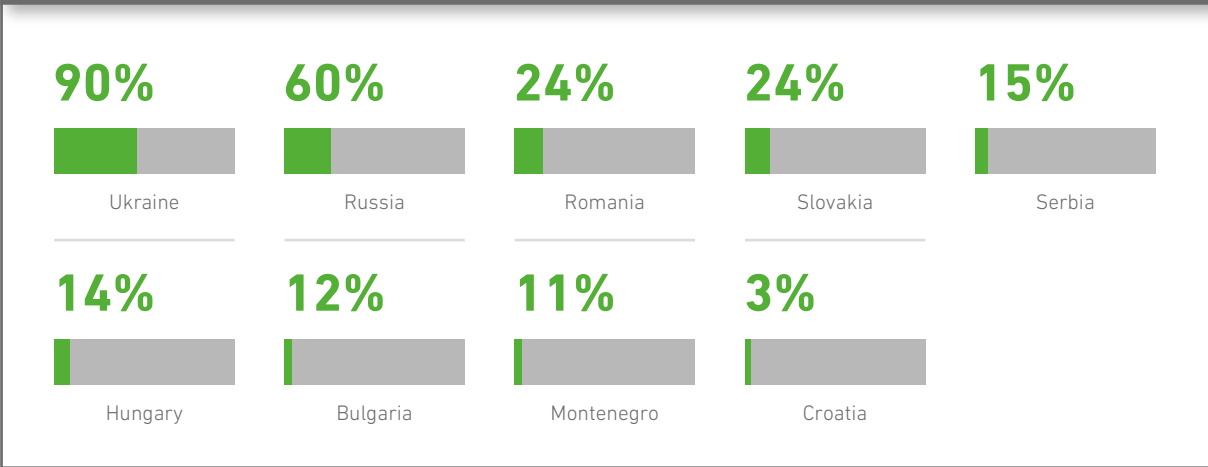
31/12/2014

EMPLOYEE CATEGORIES BY AGE



31/12/2014

EMPLOYEE TURNOVER IN 2014 BY COUNTRY AS COMPARED TO THE CLOSING HEADCOUNT / OTP GROUP



► In the Ukraine, the high ratio of exiting employees is the result of the political and economic situation, and of branch closures.

► In Russia, the high fluctuation of agents is common.

► Generally higher fluctuation rates in the banking sector are common in Slovakia, Romania and Serbia.

31/12/2014

EMPLOYEES TURNOVER
BY AGE AND GENDER / OTP GROUP

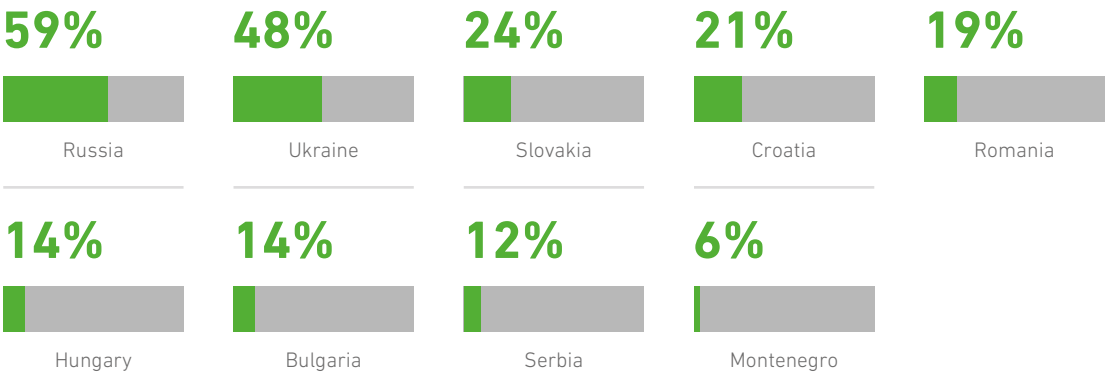
AS A PERCENTAGE OF THE TOTAL HEADCOUNT FOR THE GIVEN CATEGORY



Exiting employees include termination of employment both by employee and employer, as well as retirement.

31/12/2014

NEW HIRES IN 2014 AS A PERCENTAGE
OF THE CLOSING HEADCOUNT BY REGION



31/12/2014

NEW HIRES IN 2014

BY GENDER AND AGE / OTP GROUP

AS A PERCENTAGE OF THE CLOSING HEADCOUNT OF EACH CATEGORY



In terms of the minimum period of notice concerning changes to organisational operations with a high impact on employees, the banks of OTP Group follow varying practices in compliance with local requirements. The minimum period of notice is the longest at 60 days for OTP Bank Romania and JSC OTP Bank, it is 15 days for OTP Bank, 8 days for OTP banka Hrvatska and OTP banka Srbija, while no such period is set for the rest of the subsidiary banks. The minimum period of notice is set out only in OTP Bank Romania's collective bargaining agreement.

The benefits provided to full-time, part-time and temporary employees are treated differently by members of OTP Group. Virtually all companies differentiate between employees by working time and work contract, at least in respect of some benefits, in determining whether and to what extent the given benefit is to be granted.

BENEFITS (2014)	OTP Bank, HU.		Bulgaria		Montenegro		Croatia	
	Full time employees	Part time employees, fixed term	Full time employees	Part time employees, fixed term	Full time employees	Part time employees, fixed term - no such employee	Full time employees	Part time employees, fixed term
Life insurance	Available	Available	N/A	N/A	N/A	-	N/A	N/A
Health	Available	Available	N/A	N/A	Available	-	Available	N/A
Disability / sickness cover	N/A	N/A	N/A	N/A	Available	-	N/A	N/A
Parental leave	Available	Available	Available	Available	Available	-	Available	Available
Retirement benefit	N/A	N/A	N/A	N/A	Available	-	Available	Available
Shares	Available	Available	N/A	N/A	N/A	-	N/A	N/A
Extra day of leave	Available	Available	Available	Available	N/A	-	Available	Available
Anniversary bonus	Available	Available	N/A	N/A	N/A	-	Available	Available
Material assistance for special (family) events	N/A	N/A	Available	Available	Available	-	Available	Available
Christmas bonus	N/A	N/A	N/A	N/A	N/A	-	Available	Available
Sports contribution	N/A	N/A	N/A	N/A	N/A	-	Available	Available
Holiday contribution	N/A	N/A	Available	Available	N/A	-	N/A	N/A
Other	N/A	N/A	N/A	N/A	N/A	-	N/A	N/A

BENEFITS (2014)	Romania		Slovakia		Serbia		Russia	
	Full time employees	Part time employees, fixed term	Full time employees	Part time employees, fixed term	Full time employees	Part time employees, fixed term	Full time employees	Part time employees, fixed term
Life insurance	Available	Available	N/A	N/A	Available	Available	Available	N/A
Health	Available	Available	Available	Available	N/A	N/A	Available	N/A
Disability / sickness cover	N/A	N/A	Available	Available	N/A	N/A	N/A	N/A
Parental leave	Available	Available	Available	Available	Available	Available	Available	Available
Retirement benefit	Available	Available	N/A	N/A	Available	Available	N/A	N/A
Shares	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Extra day of leave	N/A	N/A	Available	Available	N/A	N/A	N/A	Available
Anniversary bonus	Available	Available	Available	Available	N/A	N/A	N/A	N/A
Material assistance for special (family) events	Available	Available	N/A	N/A	Available	Available	N/A	N/A
Christmas bonus	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Sports contribution	Available	Available	N/A	N/A	N/A	N/A	N/A	N/A
Holiday contribution	Available	Available	Available	Available	N/A	N/A	Available	N/A
Other	Available	Available	Available	Available	N/A	N/A	N/A	N/A

BENEFITS (2014)	Ukraine	
	Full time, part time employees	Fixed term employees
Life insurance	N/A	N/A
Health	Available	N/A
Disability / sickness cover	Available	N/A
Parental leave	Available	N/A
Retirement benefit	N/A	N/A
Shares	N/A	N/A
Extra day of leave	N/A	N/A
Anniversary bonus	N/A	N/A
Material assistance for special (family) events	Available	N/A
Christmas bonus	N/A	N/A
Sports contribution	Available	N/A
Holiday contribution	Available	N/A
Other	N/A	N/A

During the year a total of 23 labour disputes that had been launched against Group members were closed:

- Of the closed lawsuits, 3 ended with the acquittal of Group members.
- In two cases, the proceedings reached agreement without any payment obligations imposed.
- Fines were imposed in 18 cases in the total amount of HUF 20.8 million.
- Complaints were raised in connection with redundancies.

Labour inspectorates closed a total of 43 cases with member companies involved, imposing a fine only on DSK Bank in the amount of HUF 3.4 million

Occupational safety proceedings were instituted in two cases (OTP Bank Russia); in one case, a fine was imposed, whereas in the other, the company concerned was acquitted.

ANNUAL TRAINING PER EMPLOYEE (NUMBER OF HOURS, 2014)	OTP BANK						OTP GROUP					
	INTERNAL		EXTERNAL		TOTAL		INTERNAL		EXTERNAL		TOTAL	
Senior manager	35		38		73		32		94		126	
Middle manager	55		5		60		27		14		41	
Employee	40		2		42		11		1		12	
Average	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
	42	42	3	2	45	44	16	11	4	2	20	13

PROGRAMMES FOR SKILLS MANAGEMENT AND LIFELONG LEARNING IN 2014

OTP BANK

OTP GROUP

In-house training courses	Available	Typically available
External training or financial assistance to training	Available	Typically available
Leave of absence for studying, with job guaranteed to be reserved	Available	Typically available
Planning before pension for those about to retire	Available	Typically not available
Continued training for those who intend to keep on working after retirement	Not available	Typically not available
Severance pay	Available	Typically not available
If the organisation provides severance pay, does it take into account the employee's age	Yes	Jellemzően nem
If the organisation provides severance pay, does it take into account the number of the employee's years of service	Yes	Jellemzően nem
Job seeking assistance for employees made redundant	Not available	Typically not available
Assistance during the transition to life without employment	Not available	Typically not available

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

In 2014, OTP banka Srbija carried out an employee satisfaction survey. 90% of employees are satisfied with occupational safety and the working environment, as well as with training and development opportunities, and 80% are satisfied with work-life balance and their company's CSR performance. The lowest level of satisfaction (60%) was recorded for pay and compensation.

SICK LEAVE, ACCIDENTS (2014)	OTP Group, HU		Bulgaria*		Montenegro		Croatia	
	Men	Women	Men	Women	Men	Women	Men	Women
Sick leave (days)	3,788	34,542	3,916	21,334	1,280	9,146	15,521	
Absence rate	0.60%	5.37%	2.12%	11.56%	3.19%	22.79%	5.37%	
Number of accidents	3	8	0	3	0	0	3	7
Accident rate	0.001%	0.001%	0	0.002%	0	0	0.004%	0.01%
Number of days lost through accident at work	47	121	0	155	0	0	125	265
Ratio of days lost	0.008%	0.02%	0	0.084%	0	0	0.178%	0.378%
* Including long periods of absence owing to ill health (e.g. child care) and unpaid holidays as well. No fatal accident at work occurred at OTP Group companies. No occupational disease occurred at OTP Group companies.								

SICK LEAVE, ACCIDENTS (2014)	Romania		Slovakia		Serbia		Russia	
	Men	Women	Men	Women	Men	Women	Men	Women
Sick leave (days)	7,082	15,237	330	1,366	707	10,806	n.a.	n.a.
Absence rate	10.24%	22.04%	0.67%	1.19%	1.60%	8.23%	n.a.	n.a.
Number of accidents	0	1	0	0	0	4	2	2
Accident rate	0	0.001%	0	0	0	0.003%	0%	0%
Number of days lost through accident at work	0	0	0	0	0	53	113	184
Ratio of days lost	0	0	0	0	0	0.04%	0.021%	0.034%

SICK LEAVE, ACCIDENTS (2014)	Ukraine	
	Men	Women
Sick leave (days)	n.a.	n.a.
Absence rate	n.a.	n.a.
Number of accidents	n.a.	n.a.
Accident rate	n.a.	n.a.
Number of days lost through accident at work	586	1,073
Ratio of days lost	0.23%	0.42%

ACCIDENTS – NON-EMPLOYEES, OTP GROUP (2014)	Supervised employee		Person working on company premises	
	Men	Women	Men	Women
Number of accidents	2	0	0	0
Number of days lost through accident at work	17	0	0	0
In 2014, all of the above accidents were associated with OTP Bank, while of foreign subsidiaries, DSK Bank, OTP Banka Slovensko, OTP banka Srbija and JSC OTP Bank failed to report data.				

The accident statistics are recorded using methods prescribed by law.

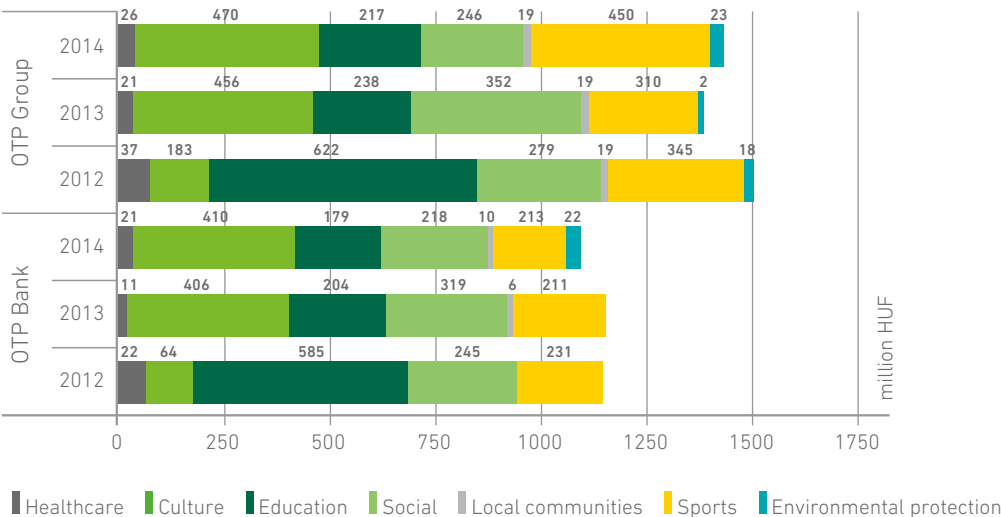
When calculating the rates the number of days of absence or the number of accidents was compared to the work days to be spent working.

AID IN RELATION TO SERIOUS ILLNESSES, 2014	Employees		Employees' family members		Members of local community	
	OTP Bank	OTP Group	OTP Bank	OTP Group	OTP Bank	OTP Group
Education/training on how to prevent/treat a given illness	Not available	Typically not available	N/A	N/A	Available	Typically not available
Consultancy concerning illnesses	Available	Typically not available	Available	Typically not available	Available	Typically not available
Activities aimed at preventing illnesses or the spreading of illnesses	Available	Typically available	Not available	Typically not available	Available	Typically not available
Treatment	Available	Typically available	Not available	Typically not available	Available	Typically not available
<p>Weighted average by employee headcount.</p> <p>Typically not available: available at less than 50% of the members of the Group.</p> <p>Typically available: available at 71-99% of the members of the Group.</p> <p>At several members of OTP Group, there are employees who, in the course of their work, are often affected by or at great risk of stress.</p>						

III.4

DATA ON
CORPORATE SOCIAL
RESPONSIBILITY

DONATIONS BY OTP BANK AND OTP GROUP



For 2012, the amount of support for education was remarkably high due to the costs incurred in the establishment of the OK Centre.

At Group level, sponsorship is primarily focused on arts and culture (36%) and sports (59%), however, individual affiliates' practices may vary to a significant extent.

III.5

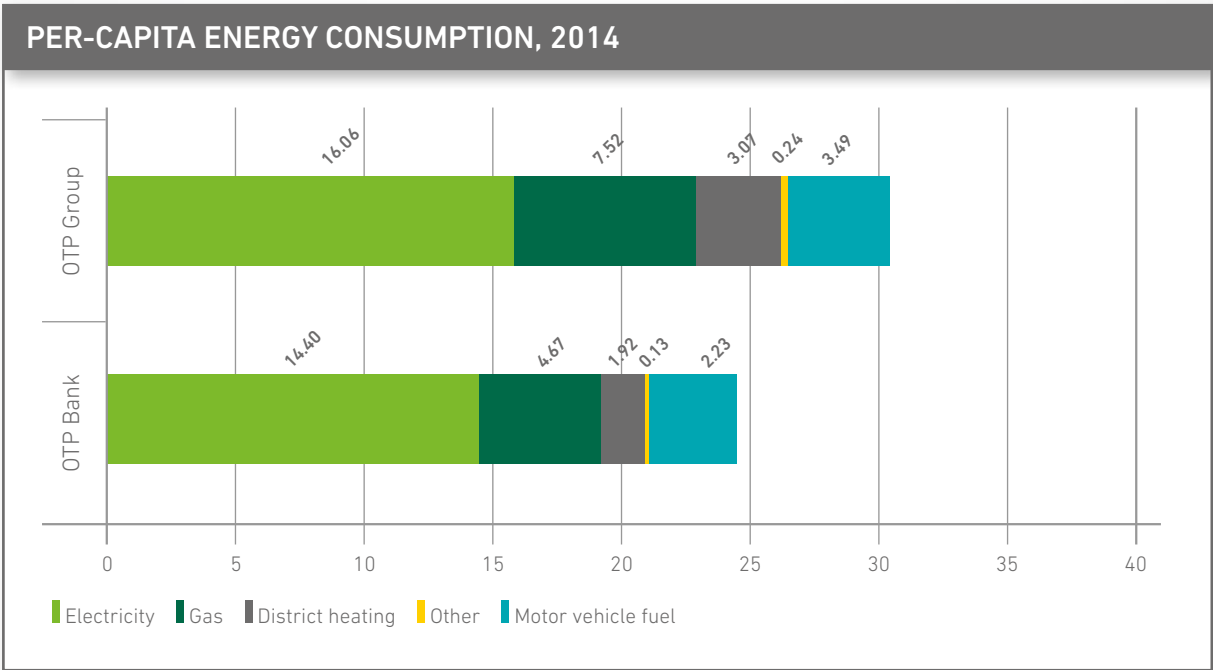
DATA ON ENVIRONMENTALLY FRIENDLY OPERATION

TYPICAL DATA ON THE MATERIALS USED BY OTP GROUP AND ITS PROCUREMENTS	OTP BANK			OTP GROUP		
	2012	2013	2014	2012	2013	2014
Number of branch offices	397	397	395	1,443	1,434	1,524
Ratio of branch offices refurbished during the year to the total number of branch offices	3%	6%	4%	4%	5%	5%
Number of computers Replacement period	9,000	9,000	9,000 4 years on average	n.a.	n.a.	n.a.
Number of ATMs	1,956	2,017	1,976	3,940	3,939	3,924
Number of POS terminals	49,385	51,683	52,336	66,644	69,427	69,552
Weight of ink cartridges and toners used (kg)	3,128	11,051	6,403	32,987*	43,987	32,282*
Amount of stationery (t)	963	1,006	1,015	3,382*	3,422*	3,701
Amount of paper used for document sorting and packaging (t)	24	26	46	223**	67**	111**
Amount of indirectly used paper (t)***	580	233	63	2,256**	598**	1,274**
<p>*estimate: based on actual data, calculated by proportioning</p> <p>** the data on the amount of paper used by OTP Group are somewhat less reliable</p> <p>*** e.g. marketing publications, letters posted by sub-contractor</p>						

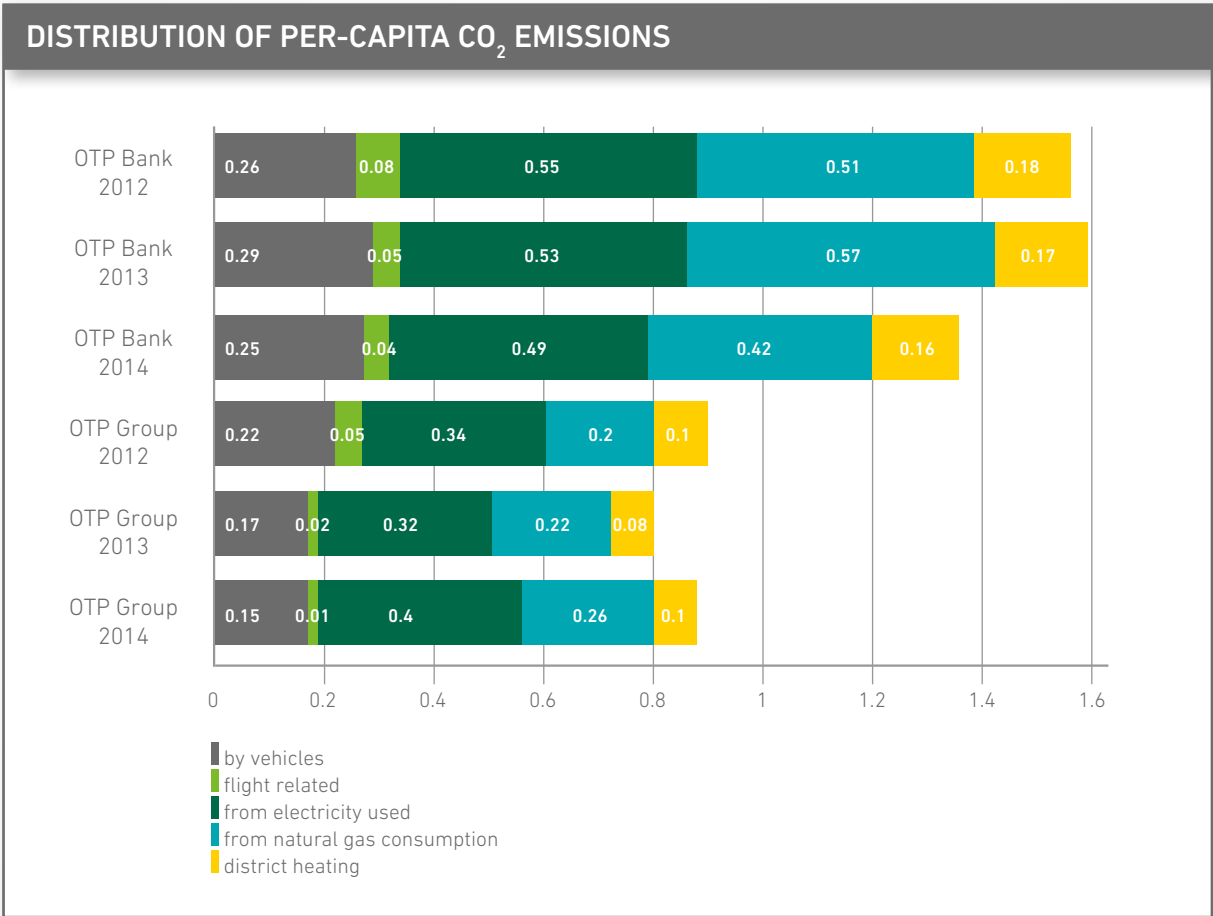
Use of recycled materials:

- ▶ 11.5% of the amount of paper used by OTP Group, 7.6% of the amount of paper used by OTP Bank is recycled.
- ▶ Some 70% of the toners used by OTP Bank are aftermarket products.

ENERGY CONSUMPTION (GJ)		OTP BANK			OTP GROUP		
		2012	2013	2014	2012	2013	2014
Direct energy consumption	Gas energy	84,080	82,255	60,184	146,089	143,265	176,833
	Vehicle fuel	34,801	40,445	27,959	115,164	97,842	84,310
	Other	-	-	-	8,124	3,487	1,209
	Solar energy (renewable)	1,950	1,950	1950	1,950	1,950	1,950
	Heat pump (renewable)	-	-	-	3,867	3,641	3,010
	Total	120,831	136,770	90,093	275,193	250,185	267,312
Indirect energy consumption	Electricity	145,004	138,373	128,639	387,934	386,020	545,502
	District heating	27,911	26,115	24,606	69,530	61,701	72,755
	Total	172,915	164,488	153,245	457,464	447,722	618,257
Grand total energy consumption		293,746	301,259	243,338	732,657	697,906,	885,570
Per-capita energy consumption		36.65	37.62	30.39	20.72	18.89	23.38
¹ Stated at Monicomp Zrt. The data for 2014 are significantly influenced by OTP Bank Russia's failure to report data, as a result of which its consumption is estimated in proportion to its headcount.							



OTP GROUP'S TOTAL CO ₂ EMISSIONS (T)		OTP BANK			OTP GROUP		
		2012	2013	2014	2012	2013	2014
Direct	by vehicles	2,049	2,297	1,959	7,635	6,260	5,774
	flight related	601	359	304	1,852	823	524
	from natural gas consumption	4,091	4,591	3,359	7,107	7,997	9,870
Indirect	from electricity	4,431	4,228	3,931	11,854	11,795	16,668
	district heating	1,410	1,319	1,243	3,511	3,116	3,674
Total		12,582	12,794	10,795	31,959	29,991	36,511
Per capita		1.57	1.60	1.35	0.90	0.81	0.96
<p>The table contains the key identified items of carbon-dioxide emission. It was calculated on the basis of the applicable statutory regulations, industry estimates and official emission data.</p> <p>*The data are significantly influenced by OTP Bank Russia's failure to report data, as a result of which its consumption is estimated in proportion to its headcount.</p>							



QUANTITY OF SEPARATELY COLLECTED WASTE	OTP BANK			OTP GROUP		
	2012	2013	2014	2012	2013	2014
Separately collected waste paper (t)	348	298	342	631*	681	1,442
Separately collected PET bottles (kg)	9,598	6,287	5,203	9,957*	7,354*	6,264
Separately collected hazardous waste (kg)	489	196	2,894	19,749	1,789	8,272
* DSK Bank does not collect information on selective waste collection but it does selectively collect waste paper from its scrapped documents, the PET water bottles of the central buildings and the ink cartridges.						

The significant increase in the quantity of selectively collected paper was a result of periodic archiving, whereas the method of collection did not change.

IV.

GRI INDEX

GRI is the most-widely used CSR reporting framework. Based on its guidelines, we work hard to improve our transparency and the comparability of our performance with that of other companies.

DETERMINATION OF APPLICATION LEVEL ACCORDING TO THE GRI G4 GUIDE

APPLICATION LEVEL / PRESENTATION CRITERIA	"COMPREHENSIVE"	"CORE"
General standard disclosures	G4-1-G4-56	G4-1 G4-3-G4-34 G4-56
Management approach	identified material aspects	identified material aspects
Performance indicators	all related to each identified material aspect	at least one related to each identified material aspect

Indicator number	INDICATOR DESCRIPTION	Cross Reference	Note / Reasons for omission
------------------	-----------------------	-----------------	-----------------------------

STRATEGY AND ANALYSIS

G4-1	Declaration issued by the highest ranking decision maker on the importance of sustainability for the organisation and its strategy	7
------	--	---

ORGANISATIONAL PROFILE

G4-3	Name of the organisation	Impressum website	https://www.otpbank.hu/portal/hu/JogiEtikaiNyilatkozat#Impresszum
G4-4	Primary brands, products, and services	14-15 website	https://www.otpbank.hu/portal/hu/fooldal , the subsidiaries' websites accessible from https://www.otpbank.hu/portal/hu/OTPGroup
G4-5	Location of the organisation's headquarters	16-17 website	https://www.otpbank.hu/portal/hu/JogiEtikaiNyilatkozat#Impresszum
G4-6	Number of countries where the organisation operates, and names of countries where either the organisation has significant operations or that are specifically relevant to sustainability	16	9 countries
G4-7	Nature of ownership and legal form	website	https://www.otpbank.hu/portal/hu/JogiEtikaiNyilatkozat#Impresszum
G4-8	The markets served, including geographic breakdown, sectors served, and types of customers	16-17, 76-79 Annual Report	For more information see the Annual report. https://www.otpbank.hu/portal/en/IR/Reports/Annual
G4-9	Scale of the reporting organisation	16-17, 56, 76 Annual Report	For more information see the Annual report. https://www.otpbank.hu/portal/en/IR/Reports/Annual
G4-10	Total number of employees by employment type, employment contract, region and gender.	84-85	OTP Group does not collect data on centrally supervised employees (most of whom work in IT and retail7), but it may be stated that their number is insignificant compared to the overall employee headcount.

Indicator number	INDICATOR DESCRIPTION	Cross Reference	Note / Reasons for omission
G4-11	Percentage of total employees covered by collective bargaining agreements	GRI Index	OTP Group provides for its employees' interest representation, the right to assemble and the collective agreement in accordance with applicable laws and legal regulations. At member companies of the Group where a Collective Agreement is in place, it applies to all employees of the given company.
G4-12	Description of the organisation's supply chain.	microsite	https://www.otpbank.hu/csr/en/environmental-protection
G4-13	Significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain	15-16 Annual Report	For changes in capitalisation and ownership structure, refer to the Annual Report. https://www.otpbank.hu/portal/en/IR/Reports/Annual No major change took place in the supply chain.
G4-14	How the precautionary approach or principle is addressed by the organisation.	47-49 51	
G4-15	Eternally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses.	GRI Index website	The Code of Conduct (Hungary) represents ethical banking services, thereby facilitating conformity to social norms. As of 1 January 2010, signatory institutions are required to perform their lending (and financial leasing) activities for retail customers in full observance of the provisions of the Code. We joined before the Code entered into force. https://www.otpbank.hu/portal/hu/Lakashitel/MagatartasiKodex
G4-16	Memberships of associations and/or national or international advocacy organisations	microsite	https://www.otpbank.hu/static/csr/download/szervezeti_tagsagok.pdf
G4-17	List of all entities included in the report, and whether any entities included in the organisation's consolidated financial statements are not covered	GRI Index website	The report contains information on the key members of OTP Group, including OTP Bank, all of the foreign subsidiaries and the following subsidiaries in Hungary: OTP Mortgage Bank, OTP Building Society, OTP Factoring, OTP Home Lease, Merkantil Group, OTP Voluntary Private Pension Fund, OTP National Health Fund, OTP Fund Service Provider, OTP Real Estate Lease, OTP Real Estate Fund Management, OTP Fund Management, OTP Hungaro-Project, Monicomp. Data of other enterprises with sales below HUF 1 billion are not included in the report. In addition to entities included in the organisation's consolidated financial statements, the report covers companies whose operations are relevant to social responsibility. The entities included in the organisation's consolidated financial statements are listed in the Annual Report (Note 32) https://www.otpbank.hu/portal/en/IR/Reports/Annual

Indicator number	INDICATOR DESCRIPTION	Cross Reference	Note / Reasons for omission
G4-18	The process for defining the report content, and implementation of the Reporting Principles	11	
G4-19	List of aspects identified as material	13	
G4-20	For each material aspect, the aspect boundary within the organisation	13	
G4-21	For each material aspect, the aspect boundary outside the organisation	13	
G4-22	Reasons for any restatements of information provided in previous reports	75, 81 GRI Index	Information may be repeated due to changes in data collection methodology, or in case corrections are needed for previously disclosed erroneous information, as noted in the given text.
G4-23	Significant changes from previous reporting periods in the scope and aspect boundaries	GRI Index	The scope was modified to exclude OTP Travel and OTP Life Annuity, because their operations and scale do not significantly alter OTP Group's economic, social and environmental impacts. OTP Facility Management, newly established to take over activities from OTP Bank, is scheduled to be included from 2015 onwards due to the time required for preparations for data collection.
G4-24	List of stakeholder groups engaged by the organisation	microsite	https://www.otpbank.hu/static/csr/download/kapcsolattartas_az_erintettekkel.pdf
G4-25	Description of the principles, on the basis of which the organisation selects stakeholders with whom to engage in a dialogue		
G4-26	The organisation's approach to stakeholder engagement, including frequency of engagement.		
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting.		
G4-28	Reporting period	10-11	
G4-29	Date of most recent previous report (if any)	microsite	Our most recent Corporate Social Responsibility Report was issued for 2013. https://www.otpbank.hu/static/csr/download/CSR_Report_2013_EN_web.pdf
G4-30	Reporting cycle		Annual cycle.
G4-31	Contact point for questions regarding the report or its contents		csr@otpbank.hu

Indicator number	INDICATOR DESCRIPTION	Cross Reference	Note / Reasons for omission
G4-32	The 'in accordance' option the organisation has chosen and the GRI Content Index	Audit report	'Core'
G4-33	The organisation's policy and current practice with regard to seeking external assurance for the report.	11 GRI Index	Assurance on the report was provided by Deloitte Audit and Consulting Ltd. The assurance provider is independent of OTP Group. As part of assurance, an interview is conducted with the Deputy CEO.
G4-34	Governance structure of the organisation, including committees Identification of any committees responsible for decision-making on economic, environmental and social impacts.	GRI Index	<p>https://www.otpbank.hu/portal/en/IR/CorporateGovernance – Board of Directors, Supervisory Board, senior operational management, Responsible Governance Report 17.04.2015</p> <p>https://www.otpbank.hu/static/portal/sw/file/OTP_Alapszabaly_20140425.pdf</p> <p>The operation of OTP Bank is assisted by standing committees functioning as the Bank's bodies in charge of preparing and making decisions as well as conducting consultations. Standing committees are set up within the powers of the Board of Directors.</p> <p>Management Committee: the Bank's supreme managing body, the forum assisting the work of the Chairman & CEO directly. It has decision making powers concerning issues assigned to its scope of competence by the Organisational and Operational Regulations, it issues preliminary position statements and it performs a function preparing decisions to be made on many of the issues submitted to the General Meeting, the Board of Directors or the Supervisory Board, along with a coordinating role in the Bank's executive management. The Committee plays a role of a strategic nature.</p> <p>Subsidiary Integration and Management Committee: Following an acquisition by the Bank it manages and coordinates the process of the adoption of action plans worked out with regard to individual subsidiaries or Group-level issues and of checking on the performance of those plans. It is responsible for the sharing of best practices among Group members and for the resolution of conflicts between subsidiaries and the headquarters.</p> <p>Management Coordination Committee: as an operational decision making forum it provides for the Bank's flexible and effective responses to changes in the market or in the regulatory environment and it ensures coordinated action across the Group.</p> <p>Asset-Liability Committee: The Committee's task is to optimise financing structure at Group level.</p> <p>Credit and Limit Committee: it is in charge of the Bank Group level country, customer and partner rating, risk assumption, collateral valuation,</p>

Indicator number	INDICATOR DESCRIPTION	Cross Reference	Note / Reasons for omission
			<p>rating, impairment loss provisioning and specific provisioning regulations, the Bank's and the Bank Group's risk management strategy and the annual credit policy.</p> <p>International Product Development, Sales and Pricing Committee: Established in 2014, the Committee puts forward recommendations on pricing, sales and product development ownership concerning foreign subsidiary banks, based on and with a view to the implementation of the strategic and annual plans adopted by the Board of Directors and the Management Committee, in a manner transparent to the Parent Bank's represented areas, relying on standardised methods, analyses and data content. Additionally, the Committee acts as a forum to address differences of opinion between the business areas of foreign subsidiaries and the Parent Bank. Group Operational Risk Management Committee: The Committee performs a controlling, co-ordinating and advisory function with regard to operational risks and Business Continuity Planning.</p> <p>CAPEX Committee (Investment Committee): Group members' real property investment plans are coordinated by the Investment Committee.</p> <p>Work-Out Committee: it has decision making powers in regard to special transactions, for the most part above a specific amount.</p> <p>IT Steering Committee (IIB): The Committee consults Group members' IT investment with the members concerned.</p>

G4-56	The organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics.	GRI Index microsite	<p>Code of Ethics: The Code applies to the whole of the Group, a mandatory regulation for its employees and executive officers, the understanding of which is supported by a training programme. Among other things, the code sets out the fundamental moral requirements, the principles of professional operation, the expectations relating to fair business practices, respect of competitors, the rules on lobbying, requirements concerning conflict of interests and equal treatment, commitment to environmental protection and healthy work place, the obligation to notify breaches of the norms of ethics and complaint management. The standardised rules of ethics were introduced under a decision by OTP Bank Plc's Board of Directors. The ethics statement is available on the website of each subsidiary bank, in the language of the country concerned.</p>
-------	---	------------------------	---

ECONOMIC PERFORMANCE	15, 60-61 Annual Report microsite	https://www.otpbank.hu/portal/en/IR/Reports/Annual https://www.otpbank.hu/csr/en/customer-focus
-----------------------------	--	--

Indicator number	INDICATOR DESCRIPTION	Cross Reference	Note / Reasons for omission
EC1	Direct economic value generated and distributed	76	
EC4	Financial assistance received from government	77	
MARKET PRESENCE		55-56 microsite	
EC6	Proportion of senior management hired from the local community at significant locations of operation	GRI Index website	https://www.otpbank.hu/portal/en/IR/CorporateGovernance ; https://www.otpbank.hu/portal/en/AboutUs OTP Group has no comprehensive policy for giving preference to local residents in respect of employees and senior management. The dominance of local staff (residents in the given country) is characteristic of OTP Bank's foreign subsidiaries. In a majority of the subsidiary banks (major establishments) the chief executive officers are local professionals and local staff members make up the majority of the BoD members as well. Data on precise percentages are not available at Group level; we undertake to report them in the annual report for 2015.
INDIRECT ECONOMIC IMPACTS		19	
EC8	Significant indirect economic impacts, including the extent of impacts	-	We do not have estimates and a methodology for the extents and assessment of the impacts.
ENERGY		69 microsite	https://www.otpbank.hu/csr/en/interparlamentarison
EN3	Energy consumption within the organisation	data	
EMISSIONS		microsite	https://www.otpbank.hu/csr/en/environmental-protection
EN15	Direct GHG emissions	98	
EN16	Indirect GHG emissions	98	
ENVIRONMENTAL COMPLIANCE		50 microsite	
EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	82-83	
EMPLOYMENT		50 microsite	https://www.otpbank.hu/csr/en/responsible-employer
LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	88	

Indicator number	INDICATOR DESCRIPTION	Cross Reference	Note / Reasons for omission
LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	90	
LABOUR/MANAGEMENT RELATIONS		58 microsite	https://www.otpbank.hu/csr/en/responsible-employer
LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	89	
OCCUPATIONAL HEALTH AND SAFETY		59 microsite	https://www.otpbank.hu/csr/en/responsible-employer
LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	93-94	
LA7	Workers with high incidence or high risk of diseases related to their occupation	94	
TRAINING AND EDUCATION		57 microsite	https://www.otpbank.hu/csr/en/responsible-employer
LA9	Average hours of training per year per employee by gender, and by employee category	91	
LA10	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	92	
DIVERSITY AND EQUAL OPPORTUNITY		microsite	https://www.otpbank.hu/csr/en/responsible-employer
LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	86-87 website	https://www.otpbank.hu/portal/hu/IR_Tarsasagiranyitas Data on ethnic background is not listed owing to statutory regulations.
EQUAL REMUNERATION FOR WOMEN AND MEN		microsite	https://www.otpbank.hu/csr/en/responsible-employer
LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	–	At Group level, we do not have standardised data of adequate reliability; therefore, we undertake to report this in the 2015 report.
LABOUR PRACTICES GRIEVANCE MECHANISMS		microsite	https://www.otpbank.hu/csr/en/responsible-employer
LA16	Number of grievances about labour practices filed, addressed, and resolved through formal grievance mechanisms	91	

Indicator number	INDICATOR DESCRIPTION	Cross Reference	Note / Reasons for omission
NON-DISCRIMINATION		51 microsite	https://www.otpbank.hu/csr/en/compliance
HR3	Total number of incidents of discrimination and corrective actions taken	52-53	
SECURITY PRACTICES		microsite	https://www.otpbank.hu/csr/en/security
HR7	Percentage of security personnel trained in the organisation's human rights policies or procedures that are relevant to operations	GRI Index microsite	https://www.otpbank.hu/csr/en/security
LOCAL COMMUNITIES		60-61 microsite	https://www.otpbank.hu/csr/en/community-involvement
FS13	Access points in low-populated or economically disadvantaged areas by type	80	https://www.otpbank.hu/static/portal/sw/flash/fiokkereso_map/fiokmap.html (The branch office networks of foreign subsidiary banks are accessible on their respective websites.)
ANTI-CORRUPTION		51-52 microsite	https://www.otpbank.hu/csr/en/compliance
S04	Communication and training on anti-corruption policies and procedures	52 microsite	https://www.otpbank.hu/csr/en/compliance
PUBLIC POLICY		42, 52 microsite	https://www.otpbank.hu/csr/en/sustainability
S06	Total monetary value of financial and in-kind political contributions made by the organisation	GRI Index	OTP Group does not sponsor such persons or organisations.
ANTI-COMPETITIVE BEHAVIOUR		50-51 microsite	https://www.otpbank.hu/csr/en/compliance
S07	Number and outcomes of legal proceedings relating to anti-competitive conduct or breaching of anti-trust or anti-monopoly regulations	82-83	
COMPLIANCE		51-52 microsite	https://www.otpbank.hu/csr/en/compliance
S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	82-83	
PRODUCT AND SERVICE LABELLING		22, 26 microsite	https://www.otpbank.hu/csr/en/customer-focus https://www.otpbank.hu/csr/en/financial-education

Indicator number	INDICATOR DESCRIPTION	Cross Reference	Note / Reasons for omission
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes	51 82-83	
PR5	Practices aimed at securing customer satisfaction, including results of surveys measuring customer satisfaction	26	
MARKETING COMMUNICATIONS		microsite	https://www.otpbank.hu/csr/en/customer-focus
PR6	Sale of banned or disputed products		
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	82-83	
CUSTOMER PRIVACY		49 microsite	https://www.otpbank.hu/csr/en/security
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	82	
PRODUCT LIABILITY COMPLIANCE		50-51 microsite	https://www.otpbank.hu/csr/en/compliance
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	82-83	
PRODUCT PORTFOLIO (SECTOR-SPECIFIC)		microsite	https://www.otpbank.hu/csr/en/security
FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector	78-79	

INDEPENDENT ASSURANCE REPORT

To the management of OTP Bank Nyrt.

This report has been prepared in accordance with the terms of our contract dated 29 July 2015 in order to accomplish the independent external party examination of OTP Bank Nyrt.'s Corporate Social Responsibility Report 2014 document (hereinafter "Report") presenting the non-financial performance and sustainable operation of OTP Bank Nyrt.

The responsibility of OTP Bank Nyrt's management

OTP Bank Nyrt. is responsible for the preparation of the Report in accordance with the Core option of Global Reporting Initiative (GRI) G4.0. as described in the guideline to the Report.

This responsibility includes the selection and application of appropriate methods to prepare the Report and the use of assumptions and estimates which are reasonable in the given circumstances.

The scope of the examination, its criteria and its limitations

The purpose of this limited assurance engagement is to express a conclusion whether the selected information and data of the Report prepared for the year ended 31 December 2014 by the Management of OTP Bank Nyrt. are in line with the GRI criteria.

The limitations of our examination

The scope of our examination included solely the sustainable performance indicators stated in the Report.

During our examination we have not fully examined all the sustainable data and information stated in the Report. Our examination included solely the compliance of the data reporting procedure with GRI principles and the sample-based testing of the data sources.

Our examination of numerical data included in the Report was limited to the sustainability indicators PR4 (Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes), FS6 (Percentage of the portfolio for business lines by specific region, size (e.g. micro-small/medium-large) and by sector), EN3 (Energy consumption within the organization), SO8 (Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations), EC1 (Direct economic value generated and distributed) together with the testing of the data sources. The examination of the other numerical data presented in the Report has not been performed.

We have not examined previous years' data and trends relating to performance indicators presented in the Report.

Our report has been prepared solely for the purpose described in the first section of this report.

Our responsibility

Our responsibility is to report on the selected data and information included in the Report of 2014.

We prepared our report solely for the purpose of disclosing it in the documents of OTP Bank Nyrt., and we do not accept any responsibility for any third party usage of the documents published as a result of this examination. We conducted our engagement in accordance with the International Standard on Assurance Engagements 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" ("ISAE 3000").

This standard requires that we comply with the ethical requirements as well as plan and perform the assurance engagement to obtain limited assurance whether the selected information and data included in the Report of 2014 have been prepared, in all material respects, in accordance with the GRI criteria.

Summary of the work performed

The verification process, the examination and evaluation of the Report have been prepared according to the Financial Services Sector Supplement of GRI G4.0 guideline.

Procedures performed:

The verification of the reporting process:

- Examination of the organization's operational processes;
- Examination of regulations of the reporting process;
- Examination of the data gathering and maintaining practice;
- Examination of the reporting practice;
- Examination of documentation practices and regulations.

The verification of GRI application level:

- Examination of the completeness and appropriate application of indicators used in the Report.
- Examination of the definition level application of GRI indicators stated in the Report.
- The evaluation of the Report's compliance with GRI principles.

Limited examination of the appropriateness of five selected indicators on data level.

Preparation of the final examination report: professional evaluation and elaboration of recommendations. We have summarized the possible development areas connected to the reporting process in the final examination report prepared for the management of OTP Bank Nyrt. These statements do not have influence on our conclusions on the Report stated in this independent assurance report.

To confirm and to complete the statements above, we have accomplished the following interviews at the selected departments connected to the verification of the Report of 2014: the Marketing and Communication Directorate – Public Relations and Internal Communications Department, the Investor Relations and Debt Capital Markets, the Real-estate Investments and Supply Chain Directorate, the Legal Directorate, & Compliance and Security Directorate. We have examined the internal communication connected to sustainability through interviews with a representative group of employees. The examination of the management's commitment was performed through interviews with the management.

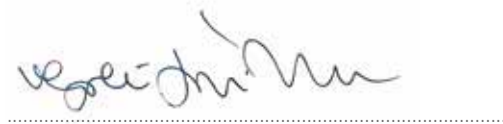
In a limited assurance engagement the evidence-gathering procedures have more limitations than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on our limited assurance engagement, nothing has come to our attention that would cause us to believe that the selected information and data of the Report have not been prepared, in all material respects, in accordance with Core option of GRI G4 criteria, and the Report would not comply with the GRI.

Budapest, 7. September 2015



Nagyváradiné Szépfalvi Zsuzsanna

Partner

Deloitte Auditing and Consulting Ltd.

Dózsa György út 84/C, Budapest, H-1068, Hungary



Our registered office:
OTP Bank Plc.: 1051 Budapest, Nádor u. 16.

We are looking forward to your feedback!

To improve the Bank's performance in sustainability,
it is very important for us to know your opinion.
Please share it with us at csr@otpbank.hu.