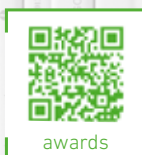


CORPORATE
RESPONSIBILITY REPORT

SUSTAINABILITY REPORT

2015



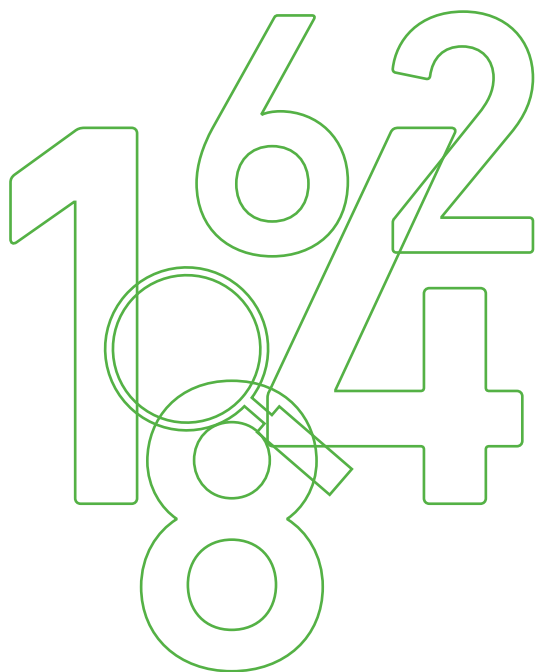


CORPORATE
RESPONSIBILITY REPORT

SUSTAINABILITY REPORT

2015





CONTENTS

Symbols

Aspects certain stakeholder groups might find more relevant/interesting:



investors



general
population



employees



customers

ntp


























Digital Transformation Programme

10

Information related to the 10-year CSR Report

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Tables and charts in the Annex

   	I. ABOUT THE REPORT	10
	II. OTP GROUP	14
  	1. INNOVATIVE BANKING SOLUTIONS	24
	1.1. Development of services available on mobile devices	28
	1.2. Extensions to internet bank services	29
	1.3. Promoting and facilitating bank card use	30
  	2. CUSTOMER FOCUS	32
	2.1. Enhancing in-branch services	35
	2.2. Improvement of customer communications	39
	2.3. Assistance for the work of clerks, development of background processes	40
	2.4. Improvements to complaint management	40
	2.5. Measurement of customer satisfaction	42
  	3. FINANCIAL PRODUCTS AIMED AT THE DEVELOPMENT OF THE LOCAL COMMUNITY	44
	3.1. Retail	44
	3.2. Condominiums	46
	3.3. Micro, small and medium enterprise customers	50
	3.4. Agricultural customers	52
	3.5. Project finance	53
   	4. COMPLIANCE AND SECURITY	54
	4.1. Settlement, HUF conversion	56
	4.2. Debtor protection	57
	4.3. Compliance	59
	4.4. Development of risk management systems	62
	4.5. Security enhancement of banking systems	63
 	5. RESPONSIBLE EMPLOYER	66
	5.1. Employment	70
	5.2. Education and training	76
	5.3. Remuneration and rewarding of employees, career opportunities	77
	5.4. Employee engagement, internal communications	78
	5.5. Health, work environment	78
  	6. DEVELOPING FINANCIAL LITERACY	82
  	7. CORPORATE CITIZENSHIP	88
	7.1. Our CSR programmes	90
	7.2. Citizenship at subsidiary banks	94
	7.3. Volunteering	96
	8. ENVIRONMENTAL PROTECTION	98
	III. ANNEXES	108
	IV. GRI INDEX	114



CHAIRMAN'S WELCOME

“ OTP Bank is publishing its tenth GRI sustainability report this year. Over these ten years, it has become natural for the Bank Group to report its steps towards sustainability to customers and partners. The Green Frog Award, an award for best corporate sustainability reports, which we won with our last year's report, justifies the decade-long work of our company and employees, while confirming the fact that apart from financial profitability, the corporate culture of social responsibility is becoming increasingly significant.



”

DEAR READER,

I am proud that over this past decade, aspects of social responsibility have been given increased prominence in core areas of OTP Bank's operations, such as information and sales. Our market presence goes back a long way, and we plan for the long term. We cooperate with our partners, customers and employees in that spirit.

OTP Bank is a reliable partner where our customers know their money is safe. This is confirmed by the significant increase in savings deposited with and managed by our Bank despite an environment of declining interest rates in Hungary.

Last year, although the HUF conversion of foreign exchange-based loans in Hungary imposed an extremely heavy administrative and financial burden on us, it also provided the overall benefit of reducing customers' principal debt and installment payment obligations. Given the settlement of the issue of retail foreign exchange-based loans, the improvements in Hungarian macroeconomic results, and the growth expected in the property market, we have reason to be optimistic about the operating environment in Hungary. In our portfolio, Hungarian micro- and small enterprises and agricultural loans recorded a significant 11% increase in 2015, which also indicates economic recovery and the significance of OTP Bank's participation.

The OK Project, our financial education programme targeting young people, is the flagship of our social responsibility programme. Following the project's success in Hungary, the OTP Fáy András Foundation's programme – increasingly recognised internationally – has also been launched in Romania and Slovakia in recent years. We are working to ensure that the programme reaches as many young people as possible and that it gains increased recognition.

Additionally, partly through the Humanity Social Foundation established by our Bank, and partly in cooperation with NGOs, we have been making great efforts to remove social barriers and to create opportunities by supporting those in need.

In the Russian and Ukrainian markets, in view of the unfavourable economic situation, our goal was to ensure defensive and economical operations, which involved a reduction in lending, prudential provisioning and redundancies on a significant scale, but in a constructive spirit, in Q2 in Russia we launched Touch Bank to provide digital banking services, which was well received.

As a major achievement of the year, we successfully completed Millennium Bank's consolidation and integration into OTP Bank Romania.

Despite the global financial crisis, the Ukrainian-Russian crisis and government measures (bank levy, losses associated with settlement and HUF conversion, etc.) affecting the financial sector, OTP Bank is the only bank in the region with a share price not only reaching but, even exceeding pre-crisis levels, while the prices of our competitors in the region remain significantly below those levels during the reporting period.

This supports the retention of our customers, while also encouraging us to further improve our competitiveness. The world is changing, and the banking sector is changing with it. The digital world is making a great impact on the banking business model, and we have been giving priority to the renewal of our operations. We are leaders in innovation and continuously develop new services in line with customer needs. Just as OTP Bank was the first bank in the world to confirm transactions by text message, we remain open to state-of-the-art developments – suffice it to mention our new Simple app, which combines online payments with a number of services in a single application.

Responding to an accelerating world and changing consumer needs, we have implemented agile project management, which enables the faster and more complex development of products and services. In the coming period, we intend to focus on the digitisation of our product range, and on improving online services and user experience. To achieve these goals, as a first step we selected 30 major and 70 minor developments, and the implementation of some of those developments will already be covered in the 2016 sustainability report.



Yours sincerely,

Dr. Sándor Csányi
Chairman and CEO

INNOVATION

100

APPROVED DEVELOPMENTS in the Digital Transformation Programme

120,000

CUSTOMERS using the Simple application

OVER 1 Million

CUSTOMERS actively using OTPdirekt in Hungary

FINANCIAL PRODUCTS AIMED AT THE DEVELOPMENT OF LOCAL COMMUNITIES

280,000

OPEN HOUSING LOANS

at the end of 2015 in the Hungarian Bank Group

HUF 367 Billion

WORTH OF LOANS

contracted under the Funding for Growth Scheme



CUSTOMER FOCUS

REFURBISHMENT OF

59 BRANCHES (4%) at Group level

252,000 branch

APPOINTMENTS BOOKED

WE START SERVING

85%

of our customers at our branches within 10 minutes

98%

OF BRANCHES

are wheelchair accessible



COMPLIANCE AND SECURITY

HUF 142 Billion

REFUNDED

as part of settlement

the incidence rate of fraud involving bank cards issued by the Bank is

0.0069%

at Group level, a magnitude lower than the European average published by MasterCard (0.0512%)



RESPONSIBLE EMPLOYER

6,600

PARTICIPANTS

(83%)
in the organisational
culture survey
at OTP Bank

600,000

HOURS OF TRAINING

across OTP Group

HUF 713 Million

SPENT ON TRAINING at Group level

CITIZENSHIP

HUF 2.5 Billion

WORTH OF DONATIONS

at Group level



DEVELOPING FINANCIAL LITERACY

20,000

STUDENTS

participating in financial education

OVER

1,100

TRAINING
PROGRAMMES

OVER

HUF 1 Billion

SPENT ON FINANCIAL
EDUCATION



ENVIRONMENTAL PROTECTION

SAVINGS OF THE ANNUAL
CO₂ EMISSIONS OF

20,000 people

by reducing travel
as compared to last year

41% of customers

opted out from paper based
statements

FOR THEIR RETAIL
ACCOUNTS

PAPER USE

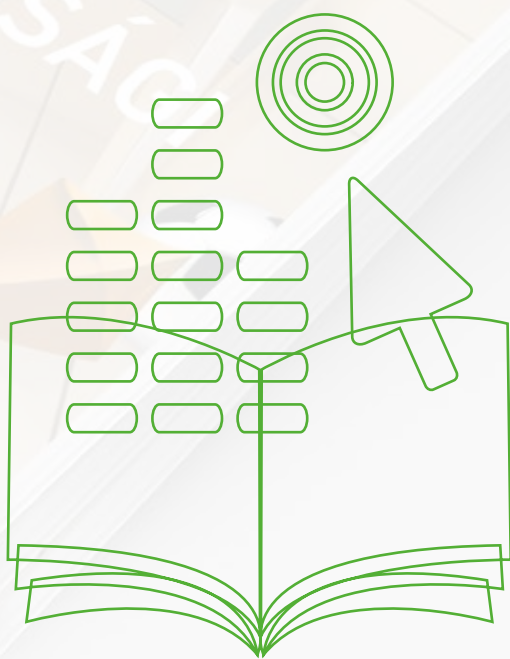
reduced by

8% at group level



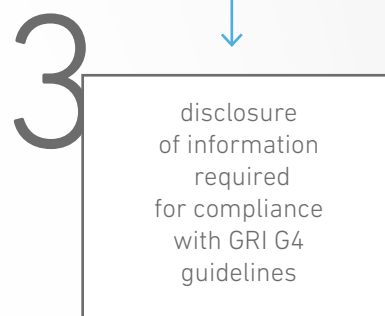
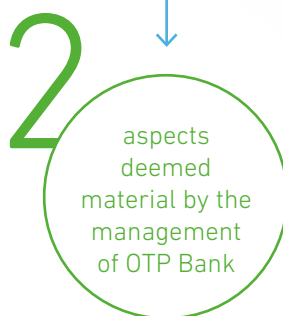


ABOUT THE REPORT



OTP Group is publishing its report on **sustainability** (formerly corporate social responsibility, CSR) for the tenth time this year. This Report concerns 2015. 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.

The Report has been compiled with three key requirements in mind



We have regularly been assessing our **stakeholders'** expectations concerning the Report (the most recent survey was carried out in 2013), and have continuously been shaping and improving our reporting practice in the light of survey results, studies on key areas of our sustainability performance, as well as other formal and informal feedback and international benchmarks.

At the same time, in respect of several data series, we are covering a longer period than the typical 3-year horizon, hoping to provide readers with additional information to evaluate our performance.

This year's Report is compliant with the Core application level of the GRI (Global Reporting Initiative) **G4** Guidelines, the most widely recognised and used set of reporting standards in the world. We first applied the G4 Guidelines for the purpose of last year's Report, and on implementing the new Guidelines, we also reviewed and adjusted the structure of the Report, and rethought the topics and indicators presented. This year's Report has evolved from our 2014 CSR Report, which was given the Green Frog Award. As in previous years, assurance on this year's Report has been provided by Deloitte.

10 We consider it a major achievement that **for a decade**, each year OTP Group has been publishing information to its stakeholders on its non-financial performance in accordance with an international standard. The anniversary has given us a good opportunity to assess the information disclosed in the Report: while we are proud of the obvious improvement of our reporting and the progress made in a number of areas, the assessment has also highlighted the areas which provide opportunities to advance further. Naturally, directions for change may only be set in alignment with OTP Group's overall strategy and priorities. Over these 10 years, the range of data published in the Report has changed on a number of occasions, due partly to the inclusion of subsidiaries, while the standards and goals of reporting have also changed, as a result of which the data are not always comparable.

GREENFROG AWARD

This year's report evolved from the Green Frog Award winning 2014 CSR Report.



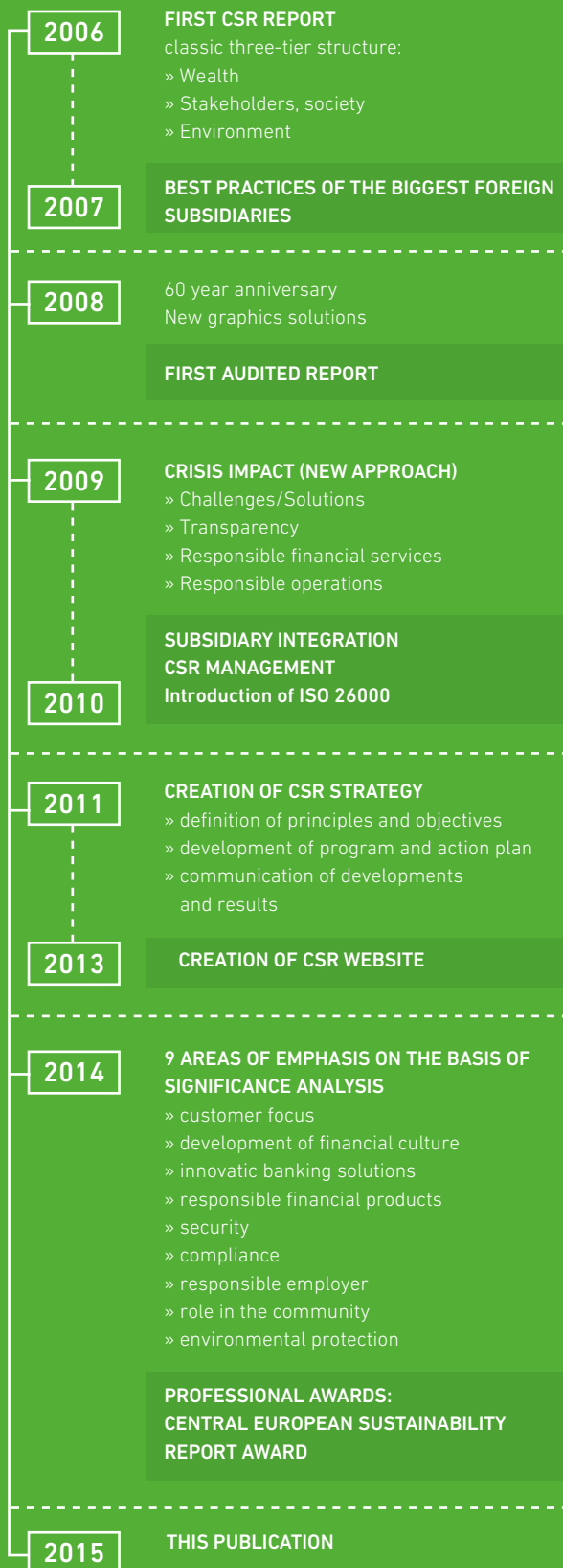
Based on stakeholder feedback
and management's decision, the Report covers the following
of the G4 aspects of OTP Bank Nyrt.

COMPLIANCE RELATING TO PRODUCT RESPONSIBILITY	TRAINING AND EDUCATION
ANTI-CORRUPTION	LABOUR/MANAGEMENT RELATIONS
COMPLIANCE	OCCUPATIONAL HEALTH AND SAFETY
ECONOMIC PERFORMANCE	SECURITY PRACTICES
ANTI-COMPETITIVE BEHAVIOUR	PRODUCT PORTFOLIO (SECTOR-SPECIFIC)
PRODUCT AND SERVICE LABELLING	EMPLOYMENT
CUSTOMER PRIVACY	LOCAL COMMUNITIES
MARKET PRESENCE	DIVERSITY AND EQUAL OPPORTUNITY
NON-DISCRIMINATION	LABOUR PRACTICES GRIEVANCE MECHANISMS
MARKETING COMMUNICATIONS	ENVIRONMENTAL COMPLIANCE
PUBLIC POLICY	EMISSIONS
EQUAL REMUNERATION FOR WOMEN AND MEN	ENERGY
INDIRECT ECONOMIC IMPACTS	

In the list, interpretation extended to the supplier chain is marked light grey, whereas by default the findings of the Report refer to OTP Group. Public policy is the only subject where reporting is 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.



DEVELOPMENT AND MILESTONES OF REPORTING



Data are disclosed both for OTP Group as a whole and specifically for the parent company. Additionally, in accordance with the GRI's requirements, in some cases data are disclosed separately for each country of our operations. Financial data are disclosed with reference to the OTP Core (the virtual entity comprising OTP Bank, OTP Jelzálogbank, OTP Lakástakarék and OTP Faktoring) instead of OTP Bank, in line with our financial reports.

As regards the presentation of non-data information and practices, references are given as to the company or companies affected. Compared with subsidiaries, the parent company is somewhat overrepresented in the report. On the one hand, the Hungarian environment is of particular strategic importance, while a number of developments are first launched by the Parent Bank and only get rolled out to subsidiaries afterwards.

Our corporate social responsibility efforts are described in detail in this Report and on our dedicated microsite

www.otpbank.hu/csr/en/main



This Report provides relatively concise information on general principles and focuses specifically on the events of 2015, while the microsite offers a more detailed explanation on our responsible operations in general, our basic principles and our practices. Information – primarily of a technical nature – is also disclosed in the GRI index.

As in previous years, we compiled the brochure 'With trust and responsibility for each other' based on the Report, which customers can pick up at our branches. Additionally, at Hungarian branches customers can access information about the Company's sustainability activities from TV screens and OTP Browsers.

A comprehensive insight into OTP Bank Nyrt.'s operations is also facilitated by annual and quarterly financial reports, available at the Company's website:

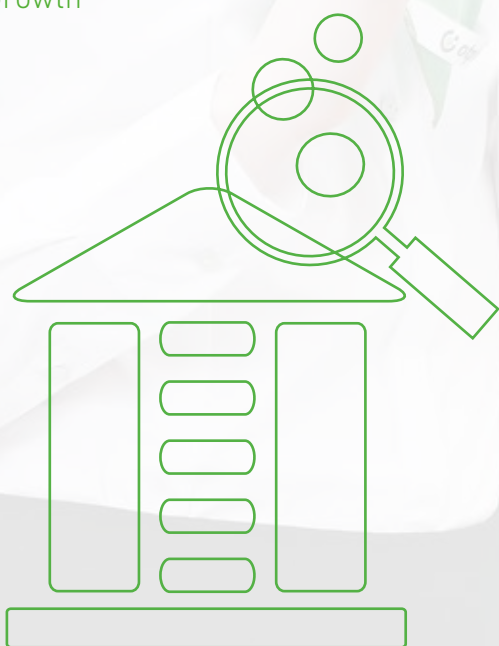
<https://www.otpbank.hu/portal/en/IR/Reports>





OTP GROUP

- | Stability
- | Profitability
- | Growth



OTP Group is a **leading** financial service provider within the region: in 2015, it served over 13,5 million customers across nine countries. Our strategic goal is not only to retain but also to increase our market share in the countries where we are present. We are the leading credit institution in the retail segment in Hungary, Montenegro and Bulgaria.

As a listed company boasting the highest share trading volume at the Budapest Stock Exchange, we consider transparency and increasing shareholder value to be extremely important. We ensure the synergies between Group members through aligned developments and the continuous integration of specific activities in Hungary and across the international Group a like.



Our activities

OTP Group engages in the provision of universal financial services. As its flagship unit, OTP Bank Hungary offers a wide range of state-of-the-art financial services in Hungary, while providing, through the network of Hungarian Group members, comprehensive solutions to all needs arising, including the distribution of investment funds, home and other specific savings options, and auto financing. The foreign subsidiary banks maintain different service portfolios, in each case aiming to leverage development potentials and responding to market conditions. In addition to retail, our Group also intends to be the primary bank for corporate customers, with the Parent Bank and most subsidiary banks offering special products to agricultural companies.

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

63.5%
INCREASE

OTP's share price concluded at HUF 6,000 in 2015. The year's 63.5% increase was the highest in a domestic and international context alike.

Key events in 2015

In 2015, the Banking Group retained its stable financial position and excellent liquidity, and took major steps in improving the efficiency of operations at the Group level:

It achieved a consolidated Common Equity Tier 1¹ ratio of 13.3%, which is outstandingly high even by international standards.

In 2015, the Bank Group generated an adjusted taxed profit of HUF 120.2 billion, up 2% from 2014.

Write-downs and sales, including partial write-downs also made in 2014, significantly reduced the volume of DPD90+ loans (loans overdue for more than 90 days), as a result of which the consolidated DPD90+ rate fell to 17%². Taken without sales and write-downs, the increase in the exchange rate adjusted volume of DPD90+ loans decelerated considerably, and was reduced to HUF 133 billion in 2015.

The Romanian acquisition was completed in 2015: on 8 January, OTP Bank Romania closed the transaction involving the purchase of a 100% stake in Banca Millennium S.A. With that transaction, we entered the group of the top 10 universal financial service providers in the Romanian market. In the course of the merger, we aimed to ensure that the transition and the service were the best and the most seamless for customers. For more details, see:

i > Customer focus (p.32.)

The problems in the Russian and Ukrainian economies also hit our Company, causing a significant loss of HUF 60 billion. In Ukraine, the hryvnia depreciated by 52% against the USD, and inflation soared at 49%. While Russia was also characterised by a deteriorating operating environment, from the viewpoint of future stability the continued regulatory tightening was favourable. The costs of funding increased, and due to the risks in lending, we opted for a conservative lending policy. Adapting to the market environment, we launched products (primarily in insurance) which were new to the Russian market, and a digital bank that was unique in that market. In Russia, our communication to both customers and the media was very open, and provided coherent and accurate information on our activities and financial results.

Renewed Group Governance Policy

With a view to improving the efficiency and quality of governance, the Bank Group renewed its Governance Policy. The renewal aimed to provide regulations that were simpler, more transparent, easier to understand and based on a consistent set of concepts, to present the tasks and responsibilities to Bank Group members and participants in governance in a clear manner, and to provide legal control and ensure its enforcement by the parent company. We enhanced the Bank Group's legal and operational framework, and set out the implementation procedure. Further development plans include the development of IT support for the process ownership system.



DID YOU KNOW?

OTP Bank has been included in the Responsible Investment Universe index (Ceerius) of the Vienna Stock Exchange since 2009.

¹ The ratio shows the amount of capital a bank has for the coverage of its risks without having to rely on external resources such as government assistance and deposits. An adequate level of CET1 capital is essential for the supervisory licensing and maintenance of regular banking operations.

² The rate was 19.3% at the end of 2014.

OTP Group received the following awards and recognition in 2015³

Bank of National Trust:

the Russian subsidiary was given the recognition at the voting of the Russian Bank Awards Association.

'Consumer Rights and Service Quality' award:

the Bank was awarded by the Social Projects Foundation in cooperation with the Russian public and non-governmental sector.

CECGA Award 2015:

The award of the Central European Corporate Governance Association (CECGA) was given to OTP Banka Slovensko, the only bank among the companies assessed, for its transparent operations.

Top 20 most stable banks in Ukraine:

the Ukrainian JSC Bank is featured in Forbes Magazine's list.

Bank of the Year 2015:

for its OK Centre, OTP Bank was recognised as the 'Most Active Bank Contributing to Developing Financial Literacy' for the third time consecutively in MasterCard's competition. Additionally, Simple was named 'Retail Mobile App of the Year'.

Technology project of the year:

With interactive games (Calendar Card) developed specifically for Facebook and mobile devices, we earned the recognition of The Banker magazine', a member of the Financial Times Group, in the Social Media category. The recognition was given to a Hungarian company for the first time.

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 2015 as well.

Best Bank in Bulgaria:

In the Bank of the Year 2015 award ceremony, British magazine The Banker awarded DSK Bank, primarily in recognition of the Company's knowledge of customer needs, innovation, and fight against money laundering. At the same event, DSK Bank's Head of Finance and Planning Division Dorothea Nikolova was named **Banker of the Year**.

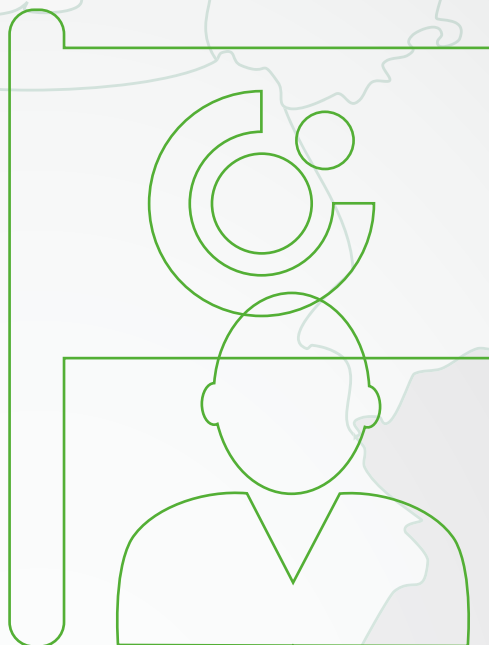
Long-time strategic partner of SOS Children's Villages:

The recognition was given to DSK Bank CEO Violina Marinova for the 25th anniversary of the SOS organisation.

³ We highlighted the recognitions that relate to the Bank as a whole or that are linked to innovation or CSR, but we are no less proud of the awards won by our financial products.

Today OTP Bank is present in 9 countries of the region

- | 9 countries
- | 100+ subsidiaries
- | 1,500 branches
- | 4,000 ATMs
- | 13 million customers



OTP CORE²

Number of branches	386
Number of employees	8,448
Balance sheet total	HUF 6,778 bill
Market share ³	25.4%

OTP BANKA SLOVENSKO, 2002

Number of branches	61
Number of employees	669
Balance sheet total	HUF 451 bill
Market share ⁴	2.8%

OTP BANKA HRVATSKA, 2005

Number of branches	105
Number of employees	1,141
Balance sheet total	HUF 650 bill
Market share ⁴	6.0%

OTP BANKA SRBIJA, 2007

Number of branches	53
Number of employees	672
Balance sheet total	HUF 119 bill
Market share ⁴	1.6%

CKB MONTENEGRO, 2006

Number of branches	29
Number of employees	436
Balance sheet total	HUF 200 bill
Market share ⁴	17.7%



OTP BANK RUSSIA, 2006

Fiókok száma	134
Alkalmazottak száma	15,096
Mérlegfőösszeg	HUF 507 bill
Piaci részesedés	0.9%



OTP BANK UKRAINE, 2006

Number of branches	85
Number of employees	3,491
Balance sheet total	HUF 239 bill
Market share ⁴	11.6%

OTP GROUP

Number of branches	1,328
Number of employees ¹	35,835
Balance sheet total	HUF 10,719 bill
Market capitalisation	HUF 1,680 bill
Taxes paid	HUF 167 bill
Employee training costs	713 m Ft
Donations	2,524 m Ft
Percentage of wheelchair accessible branches	58 %
Per-capita energy consumption	27 GJ
Per-capita CO ₂ emissions	1.13 t
Total paper use	4,633 t



OTP BANK ROMANIA, 2004

Number of branches	101
Number of employees	1,210
Balance sheet total	HUF 646 bill
Market share ⁴	4.6%



DSK BULGARIA, 2003

Number of branches	374
Number of employees	3,547
Balance sheet total	HUF 1,778 bill
Market share ⁴	27.1%

Data (audited, IFRS) as of 31/12/2015 or for 2015.

The map features the acquisition date next to each 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 Jelzálogbank, OTP Lakástakarékpénztár and OTP Faktoring. No other Hungarian subsidiary is included.

³ Loans to households; aggregate data by OTP Bank, Merkantil Bank, OTP Lakástakarékpénztár and OTP Jelzálogbank in the credit institution system

⁴ in each case, market share refers to the share of retail loans

Our impact on sustainability and the economy

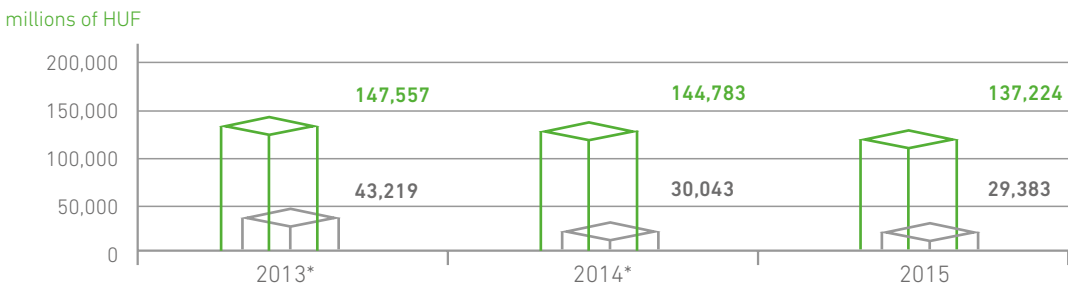
- Our Bank Group is a key participant in several markets within the CEE region and through its services plays an important role in stabilising the economy and the financial system, as well as in retaining and improving the standards of living.
- Using the funds of our depositors, our lending can drive purchases, consumption and investments⁴. 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. The extent of the associated impact is explained under products:
 - > lending,
 - > housing loans,
 - > FGS,
 - > large projects with environmental and social benefits.
- OTP Group is a major taxpayer; 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, our direct and supply chain impact on employment is a significant factor.
 - > Employment (p.70.)

- Direct resource utilization due to our operations has an impact on the environment; our goal is to mitigate these impacts.
 - > Environmental protection (p.98.)

The table below shows our economic performance from the perspective of payments made to affected groups.

TAX LIABILITY OF OTP GROUP



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 profit or loss, corporate tax)

* Previous years' data adjusted retroactively due to a methodology review. Credit institutions' contribution has been included in the taxes on profit or loss; 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.

⁴ In our Annual Report, deposits and loans are disclosed by segment (retail, micro and small enterprises, medium and large enterprises, local governments).

STATE SUBSIDIES, ALLOWANCES (IN MILLIONS OF HUF)	OTP BANK	OTP GROUP	OTP BANK	OTP GROUP	OTP BANK	OTP GROUP
	2013		2014		2015	
Tax credits	15,467	16,321	2,479	3,746	0	937
R&D subsidies	–	0	0	0	0	0
Other non-refundable funds received from any government for any activity	–	21	5	155	15*	15
Total state subsidies and allowances	15,467	16,342	2,484	3,901	15	952

* In 2015, OTP Bank received a grant as part of the Social
Renewal Operational Programme.

ECONOMIC VALUE GENERATED AND DISTRIBUTED, 2015 (BASED ON CONSOLIDATED, AUDITED IFRS PROFIT AND LOSS STATEMENT, IN MILLIONS OF HUF)			OTP CORE	OTP GROUP
I.	Direct economic value generated	= 1	412,310	799,987
1.	Net sales	Interest revenue + non-interest type revenue (net fees) (adjusted)*	412,310	799,987
II.	Distributed economic value	= 2+3+4+5+6	340,565	524,884
2.	Operating costs	Operating costs – personnel expenditures – depreciation	82,818	159,048
3.	Employees' wages and benefits	Personnel expenditures – contributions on wages	71,856	150,505
4.	Payments to capital providers	Dividends	46,200	46,200
5.	Taxes paid	Total tax liability	137,380	166,607
6.	Community investments	Donations	2,311	2,524
III.	Retained earnings	= 1-(2+3+4+5+6)	71,745	275,103

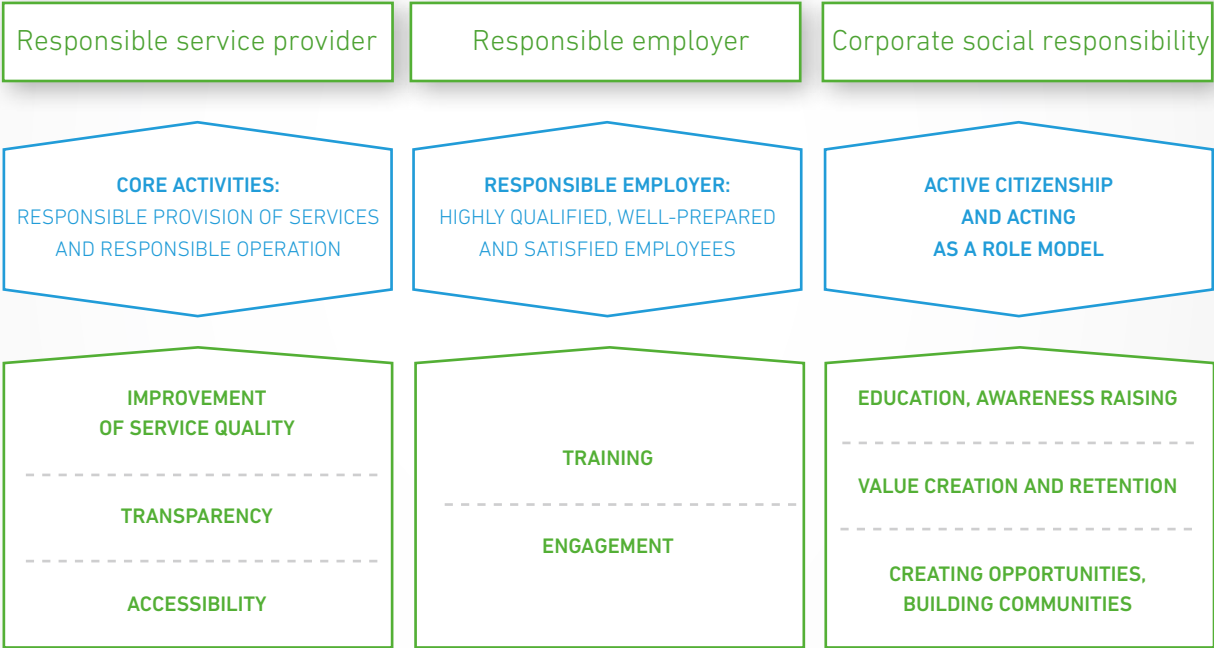
*Net of the negative effect of the transaction tax payable.





Our **CSR Strategy** sets out the three key priorities of corporate social responsibility. While reflecting the Strategy, our Sustainability Report is designed to break down and give more focus to social responsibility as enforced in the provision of banking services, our core activity, along a total of 8 chapters.

Our CSR Strategy sets out the three key priorities of corporate social responsibility



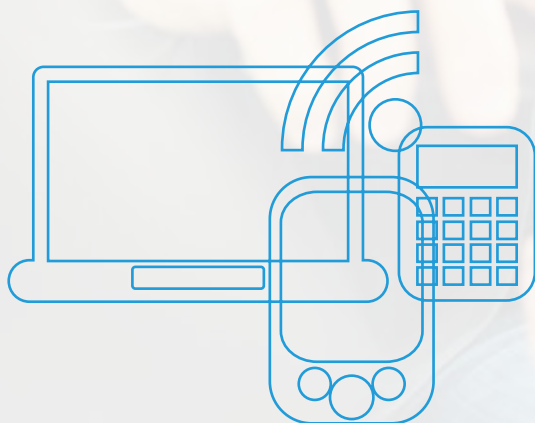
For more information, visit
<https://www.otpbank.hu/csr/en/main>

| | | / 1 . |

OTP GROUP

Innovative banking solutions

- | Digital Transformation Programme
- | OTPHelp microsite
- | Touch Bank in Russia



The changes taking place in the world and the digital revolution pose extraordinary challenges to the banking sector. It is of key importance to retain, and even strengthen digital competitiveness, which is centred around the customer and customer experience. Focusing our Bank's innovative power, we establish the processes and internal environment which enable efficient and flexible operations in the future as well. It is a delight to see the strength of motivation from this concept across the organisation: within a short timeframe, dozens of ideas were generated, and everyone was apparently electrified by the initiative.



Commitments

Results

2015

Launching Touch Bank to enable fully electronic banking in Russia

The bank has been launched and the first experiences are positive.

Further incentives for the use of electronic channels, promotion of smart phone applications

Implemented as part of a prize competition, and with marketing support. Additionally, informing customers has been integrated into clerks' daily work, and an e-mail to encourage use is also sent upon the first login to the internet bank.

Enhancement of OTPay to include parking and e-vignette functions

The development of OTPay has been completed.

Enhancement of OTPdirekt with a functionality for SZÉP cards

The development has been completed.

Development and improvement of mobile applications in Hungary and in foreign subsidiary banks (e.g. extension to additional platforms, mobile wallet applications, new design)

Several new and upgraded applications are available for our customers' convenience.

Improvements to the DSK Gameo in terms of the use of loyalty points

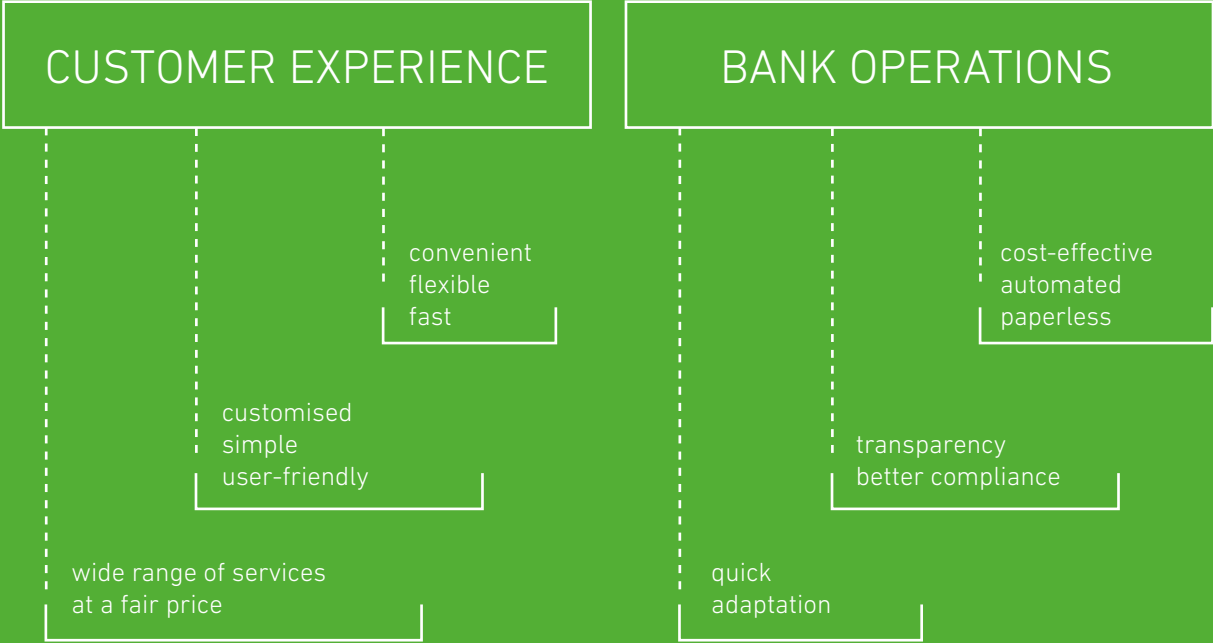
Not implemented due to the marginal significance of the application in the Bulgarian environment of low interest rates.

In Romania, development of the MyMentor application of the internet bank for mobile devices

Implemented, helping the management of personal finances.

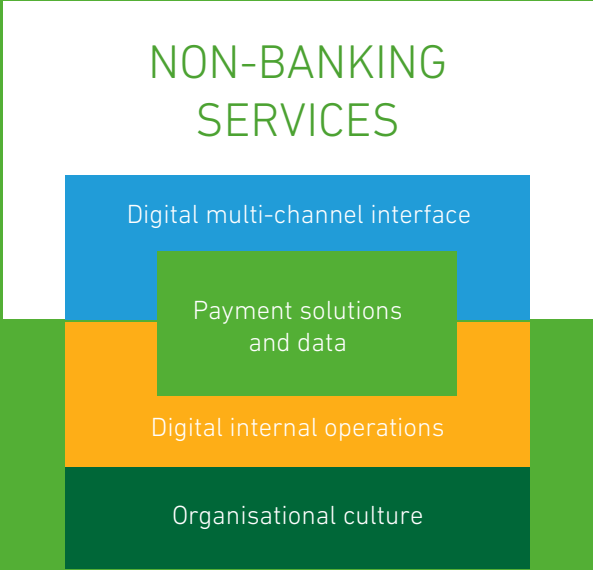
DIGITAL TRANSFORMATION PROGRAMME

OTP Bank’s strategic goal is the full digital transformation of banking operations.

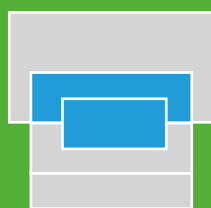


With a view to the opportunities available through digitisation, in the space of one year we identified over 30 major projects, and 70 minor developments were given a go-ahead. The most important projects were launched in 2015. The developments focus on a number of areas; however, the novelty of the programme is not only provided by its comprehensive nature, but also its innovative working method: we implemented agile project management, and a joint exercise with workshops at Hungarian universities and across the EU was launched on research and development, and innovation.

In order to improve the service, on the one hand we continuously widen the range of innovative technologies available at branches, enabling customers to complete routine transactions quickly and efficiently, while on the other hand, through the improvement of our data analysis capacities, we increase the level of customisation in product choice and the service. Additionally, we continuously develop our mobile banking and mobile payment applications. In the design of online services, it is our key goal to increase the share of processes ending online at the expense of processes ending at branches.



NEW MOMENTUM FOR DEVELOPMENT



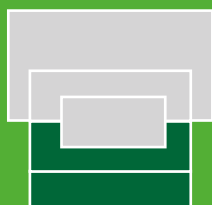
CUSTOMER VALUE PROPOSITIONS

- Online account opening for businesses
- Digital sales
- Mobile POS



NON-BANKING SERVICES

- Partner loyalty programme
- CsekkRendező for cheque payments in the internet
- bank



INTERNAL BANK OPERATIONS

- Internal electronic signature
- Support for digital management decisions
- Single-channel data flow

DIGITAL TRANSFORMATION PROGRAMME THE PROCESS

BRAINSTORMS

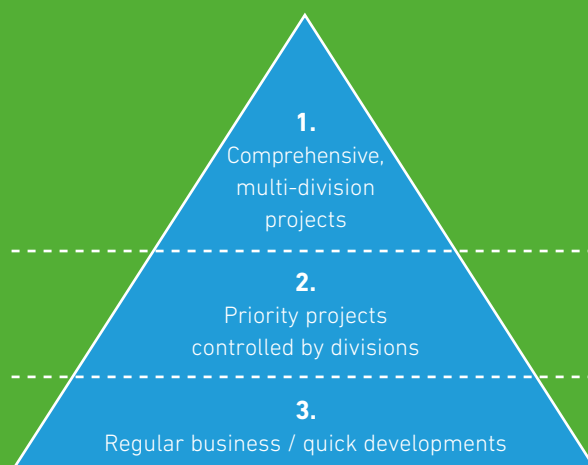
6 WITH ALL DIVISIONS
contributing

160+ IDEAS
pooled

150+ EMPLOYEES
contributed

80+ WORKSHOPS

IMPLEMENTATION



The results achieved in 2015 are discussed below in this chapter and in sections marked DTP in other chapters.

dtp

1.1.

Development of services available on mobile devices

Our developments in 2015:

- DSK Bank launched a new mobile application called **DSK Q**, which provides occupancy information on branches, as well as access details for branches and ATMs.
- In Serbia, we launched our next-generation mobile bank (OTP m-banking) for Android, and in early 2016 for iPhone. Compared to the previous year, the number of the application's users has increased threefold.
- The **Simple** mobile application is one of our innovative responses to exploiting the opportunities offered by new technologies. Rather than offering banking services, the Simple application enables serving consumer needs fast through its 9 functions. At the time of its launch, the application offered six functions (vending machine purchase, food delivery, mobile waiter, cinema, theatre and concert ticket purchase, program tips), to which the functions of parking, e-vignette purchase and taxi order were added in 2015.
- The **OTPHelp** application has been available to Facebook users since 2011. In 2015 it was enhanced to give mobile phone users access to our customer service through a responsive microsite. As the use of the Facebook Messenger app is becoming increasingly wide-spread, we are receiving an increasing number of requests on this channel.

120,000 CUSTOMERS

using the Simple application

29,000 LOCATIONS IN HUNGARY

enabling payments via OTP Bank's NFC POS terminals (mobile wallet)

183,000 CONTRACTS

OTPdirekt SmartBank: at the end of the year, 70,000 users per month

MOBILE BANKING	SmartBank	SmartBróker	SZÉP Card	Car Lottery	OTP Club
Information query	balance account history	exchange rate	turnover balance	draw	Switch to the Partner Programme in early 2016 (integration into SmartBank)
Active operation	transfer deposit fixing limit change top up	equity transaction investment unit	-	-	

MOBILE PAYMENT	OTPay	Simple	MobilTárca
Main functions	MasterPass* parking e-vignette mobile top up balance query P2P money transfer	cinema ticket theatre ticket parking e-vignette party locator food delivery mobile waiter taxi order*	NFC payment: 2015 – Vodafone 2014 – Telekom

* Developments in 2015 are marked in bold.

1.2.

Extensions to internet bank services

In 2015, key achievements include the considerable enhancements to the services available via OTPdirekt, some of which are listed below:

- Contracting is now possible as part of current account applications.
- Users can initiate building society deposit contracts.
- We have renewed the card application process, with a wider range of available cards.
- Users can now query the details of their SZÉP Cards, and make simplified payments into their health and voluntary pension fund accounts.
- The option to apply for car lottery deposits has become available.
- We have implemented the Mobile Signature⁵ based on QR codes, which, being an innovative solution that is unique in the market, will take longer to become wide-spread and requires customers to be educated; at the same time, the number of users is steadily growing.
- It is now possible to set an alert limit for Card Control messages.
- The use of the services has been streamlined through minor developments (e.g. wider range of export information, simpler management of forms).

Touch Bank – New business model in Russia

Launched in Russia in 2015, Touch Bank operates as part of OTP Bank Russia as a flagship digital banking business under OTP Bank Russia's supervisory license. The Bank primarily targets young customers who are responsive to modern technologies, providing its services via online platforms and mobile applications.

Expanding dynamically, by the end of the year Touch Bank attracted approximately 50,000 active customers in about 85 large cities, with close to 20,000 active debit cards.

The Bank is characterised by flexible, simple and clear user interfaces.

The Touch Bank services available via mobile applications include a number of new features, including instant account opening, instant deposit fixing with daily interest credits, the specifically innovative option to link bank cards to cards issued by other banks, and associate transaction types to each, credit lines that can be reallocated freely between credit cards and personal loans, free cash withdrawal from any ATM worldwide, and card transfers between accounts and to other banks and budgetary institutions. This latter feature can also be used for the payment of phone, internet and utility bills, as well as fines, taxes and other charges. In the last 2 months of the year, credit products have also become available. All of the products are available on a 24/7 basis online, and via mobile phones and the call centre.

OPTIMUS Project

As part of the OPTIMUS Project, we organised a prize competition on branch education and sales, targeting both customers and clerks. Goals of the campaign:

- directing routine transactions that are currently done in the branch network but can also be done via the internet bank to the internet bank interface;
- promoting OTPdirekt services, increasing the number of active internet bank users;
- improving the quality of education on the internet bank.

In addition to the prize competition, as of 2015 our clerks have been giving priority to providing information on the wide range of functionalities available on the internet channels, and this has also been integrated into daily procedures.

Starting from mid-2015, customers receive a welcome e-mail on their first login to the internet bank, with an interactive demo and videos supporting the use of the interface.



⁵ The Mobile Signature is OTP Bank Nyrt.'s service for increased security, available for use with the internet service. Users applying for the internet channel are required to set either option of the Mobile Signature (on login or per transaction).

10,000 REGISTRATIONS

for using of the Mobile Signature based on QR codes:

- In Romania, the **MyMentor** personal financial consultancy application enables customers to manage their finances more easily online by monitoring and grouping their transactions carried out on the internet and using bank cards.
- As part of OTPdirekt, OTP Bank Romania was the first bank in the country to introduce **real time chat**, which allows customers to write whenever they encounter a problem while using the internet bank, and provides instant assistance. Screen sharing is a new feature that enables customers to show their screens, facilitating the communication of the steps to be taken.
- In Russia, the **OTP Credit** application enables customers to repay their loans by using a credit card issued by any other bank. Such transactions require only a few conditions to be satisfied, and commissions are limited to 2%.
- By developing the **virtual cheque**, DSK Bank has made it possible for customers to send money to any partner who does not have a bank account, only a mobile phone number. The virtual cheque won a Bulgarian business award in the e-business category.
- Extensions were also made to the internet bank services in Ukraine: all core functions are available, processing time was extended to 24/7, and the user interface was clarified.
- In Croatia, a 2D barcode scanner⁶ was developed to accelerate payments.

1,000–1,500 APPLICATIONS/MONTH

for car lottery deposit books via OTPdirekt

OTPdirekt IN HUNGARY

1.7 million contracts (up 9% from the previous year), used by over 1 million customers within 3 months

1.3.

Promoting and facilitating bank card use

In 2015, we continued to focus on promoting the use of cashless payments with a view to the benefits of increased convenience and security. The achievement of this goal was facilitated by both promotions and new services. In 2015, the number of purchases at OTP Bank increased by a fifth, and their volume by a quarter, compared to the previous year. Over the same period, the number of NFC transactions increased more than twofold, as a result of which close to one-half of all transactions were NFC in 2015.

With the exception of Romania, we also use the PayPass technology in all of our subsidiary banks. In Bulgaria, new Visa Debit payWave NFC cards were introduced, enabling safer, faster and easier payments. At the Parent Bank the option of mobile NFC payments was extended to Vodafone. The development of the OTPay service has enabled online payments through the MasterPass platform.

In 2015, OTP Bank ran several campaigns for debit card holders to encourage card use. Additionally, customers were encouraged to use their cards by means of refunds and team prizes as part of interactive games based on bank card use, developed for Facebook and mobile platforms. We collected The Banker's Technology Project of the Year award for the games developed specifically for Facebook and mobile devices.



AWARDS

In 2015 we won The Banker Technology Project of the Year Award.

Sold by our partner Vodafone, in late 2015 we introduced the mobile POS as a new service, which essentially provides small businesses with a favourably priced merchant device in order to improve the willingness to accept cards. Our aim is to broaden the range of POS functions and accepted cards.

⁶ With two-dimensional (2D) barcodes, the information is represented by the combined height and width of the code snippet.

2015 – 2017

Strategic goals

Implement the Digital Transformation Programme (2017):

- OTP Discount Scheme
- design customer-friendly online processes for product applications
- online cheque payment service in OTPdirekt – CsekkRendező
- introduce digital signature pads at branches to enable paperless customer service
- design a complete financial planner as an innovative upgrade to the current system's wealth planning focus
- introduce quantified banking discounts at customer level in OTPdirekt
- perform a full upgrade of mobile applications (bank and wallet)

Implement e-loans in Romania (online loan applications, locally approved loans for certain customer types, automated processing mechanisms) (2016)

Introduce the mobile banking application at CKB Bank (2016)



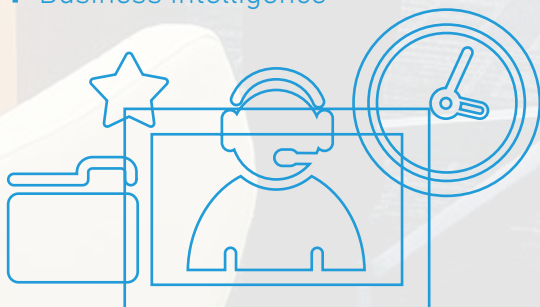
11.2.



OTP GROUP

Customer focus

- Remote expert model
- E-document repository
- Same-day execution of branch transfers
- Improved flexibility in serving corporate customers
- Business intelligence



We work to **understand and serve**, and even foresee our customers' needs. The challenge lies in the need to consider both the Bank's and customers' perspectives at the same time, since the key to the Bank's long-term profitability is to see things through customers' eyes as well. This approach and our expertise are the guarantee for the complexity that characterises our service and product offering, for the convenience which our customers expect and receive from us, and for the speed at which we respond to their needs despite a continuously changing market environment. In our view, it is as a result of our work that the trends of recent years reversed and in 2015 the number of OTP Bank's customers increased in both the retail and the corporate segments.

Commitments

Results

2015

ENHANCING IN-BRANCH SERVICES

Implementation of the remote expert system at additional small branches.

We prepared the development of the remote expert system in the context of securities and of property-related lending, and with developments to improve service quality. We are planning to roll out the system to 150 branches within two years.

Introduction of electronic signatures at branches for the purpose of paperless in-branch service (requiring the customer to sign an electronic surface rather than paper)

Implementation in progress as part of a project.

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 at the branches involved

Implemented at 50 branches.

EXPANSION OF ACCESSIBLE SERVICES

Deployment of tactile guide strips at 120 busy branches to assist blind and partially sighted customers

Implemented.

Installation of audio kits in ATMs at 120 busy branches, enabling blind and partially sighted customers to use the ATMs by means of earphones plugged into the ATMs

Implemented.

Advanced sign language training for 50 branch employees

Implemented, the training is now provided on a continuous basis at OTP Bank.

Treating complex accessibility as a priority in all future branch projects

Implemented, with an average 10 to 20 branches refurbished each year.



DEVELOPING THE INFORMATION WE PROVIDE

Setting up OTP Education Points to enhance customers' knowledge on e-banking

Implementation in progress; in 2016 we are testing the system at 30 branches, and if it is well received, we plan to involve 100 branches by mid-2017.

Upgrading and streamlining online savings consultancy interfaces, addition of user-friendly functions.

As a result of a complex development, the implementation will be completed in 2017 (see the chapter Products to develop the local community).

Reworking the design and structure of the internet bank in Romania and Serbia, development of new functions in Serbia

The developments have been implemented.

ASSISTANCE FOR THE WORK OF CLERKS, DEVELOPMENT OF BACKGROUND PROCESSES

Consolidation of preferential terms offered on different products, enabling clerks to measure and communicate preferential rates.

Implementation in progress

Extension of business intelligence in central customer service areas, automated processing of additional letter types, developments to accelerate processing.

Implemented.

COMPLAINT MANAGEMENT

Development of a new electronic system at CKB Bank to register, manage, respond to and archive complaints.

Implemented

Development of a new electronic system at DSK Bank, integration of complaint management with document management and call centre systems.

Implemented

OTHER

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).

Implemented, with the relevant information incorporated into basic instruction.



Fusion Project

In 2015, the greatest challenge and success for OTP Bank Romania was the implementation of the merger with Millennium Bank. This large-scale project required all of the Bank's resources to be committed, because simultaneously with the takeover of the customer portfolio and the verification of products and services, it needed to pay due attention to the retention of its own customers and the competitiveness of its products and services.

Following the integration, the number of branches increased by 17 to 101. The number of ATMs increased by 35% to 170. The number of the Bank's customers increased by 12% to 426,000. Employees of the former Millennium branches participate in a special training and inclusion programme.

2.1.

Enhancing in-branch services

Changes in customer needs transform the role of bank branches. Even as electronic channels are becoming increasingly wide-spread, personal administration, the professional expertise of our clerks and the trust in them remain essential due to complex products. We wish to support customers in their financial decisions face to face, as consultants. We are preparing both the branch environment and our clerks for the fulfilment of this task to the highest possible standard.

We continuously refurbish our branches, with 59 branches (4%) refurbished during the year at Group level. A significant number of branches were refurbished in Hungary, and Bulgaria.



BRANCH RENOVATIONS

advisory services: advisor jobs

quick and comfortable business processing: digital tools and 24 hour zone

complex accessibility: physical and infocommunications related

Waiting times

- As a result of recent years' developments, we have minimised waiting times in Hungary, and our aim is to keep them at the current low level. We start serving 85% of our customers within 10 minutes, and 94% within 15 minutes.
- Free WiFi access⁷ at several branches across the Group, and kids' corners⁸ contribute to making the waiting time more pleasant for customers. In Hungary, in 2016 the WiFi service will become available at all branches with a retail service focus, and we are also planning to test the setup of phone charger stations.

- An increasing number of OTP Bank's 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. In 2015, over 252,000 appointments were scheduled. In order to improve customer satisfaction, our aim is to ensure that at least 4% of customers arrive for scheduled appointments.
- DSK Bank launched the 'Quick Desk' project, as part of which 2 quick desks were set up to handle fast transactions (cash withdrawals and deposits) at each of the 34 busy branches where this was considered necessary. As a result of the project, the number of customers served increased by 6% and waiting time decreased by 1% at the branches concerned.

⁷ Available at two-thirds of branches in Hungary, 84% in Bulgaria, all branches in Serbia, and all branches but one in Ukraine.

⁸ At 221 (57%) branches in Hungary, 9 (2%) in Bulgaria, 35 (35%) in Romania, 34 (56%) in Slovakia, 6 (6%) in Croatia, and 4 (14%) in Montenegro.

Customer service

- As a major achievement in the field of customer information, in 2015 virtually all of OTP Bank's branches were equipped with **OTP Browsers** (touch-screen devices available to customers). The Browser enables customers to track queue numbers, and view FX rates and a wide range of information on the Bank, while also providing useful material such as weather forecasts.

As of 2015, the OTP Browser allows access to the **E-document repository**, providing for the online presentation of documents to be displayed at branches (notices, terms of business). The E-document repository provides quick assistance to queued customers in obtaining information easily. Importantly, in addition to the current notices and terms of business in effect from time to time, the repository also provides access to documents of the past 2 to 3 years which are no longer effective.

By implementing the development, we aim to improve the information provided to customers, while reducing the administrative burdens and printing costs of branches. Feedback indicates that customers are satisfied with the new service.

- In Merkantil Group's customer area, we set up two eInfo points. These work similarly to OTP Browsers, enabling customers to access and browse electronic versions of all public notices and documents.
- Without any adjustments to its charges, OTP Bank introduced the **same-day execution of orders for interbank HUF payments** placed at branches. Similarly to payments submitted electronically, it is now possible for payments to be executed on the same day rather than the one-day lead time applicable previously⁹.
- **Professional support for clerks:** highly trained call centre experts assist branch employees by answering technical questions arising in connection with bank accounts, deposits, securities and property-related loans. 90% of a monthly 500 requests are resolved in this way, and additional experts need to be engaged only in 10% of the cases.

Remote expert customer service system

In 2014, at 20 branches we introduced an innovative customer service system involving remote expert support for small branches, as a test service. 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 or property-related loans) 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. The testing of the system continued into 2015, and the service is expected to go live and be rolled out in late 2016 and early 2017.

We assessed the effectiveness of the testing of the remote expert system via a phone-based customer satisfaction survey. A vast majority (94%) of respondents were satisfied with their remote experts. The main reasons of dissatisfaction were the lack of personal contact, longer than usual administration time, and the absence of intimate service conditions. Customer experience in terms of personal contact and service conditions is greatly improved by the fact that as of early 2016, we provide this type of service in a separated meeting room.

OTP Bank joined the national campaign on the effective prevention of carbon monoxide poisoning launched by the National Directorate General for Disaster Management, as part of which we deployed carbon monoxide detectors at 50 branches. We are planning to continue the programme by involving additional branches.

- In Russia, we reduced the time required for paperwork related to POS loan applications from 20 to 7 minutes, which significantly increases the amount of useful time spent with customers. To date, the project has been piloted at 4,000 of our 30,000 points of sale, and is expected to continue in 2016.
- OTP Bank has **improved the flexibility of service to corporate customers** by increasing the interoperability of specific service channels (branches, corporate mobile bankers and commercial banking centres) as a result of segmenting customers by their product use rather than sales revenue; additionally, we have significantly increased the amount of customer-level credit exposure in the case of branches and corporate mobile bankers.
- At DSK Bank, in 2015 the 5 dedicated business corners and 9 corporate business zones already provided full service to large corporations and SMEs.

⁹ In the case of retail customers, payments submitted up to 4 p.m. on weekdays will be credited to recipients on the same day, while the cut-off time for non-retail customers is 2 p.m.

ACCESS POINTS IN DISADVANTAGED REGIONS ¹⁰	Branch	ATM
OTP Bank – Hungary		
Number of access points (% – as a percentage of the total)	71 (18%)	n/a
Number of new access points (as a % of new)	0 (- ¹¹)	n/a
Number of terminated access points (as a % of terminated)	0 (-)	n/a
DSK Bank – Bulgaria / n/a		
CKB – Montenegro		
Number of access points (% – as a percentage of the total)	1 (3%)	4 (5%)
Number of new access points (as a % of new)	0 (-)	0 (-)
Number of terminated access points (as a % of terminated)	0 (-)	0 (-)
OTP Bank Romania – Romania		
Number of access points (% – as a percentage of the total)	21 (21%)	10 (7%)
Number of new access points (as a % of new)	0 (-)	1 (2%)
Number of terminated access points (as a % of terminated)	0 (-)	1 (4%)
OTP banka Hrvatska – Croatia		
Number of access points (% – as a percentage of the total)	24 (23%)	42 (17%)
Number of new access points (as a % of new)	0 (-)	0 (-)
Number of terminated access points (as a % of terminated)	1 (13%)	0 (-)
OTP Banka Slovensko – Slovakia		
Number of access points (% – as a percentage of the total)	51 (84%)	121 (86%)
Number of new access points (as a % of new)	0 (-)	4 (67%)
Number of terminated access points (as a % of terminated)	0 (-)	3 (75%)
OTP banka Srbija – Serbia		
Number of access points (% – as a percentage of the total)	0 (0%)	3 (2%)
Number of new access points (as a % of new)	0 (0%)	0 (0%)
Number of terminated access points (as a % of terminated)	0 (0%)	0 (0%)
OTP Bank Russia – Russia		
Number of access points (% – as a percentage of the total)	7 (5%)	5 (2%)
Number of new access points (as a % of new)	0 (-)	0 (-)
Number of terminated access points (as a % of terminated)	0 (-)	0(-)
OTP Bank Ukraine – Ukraine		
Number of access points (% – as a percentage of the total)	8 (9%)	10 (10%)
Number of new access points (as a % of new)	0 (-)	3 (100%)
Number of terminated access points (as a % of terminated)	31 (100%)	30 (100%)

A TOTAL OF
252,000

WITHIN
10 minutes

appointments scheduled, several thousand each month via OTPdirekt.

We start serving 85% of our customers

¹⁰ Subregions and districts defined as such under the laws of each country, determined according to social and demographic indicators, and indicators related to housing and living conditions, the local economy and labour market, infrastructure and the environment.

¹¹ None, not applicable

DID YOU KNOW?

For several years, we have been making a voluntary commitment to service quality, when we fail in this endeavour we offer customers preferential terms or gifts by way of compensation:

- In the case of personal loan applications, each loan is disbursed within one hour of contracting. We grant the customer a HUF 10,000 Tesco voucher whenever this fails to happen. In 2015, 71,717 personal loans were disbursed, while only 1 voucher needed to be granted.
- Where express delivery of debit cards 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 2015, CKB Bank also introduced quality commitments in respect of American Express GOLD cards and personal loans to retired customers.

Accessible customer service

Our aim is to provide services to persons with disabilities to the same standard of quality as to the rest of our customers, in a manner tailored to their specific needs.

- 98% of OTP Bank's branches have been accessible by wheelchair for years (in the rest of its branches, accessibility cannot be provided due to the specific features of the branches), whereas the same rate for OTP Group is 58%.
- In Hungary, over 50% of ATMs are accessible, and the keypad of each machine is either fitted with Braille signage or has its central button marked. In 2015, we installed audio kits to 120 ATMs.
- According to our plans, we installed tactile guide strips at the 120 busiest branches, and the strips are also installed on a continuous basis at the branches being refurbished.
- Sign language training has become continuous: In 2014/2015, 57 employees participated in sign language training at basic level, and 54 at advanced level.



Accept it, accept me!

In 2015, OTP Bank's branches participated in the opinion-forming roadshow of Hand in Hand Foundation, an organisation operating for ten years now, to support acceptance of disabled people. As part of the 'Accept it – Accept me' campaign, able children are invited to complete everyday situations in a truck converted into a travelling pirate ship. As a new programme feature, 4 accessible OTP branches were also involved in the game, where young people could experience the benefits of equal opportunities in also real life, not only in a game setup.

Playful participants could also put their skills to the test in the 'OTP Chance' game, where correct answers to questions on equal opportunities and finance could earn them OTP Bank gifts.

DID YOU KNOW?

In 2013 a Complex Bank Accessibility Team was set up, which has been instrumental in implementing developments in response to the needs of all disability groups through the involvement of the groups concerned and their representatives, and in preparing our employees to meet special needs. We organised sensitisation training sessions and open days, all of which were very well received. About one-third of our branches are equipped with induction loop amplifiers and tactile guide strips, and about 100 of our employees have complete basic training in sign language. Our branch in Fény utca is an accessible reference branch.

CUSTOMER FOCUS AWARD

Each year OTP Bank announces a contest for best branch performance. In 2015, the Customer Focus Award was given to our **Balatonfüred branch**.



Ügyfélfókusz Díj

2.2.

Improvement of customer communications

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. Additionally, we aim to **target and tailor information and communications to our customers' needs**; over the past year, in line with the general trends, we broadened the communication channels enabling online and instant connections.

- Involving 5 branches, OTP Bank tested a new project as part of which clerks informed the respective customers about the total amount of **discounts** granted to them to date for the use of specific services. The initiative was met with positive feedback from customers.
- OTP banka Srbija launched a project called '**Your Opinion is Important to Us**' to survey customers' opinions. The Bank made efforts to implement the requests and suggestions received. In several cases, real errors affecting many customers were corrected or communication practices were improved, e.g. for better clarity, adjustments were made to the description of interest calculation for certain savings offers.
- In Montenegro, CKB Bank revised the design of its rate cards to make them more easily understandable to customers.

In 2015, several OTP Group members upgraded their websites with enhancements to interactive functions:

- OTP Bank added **proactive chat** to its website, which appears on the pages for overdraft facilities and personal loans whenever a customer spends more than 2 to 3 minutes reading the content. Customers can ask questions on the subjects concerned, and may receive targeted information. In 2015, over 54,000 successful chat sessions were completed.
- In Romania, the Bank's website received a complete upgrade with a new image, optimised contents and new functions, and now provides simpler access to key content, is equally easy to read with PCs, tablets and mobile phones, and includes a smart widget system, credit and exchange rate applications, and a user-friendly product simulator.
- OTP banka Hrvatska also upgraded its website, which now provides considerably more information on products and services, particularly loans. Customers are assisted in understanding loans by the possibility of simulating variables (e.g. exchange rates and interest rates).
- The upgrade of the Russian subsidiary bank's website helps customers with a more structured design.



2.3.

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 2015:

- For branch and call centre employees, training programmes focused on the improvement of **consulting skills**. Dedicated professional training was provided in the field of property-related lending, where 32 employees were trained as property specialists.
- In connection with **property-related lending**, improvements were made to the system of training and preparing employees, with customers' life situations and customer-centred information in mind. We developed a Property-related Lending Development Concept as part of which we renewed consultants' professional preparation and skills development, and have been simplifying the processes of property-related lending. Some of our sales support experts were prepared to provide specific support for property-related lending; additionally, internal professional communication related to property-related lending was systematised by means of regional road shows, professional days and video messages. Our employees are also adequately informed in terms of using state subsidies, and provide assistance to customers.
- With a view to our employees' ability to support savings and wealth planning to high standard, from 2015 the training of clerks newly entering the premium service is also supported by an investment instructor.
- At Group level, we started to define and align the indicators required for the evaluation of our telephone service.
- 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. In 2015, enhancements were implemented to the system (e.g. the Service Quality Measurement and First Call Resolution models). The integration of the models into business processes will continue in 2016, most importantly resulting in shortened processing times, which will become more prominent in subsequent phases of the development.

- In Slovakia, we involved 6 branches in testing the New Lending System project, designed to support the easier and faster processing of retail loans.

- In Bulgaria, a new feature of the IT system supporting private banking consultants sends automated messages on customers' maturing deposits, security due dates and card expiries, and it also generates consulting tasks for clerks, the completion and back-testing of which have been incorporated into target agreements in line with the Hungarian practice.

2.4.

Improvements to complaint management

At OTP Bank, complaint management is a priority, centrally managed and strictly controlled process. In 2015, no changes were made to the main process of complaint management, which complies with the statutory requirements in every respect. Due to regulatory changes, minor adjustments were made to the Complaint Management Policy in compliance with statutory requirements. We made efforts to **accelerate** sub-processes, which enabled us to process customer complaints faster than the statutory requirements.

At OTP Bank, the ratio of warranted complaints has been falling considerably since 2012, to 62-52% from the previous 70-78%. A continuous increase is also seen in the number of complaint cases closed. The number of warranted complaints soared in 2009 during the crisis, and has since not returned to previous levels.

10

Among foreign subsidiary banks, the harmonisation of main complaint management processes was completed in 2015, providing for service according to consistent principles. Subsidiary banks implemented a number of developments with a view to harmonisation and improvements to their processes:

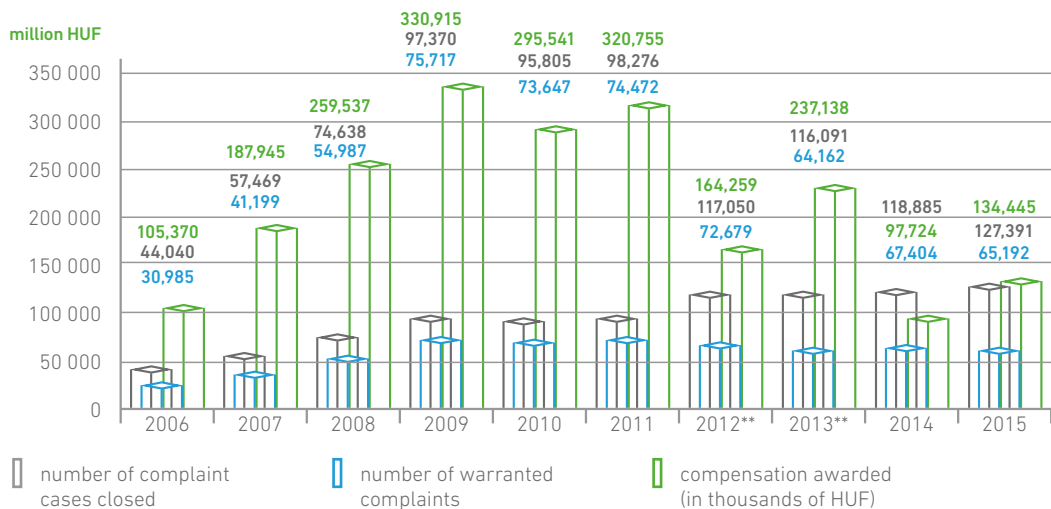
- CKB Bank, DSK Bank and OTP Bank Russia developed new electronic systems for complaint management. OTP Banka Slovensko initiated changes to 36 processes/procedures, of which 23 were implemented by the end of the year.
- In Croatia, improvements were made to monitoring the time limits of responding to complaints, and the contents of response letters.
- In accordance with the statutory requirements, OTP banka Srbija reduced the time limit of responding to complaints from 30 to 15 days.

- At OTP Faktoring Zrt., in order to improve the efficiency of complaint management and to ensure the adequate management of the increased number of complaints as a result of the settlement and HUF conversion acts, an additional complaint management staff of 20 were hired temporarily and 10 on a permanent basis.

When the new acts took effect, the Company adopted new procedures for the assessment of and response to complaints received in connection with settlement (including a statutory response time limit of 60 days, special remedies, and new complaint types related to factoring).

- In connection with settlement and HUF conversion, OTP Bank, OTP Jelzálogbank and OTP Faktoring received a total of 17,000 complaints, 0.8% of which were warranted.

OTP BANK CUSTOMER COMPLAINTS*



* OTP Bank, OTP Jelzálogbank, OTP Lakástakarékpénztár

** 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		
	2013**	2014	2015	2013**	2014	2015
Compensation paid (in millions of HUF)	237	98	134	368	249	224
Amount of compensation per warranted complaint (HUF)	3,700	1,450	2,060	5,000	2,100	2,200,

* Also includes data for OTP Lakástakarékpénztár and OTP Jelzálogbank.

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

2.5.

Measurement of customer satisfaction

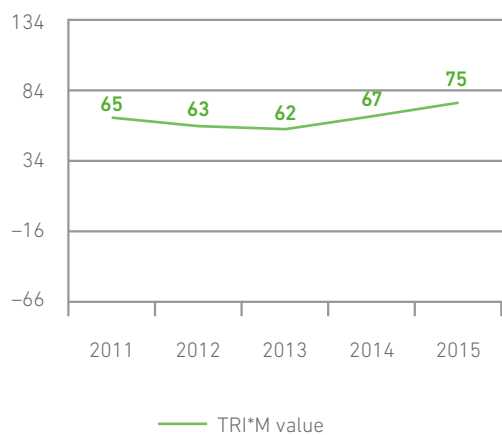
To measure the satisfaction of retail customers, OTP Bank uses the TRI*M methodology introduced in 2011.

For more details, see:
<https://www.otpbank.hu/csr/en/customer-focus>

OTP Bank's level of customer retention continued to increase up to the end of 2015 in every customer segment, accompanied by an increase in overall satisfaction and the aggregate TRI*M Index (to 75¹⁰). An absolute improvement was measured in terms of up-to-date information, accuracy and reliability.



TRI*M SCORE



We continued to assess Service Quality Management (SQM) at branches¹¹. Expertise and helpfulness continued to earn a high level of satisfaction at the branches, while in respect of administration and waiting times, satisfaction remained at the previous levels. 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.

OTP Bank Romania runs satisfaction surveys for three groups of retail customers: borrowers, OTP Mentor¹² users and internet bank users. Feedback from customers was definitely positive, with the greatest appreciation given to clerks' kindness, speed and efficiency, and clear and understandable communication. OTP Bank Romania earned a very high rating in terms of reliability, customer treatment, and employees' reliability and professionalism. 96% of customers reported that employees had assessed their needs appropriately. 73% of customers were very satisfied and 24% satisfied with their interactions with OTP Bank Romania under review.

¹⁰ The TRI*M score can range between -66 and 134 points.

¹¹ The Service Quality Management (SQM) system is used to assess the satisfaction of retail customers transacting business through OTP Bank's various channels in terms of experience and the administrative procedure, and as such it is responsible for the generation of the service quality index. The assessment involves every branch on a quarterly or semi-annual basis. The SQM system assesses subjective experiences and opinions: e.g. in respect of waiting times, rather than expressing the amount of time effectively spent waiting, it indicates how short or long the waiting appeared to the customer, and their level of satisfaction.

¹² OTP Bank Romania's financial consultancy programme.

2015 – 2018

Strategic goals

New communication framework concept at OTP Bank to enable customers to learn more about our Bank and clerks (2016)

More personal relations with branch clerks in transactions for housing loans and other products (2016)

Develop and roll out the remote expert system to approximately 150 branches (2018)

Install carbon monoxide detectors at additional branches (about 50 locations) (2016)

Deploy a total of 200 deposit ATMs (2017)

Open a cashless branch in Montenegro with only elderly and disabled employees. (2016)

Introduce a new lending practice in Slovakia for faster and better service (2016)



11./3.

OTP GROUP

Financial products aimed at the development of the local community

- Loan replacement
- CSOK
- Wealth planning
- FGS (Funding for Growth Scheme)
- Corporate Consultancy Project



The **responsibility** of a company is essentially determined by its core activities. Today, OTP Group provides quality solutions to the financial needs of over 13.5 million customers across a network of more than 1,300 branches, through cutting-edge electronic channels, and agents. At the same time, the Bank Group also has the means to encourage sustainable financial management and sustainable consumption through its products and services, helping individuals, communities and businesses to achieve their savings and borrowing objectives.



OTP Group also aims to provide banking products and services that directly serve the development of local communities and economies, or provide environmental benefits. This chapter explains these new or novel products. Refer to our website for information on previously launched products with social or environmental benefits:

i <https://www.otpbank.hu/portal/en/Home>

Commitments

Results

IMPLEMENTED PROJECTS

Sales following up and focusing on changes in the system of housing subsidies for families.

Implemented; OTP Bank is the leading provider of first home finance, and was the first to introduce CSOK.

Better service to medium enterprises by introducing semi-standard products.

We announced the OTP Business 250 Corporate Credit Programme.

Better service to micro and small enterprises by introducing standard credit products.

We introduced the semi-standard products.

Professional and financial support for EU grant applications of condominiums.

Implemented; we finance condominiums' and housing associations' own contributions through Thermo/Style loans.

Providing for the electronic submission of the background documentation of EU grant applications.

Implemented; we set up a dedicated information platform for the Corporate Consultancy Project initiatives, which also enables document submission.

3.1.

Retail

Property-related lending

The settlement and HUF conversion of foreign exchange-based loans

> Compliance and security and Settlement and HUF conversion (p.56.)

did not only represent a task for OTP Bank due to the administrative requirements to be met. Following settlement and HUF conversion, customers were given the opportunity – within certain time limits – to **replace their loans** by switching to more favourable terms. We assisted the replacement of converted HUF loans secured by property by creating the following dedicated products:

- reference rate based loans at lower interest rates;
- FIX10 product with a 10-year interest period;
- simple, extremely low-rate Plus product variants.

According to the MNB's press release, disbursements to new customers for the replacement of other banks' loans amounted to a total of HUF 36.4 billion in the market, of which OTP Bank took a 14.8% share (HUF 5.4 billion).

In 2015, we announced a number of discounts to increase retail lending:

- we waived a number of initial charges, as a result of which we provided HUF 3 billion worth of discounts on initial charges during the year;
- notarial fees became conditional, as a result of which three-quarters of transactions were completely free of initial charges, and fees were paid in one-fourth of the cases.

HUF 6.9 billion WORTH OF OUR OWN

and other banks' loans replaced in the context of settlement and HUF conversion

HUF 3 billion WORTH OF DISCOUNTS

on initial charges relating to retail lending

Availability and upgrade of real property

In Hungary, owed to the recovering performance of the economy and new state subsidies for housing investments, the number of property loans returned to a course of dynamic growth, as did that of special savings for the purchase and refurbishment of property. Meeting our expectations, we achieved approximately 45% growth in the field of property-related lending.

OTP Bank was the first to offer CSOK, the housing subsidies for families, which had been adjusted in favour of applicants. Within housing loans, the share of loans granted at subsidised interest rates fluctuated between 35% and 40% on a monthly basis.

In Croatia, OTP banka Hrvatska managed to offer the best prices in the market for property loans, which allowed it to increase the sale of such loans. The Bank continued to offer 'Sunlight loans' to reward energy-saving homes with lower interest rates.

DISTRIBUTION OF MORTGAGES DISBURSED IN 2015

OTP Core

85%



Used real estate purchase

5%



Loan conversion

4%



Real estate construction

3%



Renovation

2%



Expansion, Modernisation

1%



New real estate purchase

DID YOU KNOW?

Commissioned by the Hungarian State, OTP Bank has been providing accessibility assistance for decades, helping disabled people to improve their housing conditions and quality of life. The accessibility assistance requested in 2015 was almost entirely disbursed by OTP Bank (350 cases).

An increasing number of customers are opening **building society accounts** to start timely savings for housing purposes becoming due in a few years. In 2015, the portfolio of new contracts increased by 40% compared to the previous year, and the average monthly amount of savings also continued to increase, with the current amount of more than HUF 17,000 representing a 35% increase over 2011.

DID YOU KNOW?

For years, OTP Bank has prepared publicly available analyses titled 'Value Map' on the evolution of the property market. In 2015, three Value Maps were prepared: one analysis on arable land, and two on residential property, addressing the processes of 2014 and 2015H1, with specific coverage of housing estate apartments.

In connection with ADLAK, our product designed to enable access to employer's grants for the repayment of housing loans, in 2015 we contracted approximately 4,000 employers, which provided HUF 3.1 billion in grants to about 7,000 employees. In our experience, the service is used by companies that apply systems of regular fringe benefits, and an increasing number of contracted employers have been opting for ADLAK.

280,000 OPEN HOUSING LOANS

at the end of 2015 in the Bank Group, at OTP Bank and OTP Jelzálogbank

DISBURSEMENT OF 15,000

housing loans in 2015 through OTP Core, the majority (80%) of which were requested for the purchase of used property

500,000 BUILDING SOCIETY

accounts at the end of 2015



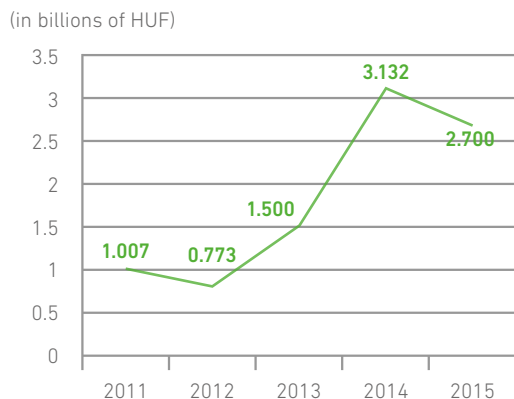
Self-provision, wealth planning, consulting

As a responsible bank group, support for financial self-provision and the encouragement of savings are essential for us. In Hungary, the evolution of **savings** was strongly influenced by the cut of the central bank policy rate to a historical low of 1.35% in 2015: within savings, the Hungarian bank market was characterised by a shift towards securities in addition to a gradual increase in holdings of demand deposits.

Safety became a priority on the back of negative market events (bank and broker bankruptcies), which drove savings essentially towards reliable financial institutions such as OTP Bank. Despite a low policy rate, the portfolio of retail savings increased by 6% nationwide, close to 50% of which was attributable to OTP Bank with an increase amounting to HUF 434 billion.

In 2015, the OTP Climate Change 130/30 Fund was named Best Global Equity Fund in a contest by Privátbankár.hu. This was the first time that a prize was awarded to our global, geographically focused and sector-specific fund, the portfolio of which is comprised of the shares of companies related to climate protection and green industries.

ASSETS MANAGED BY THE OTP CLIMATE CHANGE 130/30 FUND



Using OTP Bank's **wealth planning** service, in 2015 more than 82,000 customers received advice for the conscious management of their savings in line with their ends and means, including an increasing number of young people with lower savings or at the beginning of their careers, who received targeted and simplified advice. From its launch to 2015, a total of nearly 320,000 customers used the wealth planning service, and the total assets of customers who used the service at least once amounted to more than HUF 1,700 billion at the end of 2015.

Responding to the findings of the **Self-provision Index survey**, since late 2015 we have been placing more emphasis on retirement savings and the use of monthly pension supplements. With the new method, we illustrate the progressive use of pension supplements during the years of retirement, and calculate the number of years over which the savings accumulated will provide for the supplement DTP. The planning phase of the complex upgrade was implemented in 2015, also incorporating the lessons learned from in-depth customer interviews and the focus group sessions of employees actively using the consultancy tool.

Ever since they were made available, there has been an unflagging interest in **TBSZ** accounts¹³ encouraging long-term investments. As at the end of 2015, we managed over 73,000 TBSZ accounts for 53,000 customers. At the end of 2015, the holders of the first 18,000 TBSZ accounts, opened in 2010, were required to make a statement about the renewal or termination of their accounts. Our developments enabled customers to make that statement electronically as well. We consider it an important achievement that more than three-quarters of our customers expressed an interest in maintaining their accounts, and close to one-half of those making a statement opted for the renewal of their accounts for an additional 5 years.

DID YOU KNOW?

Account plans for young people are traditionally available from most members of OTP Group. In the spirit of providing a responsible service, the services of each account plan are tailored to young people's ages, excluding (or requiring parental consent for) certain transactions. In addition to the preferential service plan, several of our banks offer additional discounts such as for international student passes or high academic achievement. The account plans help young people learn how to manage their finances responsibly. In Serbia, in March 2015 we introduced the Maestro Junior bank card for young people aged 7 to 20, assisting them with the acquisition and use of the concept of modern financial products.

otp

¹³ Long-Term Investment Account

Insurance products providing assistance with unforeseen problems are available from most members of OTP Group, and their use has been increasing steadily. In 2015, CKB Bank of Montenegro contracted three insurance companies in order to be able to offer retired customers an appropriate service to cover loans.

OTP banka Hrvatska cooperated with OTP Invest and the insurer Croatia osiguranje for the development of the Multi Invest product, a complex self-provision plan combining investment with capital protection, and life and health insurance.

82,000 SAVINGS ADVICE TO

customers of OTP Bank



3.2. Condominiums

OTP Bank has retained its leading position in the condominium segment. In 2015, we gave priority to providing access to, as well as professional and financial support for the 'Warmth of Home Scheme'. The Scheme is a HUF 10 billion facility for condominiums with 5 to 60 units, which may receive a grant of up to 50% for the implementation of their developments resulting in energy savings. To finance own contributions, OTP Bank offered loans (OTP Bank's Thermo/Style loans are specifically designed to help finance refurbishment and upgrade projects for condominiums and housing associations), while encouraging the combination of the loans with building society savings contracts in order to leverage additional state subsidies. In connection with the Scheme, we issued 127 binding loan commitments in the amount of HUF 3.6 billion.

Condominium grant

This year, 567 applications were filed for the regular OTP Condominium grant, announced for the 7th time in 2015, of which 9 applications were awarded in 3 categories (environmental protection, community building, better quality of life) from a pool of HUF 9 million. Unlike in previous years when the environment was the most popular category, this year most participants applied for funds for the implementation of their development plans to improve quality of life. The category winner applicant requested the grant for an accessibility project to make life easier for disabled people and families using prams. Additionally, most condominiums and housing associations applied for grants to install solar panel systems, the construction of green roofs, and the construction of energy saving lighting systems fitted with motion detectors.

Apart from providing financial support, the key aim of the grant scheme is to raise awareness in residential communities of the fact that it is possible to make their environments more pleasant, improve the comfort of their residence, or achieve significant energy savings by means of apparently small-volume investments.

HUF 5 billion WORTH OF NEW LOAN CONTRACTS

more than 35,000 contracted condominiums,
660 new loan contracts in Hungary

3.3.

Micro, small and medium enterprise customers

In recent years, OTP Group has paid particular attention to confirming that it is the primary bank not only for households, but also for businesses.

OTP Business specifically focuses on Hungarian SMEs. In 2015, we had more than 200,000 corporate customers. This customer segment is not easy to serve partly because it is highly heterogeneous, and partly because it is extremely burdened with a variety of administrative duties. That is why OTP Business is meant to help businesses efficiently by means of easily accessible, transparent and easy-to-use products and the continuous improvement of digital channels. Among other objectives, this is what the semi-standard products and the enhanced electronic processes launched in

otp 2015 help to achieve. As of 2016, applications for business account opening and credit can be handled through a simple and paperless online channel. The business has retained its leading position in the SME market with approximately 200,000 customers.

Funding for Growth Scheme

As an active participant in all three 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 has been highly popular with businesses since 2013. While the first two phases of the FGS also allowed working capital loans and pre-financing loans to be granted, the third and last phase of the FGS only allows new investments to be financed.

In 2015, we provided approximately HUF 820 billion worth of loans to 13,000 businesses in the context of the FGS. Approximately 40% of that volume was granted to micro enterprises, one-third to small enterprises, and one-quarter to medium enterprises. In terms of loan purpose, 58% of the loans granted were investment loans, 27.5% were working capital loans, 9.5% were EU loans, and 5% were used to replace loans previously taken.

PURPOSES OF BANK LOANS



EU funds and grant programmes are particularly important in connection with the investment, job creation and market presence of micro, small and medium enterprises. Linked to the grants available under the Economic Development and Innovation Operational Programme (GINOP) announced in 2015, OTP Bank plays a major role in financing applicants' own contributions and in pre-financing expenses. The bid consultancy firm OTP Hungaro-Projekt Kft. provides customers with useful advice and project management. In 2015, due to the limited bidding opportunities, OTP Hungaro-Projekt contributed to the writing of 6 bids in total. OTP Consulting Romania is engaged in similar activities to those of OTP Hungaro-Projekt, and continued its successful operations in 2015, providing major support to Romanian companies in the use of EU grant funds.

Corporate Consultancy Project Closed

30 September 2015 marked the closure of the Corporate Consultancy Grant Project announced in 2009 for the purpose of support mediation and financed from EU funds, as part of which the consortia led by OTP Bank were awarded in the regions of Central Hungary, Central Transdanubia, Western Transdanubia and Southern Transdanubia.

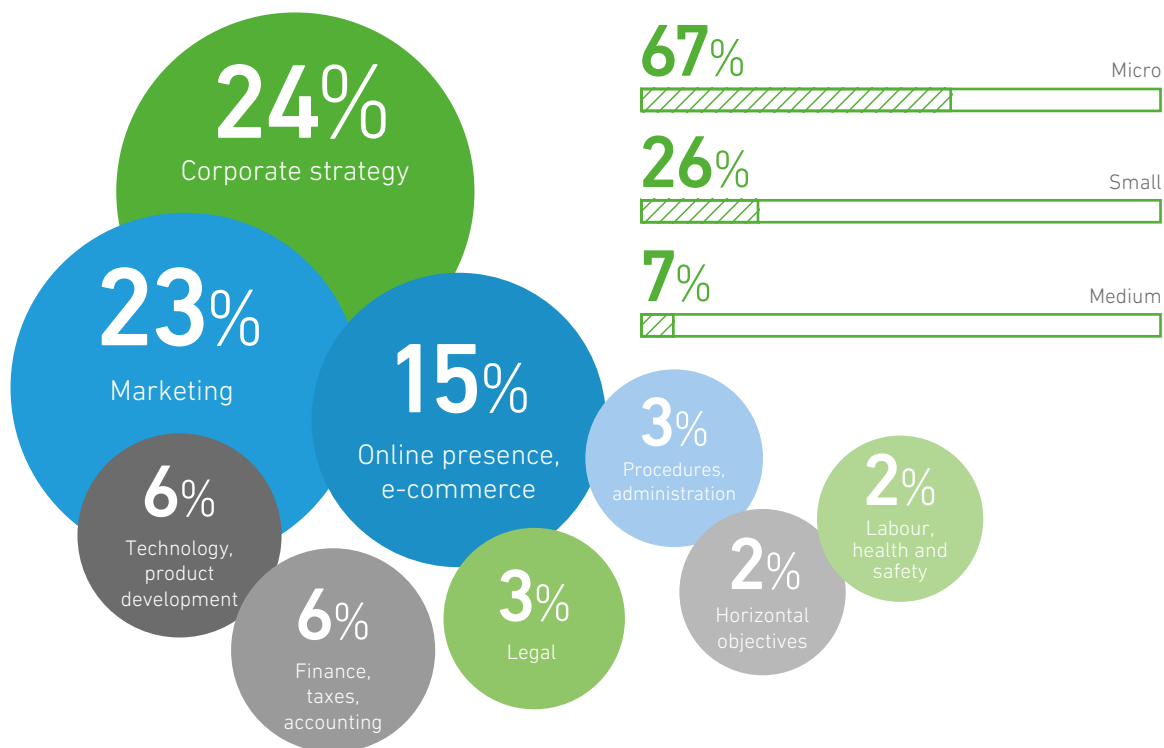
As part of the project, micro, small and medium enterprises received grants of up to HUF 8 million each for consulting initiatives to be implemented within six months.

Up to project closure, we awarded HUF 4,816 million in grants to 1,821 winners out of 2,343 applicants, and disbursed HUF 2,286 million worth of grants to 1,007 companies successfully closing their projects.

The programme favoured consulting firms, wholesale and retail traders, property firms and IT companies. 41% of all applications were submitted by such companies.

Grants were claimed in the average amount of HUF 3.2 million, and payments averaged at HUF 2.3 million. Contrary to expectations, we registered higher values in Fejér and Baranya counties rather than in the capital.

GRANT APPLICATIONS BY VOLUME AND FIELD OF CONSULTANCY



Intermediated by OTP Bank as part of the Export Promotion Scheme of Magyar Export-Import Bank Zrt. (EXIMBANK), we developed a number of favourably priced fixed-interest plans in 2015 to facilitate the export capacity of SMEs e.g. through the finance of working capital under favourable terms. In the case of export pre-financing loans refinanced by Eximbank, both the number of financed customers and the contracted volume have been increasing steadily: in the space of one year, the number of transactions nearly doubled, and the volume of finance exceeded HUF 30 billion.

In 2015, OTP Bank announced the **OTP Business 250 Corporate Credit Programme** for companies with annual sales above HUF 250 million, which, thanks to semi-standard credit products, are provided access to overdraft facilities and working capital and investment loans at once under more versatile and flexible terms than ever before, while the simplified terms have made their credit assessment significantly faster.

We opened towards a **new customer group**: we contacted forwarding companies with annual sales above HUF 100 million, and offered our OTP card cover payment service specifically tailored to the profile of such companies, which allows instant electronic transfers on a 24/7 basis between debit cards linked to HUF accounts held with OTP Bank.

Several foreign subsidiary banks follow the Parent Bank's model in giving priority to SME customers by increasing access to semi-standard products and the use of electronic channels. OTP Bank Romania made available its OTP Mentor service to SMEs as well, providing them with customised financial consultancy. DSK Bank encourages the sale of standardised SME loans. CKB Bank ran a campaign for the sale of SME loans.

HUF 367 billion
WORTH OF LOANS

contracted under the Funding for Growth Scheme

3,700
CUSTOMERS

in OTP Bank Romania's OTP Mentor programme

3.4.

Agricultural customers

OTP Bank has been making efforts to provide financing services to meet the needs of all actors in the agricultural sector.

At OTP Bank, lending is encouraged by a review of the risk management system, which already considers the fact that agricultural customers qualify as specifically good customers based on historical data. With the upgraded credit plans, farmers were provided quick and easy access to up to twice their subsidy amounts under even more favourable terms, which facilitated the earliest possible implementation of the investments and improvements foreseen, and thereby the development of Hungarian agri-business.

In 2015, interest remained concentrated on FGS funds and the options they provided in the form of commercial bank loans. OTP Bank was the first commercial bank to join the 'Land for Farmers' programme, offering favourable terms

for the purchase of state-owned arable land, even by means of FGS 3 funds. In the new fiscal year, a 5% increase was recorded in pre-financing for SAPS (Single Area Payment System) aid, Greening and Young Farmer grants, which may thus reach up to 85-90%.

Several of our subsidiaries have been paying particular attention to lending to the agricultural sector, to assessing and serving its special market needs, and to the development of partnerships.

- OTP banka Hrvatska's pre-financing product was unique in the Croatian market in respect of SAPS aid.
- OTP Banka Slovensko conducted studies and analyses, and drafted a business development plan in preparation for the development of its agricultural business.
- Subsidiary banks placed particular emphasis on the establishment of cooperation and relations with the relevant trade organisations, while OTP Bank also encouraged contacts between border branches and nearby branches in Hungary.

2016

Strategic goals

Refinance the Green Technic solar plant in Romania (project finance)

Cooperate with the EBRD on the development and disbursement of loans for energy saving investments in Ukraine

Participate actively but prudentially in the recovery of the housing markets in Hungary and Serbia

Participate in the 1000+ Apartments project in Montenegro to help young people purchase their first homes

Run an agricultural project for DSK Bank and OTP Banka Slovensko to facilitate business development

Complete the double SAPS product development (Green Card) for subsidiaries in EU Member States

Develop savings accounts in connection with children in Slovakia

Launch new special insurance products (e.g. for children) in Russia

3.5.

Project finance

At Bank Group level, as in previous years, in 2015 funds were provided for several projects with environmental and social benefits:

COMPANY	Number and purpose of new projects in 2015		Total number of projects and loans outstanding, 31/12/2015
DSK Bank	4 3 3 1	energy efficiency, renewables waste management healthcare municipal infrastructure development	60 projects, HUF 25.8 billion
OTP Bank Romania	36 2 1 6 4 17	energy saving renewable energy use protection of the natural environment education healthcare municipal infrastructure development (EU)	68 projects, HUF 14.5 billion
OTP Banka Slovensko	3	renewable energy use	11 projects, HUF 8 billion
CKB Bank	8 610 4	water and waste management healthcare education	1,294 projects, HUF 4 billion

Our Croatian subsidiary bank has been disbursing the loans of the Croatian Bank for Reconstruction and Development (CBRD) for several years. In 2015, 13 loans were disbursed amounting to a total of HUF 3.4 billion, in the following breakdown:

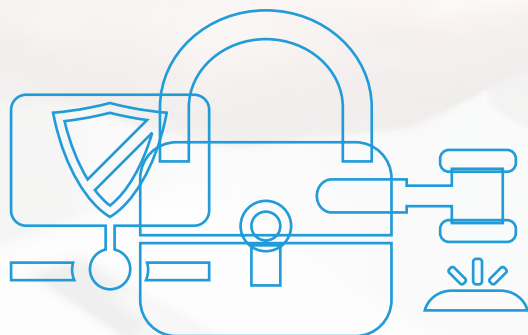
CBRD LOANS BY LOAN PURPOSE	loans
Finance for EUR rural development projects, fishery and winery development projects	6
Finance for renewable energy and municipal waste management development projects	1
Finance for IPARD projects (EU project for infrastructure and rural development)	2
Finance for environmental protection, energy efficiency and renewable energy projects	1
Program to assist women entrepreneurship	3

11./4.

OTP GROUP

Compliance and Security

- HUF conversion
- Debtor protection
- Whistleblower line on ethics
- Data leakage protection system



Today, OTP Group is a prominent player in the banking and capital markets in Hungary and the CEE region. It has achieved this position in an environment of intensifying competition, where demand for the Group's quality services, and the Group's diversity in terms of business, level of development and culture represent a continuous challenge for the Group's management and all of its employees. OTP Group has always been a leader in terms of **fair and ethical operations** and compliance with statutory requirements and standards. We are convinced that the practice of ethical operations makes a significant contribution to the Bank's competitiveness and recognition both in Hungary and internationally. In respect of subsidiaries, the compliance and legal functions continue to be centralised further, and as structural segmentation increases, the consistency and efficiency of compliance with requirements continues to be strengthened.

Commitments

Results

IMPLEMENTED AND PENDING PROJECTS

Development of a new Code of Ethics and related internal procedures	Implemented.
Whistleblower line on ethics: development of an independent and self-reliant channel and procedure for the management of reported ethical issues	The whistleblower line is operational.
Publication of the reviewed Conflict of Interest Policy	Implemented, with conflict of interest reviews.
Compliance with FATCA agreement	Customer due diligence is ongoing. The reporting obligation to the US under the FATCA Act was fulfilled for the first time on 30 June 2015.
Reviewing the Bank's risk management system with a focus on the peculiarities of the agricultural sector	The review has been implemented, and ratings now consider the fact that agricultural customers qualify as good customers based on statistical data.
Development of a 'risk appetite framework'	The development of the framework has started for all main risk types.
Progressive transition of subsidiary banks to the use of the AMA approach	In 2015, the transition was made by the Slovakian subsidiary bank.
Implementation of a data leakage protection (DLP) system	The system is operational.
Arrangements for measures to increase customers' and employees' awareness of IT security	Implemented in the form of training courses and information.

4.1.

Settlement, HUF conversion

The settlement of foreign exchange-based and HUF loans gave our Bank an enormous task in Hungary. Following the decisions of the Curia in 2014, the legal conditions were provided for regulated settlements between credit institutions and customers who had taken FX and HUF loans. Following extraordinary preparations and subject to intense supervisory attention and media coverage, settlements started in early 2015.

Settlement and **HUF conversion** demanded significant resources from our organisation, and additional work from our employees. We consider it an important achievement that we managed to carry out the task in compliance with the statutory requirements and time limits.

As part of settlement, the transactions of over 2 million customers had to be recalculated, and the Bank’s customers were eligible for

REFUNDS AMOUNTING TO
HUF 142 billion

	2015 Q1	2015 Q2	2015 Q3	2015 Q4
REIMBURSEMENT/ PAYMENTS	Mortgage and consumption, active and concluded foreign currency based loans (OTP and JZB)	Active and concluded foreign currency based loans and leasing transactions (Merkantil and Ingatlanlizing)	Active and concluded Forint loans and leasing transactions (OTP, JZB, Merkantil, Ingatlanlizing)	
NOTIFICATIONS		Active, concluded and terminated loans: OTP and JZB: 370 thousand qty. Merkantil 160 thousand qty, Ingatlanlizing: 2 thousand qty.	Forint transactions (OTP, JZB, Merkantil, Ingatlanlizing)	
CONVERSION INTO FORINTS	Mortgages active, concluded and terminated (OTP, JZB, Faktoring)	Ingatlanlizing transactions		Consumption and motorvehicle loans (OTP, Merkantil)
MONTHLY INSTALLMENT PAYMENTS APPROPRIATE FROM NEW LOAN CHARGES	As of February, for active transactions of OTP, JZB, Merkantil and Ingatlanlizing		As of July, on the active transactions of OTP, JZB, Merkantil and Ingatlanlizing	

To illustrate the scale of the task, at Bank Group level, HUF conversion and settlement concerned approximately 2 million HUF and foreign exchange-based loans, including those on which no refund was made. We posted close to 1.5 million registered letters with return receipt requested in connection with the settlement, weighing over 50 tons in total.

The refunds made by the Bank Group amount to HUF 142 billion (~HUF 6 billion on HUF loans and ~HUF 136 billion on foreign exchange-based loans).

Following HUF conversion, customers were given the opportunity to **replace their loans** by switching to more favourable terms, which we supported with dedicated products

> Financial products aimed at the development of the local community – Retail (p.44.)

In addition to Hungary, the conversion of CHF-based loans started in **several countries** across the region, primarily to be completed effectively in 2016.

- As part of its own conversion programme, OTP Bank Romania was one of the first, in December 2015, to offer the conversion of CHF retail mortgage loans to RON- or EUR-based loans for customers eligible to participate in the programme. Simultaneously with conversion, customers are granted major discounts on the principal debt outstanding on their loans, as a result of which they are required to pay lower instalments following conversion.
- In Croatia, an act was passed on the conversion of retail CHF-based loans to EUR, which is expected to be implemented in 2016.
- In Serbia, on the recommendation of the central bank, we offered the option of EUR conversion for customers repaying in CHF.
- In Ukraine, the conversion of foreign exchange-based mortgage loans to hryvnia started in late 2014 and continued into 2015. To customers participating in the programme, the Bank offers a certain degree of debt forgiveness and/or preferential interest rates at the beginning of the term.

4.2.

Debtor protection

In 2015, 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 Group¹⁴.

In Hungary, the introduction of the instrument of personal bankruptcy brought major changes in **debtor protection programmes**¹⁵, while the number of customers taking the opportunity was lower than expected.

No essential changes occurred in the use of debtor protection instruments; in a vast majority of the cases, customers apply for reduced instalments with most loan types, while in the case of overdraft facilities, the most popular solution is credit line reduction agreement. Many indebted customers continue to seek the possibility of joining the programme of the National Asset Management Company.

In Hungary, in order to ensure long-term housing for heavily indebted and vulnerable families, our cooperation with the National Asset Management Agency continued into 2015. Since the start of the cooperation, we have received over 10,000 applications, and the benefits of excellent cooperation are also felt by applicants in seamless administration. In 2015, OTP Faktoring Zrt. submitted 2,206 cases to the National Asset Management Programme.

In cases subject to the Curia Act¹⁶, pending distraint procedures have been suspended as of 26 July 2014. With regard to the legislation on HUF conversion and settlement, in 2015 only a limited number of distraint procedures were initiated, as OTP Faktoring Zrt. sought to find solutions primarily through cooperation with the debtors concerned. In respect of the claims subject to the legislation referred to above, distraint procedures could continue progressively in 2015. No evictions were made in 2015.

In response to the repayment difficulties observed, several subsidiary banks broadened the range of their debtor protection instruments:

- In Russia, for property loans we introduced new debtor protection instruments, and for cross-sold credit cards, we tested a new restructuring instrument.
- In Ukraine, we introduced a new set of debtor protection instruments for foreign exchange-based property loans.
- In Romania, already before the conversion programme, from January 2015 onwards we offered short- and long-term solutions to the customers concerned to enable repayments to be made in RON in amounts equivalent to those paid before the CHF crisis, in December 2014. In connection with the solutions, we continuously consulted and cooperated with the authorities. OTP Bank Romania was the first in the market to offer customers the option of interest rate cuts, which was taken by almost one-half of the CHF mortgage portfolio in 2015. The Bank was also among the first to launch a conversion programme.



¹⁴ 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

¹⁵ The aim of the Personal Bankruptcy Act is to settle, using the required assets and income, the debt of natural persons facing payment difficulties, and to restore their repayment capacity within a regulated framework.

¹⁶ The legislation covers consumer loan agreements made between 1 May 2004 and 19 July 2014.

At Group level, the ratio of participants in debtor protection for each product was as follows:

PROPORTION OF TRANSACTIONS PARTICIPATING IN AVP									31/12/2015
	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 protection			0.0%			0.0%	0.0%	0.8%	1.86%
Commercial credit	0.0%	0.0%	8.8%						0.21%
Credit card	0.1%	0.0%	0.0%	0.0%		0.0%	0.0%	0.2%	1.94%
Personal loan	0.7%	26.9%	2.2%	0.7%	0.0%	0.0%	5.1%	0.3%	1.37%
Car loan									
Real estate loan	0.98		2.7%	1.8%	0.1%	1.1%	9.2%	5.5%	0.98%
Flexible use mortgage	13.2%		3.8%	2.8%	0.1%		8.2%	2.4%	0.98%

- In Hungary, participation in the programmes increased slightly only in the case of home equity loans;
- In Russia, participation increased by more than 10 percentage points in connection with housing loans;
- In Ukraine, a similar increase was registered for personal loans;
- DSK Bank registered a significant increase in the participation of commodity credits in debtor protection programmes;
- OTP banka Srbija registered a relatively significant increase in participation in the case of housing loans and home equity loans;
- In Montenegro, there was a major decrease in participation for personal loans.

At Bank Group level, the deterioration of credit portfolio quality decelerated considerably, with the increase in the exchange rate adjusted volume of **DPD90+ loans** reduced to HUF 133 billion (net of the effect of write-downs and sales). Write-downs and sales, including partial write-downs also made in 2014, significantly reduced the rate of DPD90+ loans to 17%. (Investors are regularly informed about delinquent loans in sufficient detail; for more information visit the website:

i

<https://www.otpbank.hu/portal/en/IR/Events/Presentations>



4.3.

Compliance¹⁷

To improve compliance with legislative requirements, with international standards and norms, and with requirements for ethics, we merged the compliance and bank security functions at Group level. Nevertheless, we seek to increase the level of centralisation and standardisation in operations and governance in the compliance and legal areas¹⁸.

The legal area has set the objective of closer and more organised cooperation, which has been achieved in respect of the regions and foreign subsidiary banks as of 2015, and will be accomplished as of 2016 in respect of subsidiaries providing financial services in Hungary. As part of the DTP Digital Transformation Project, a central litigation register is being developed and is expected to be completed in 2016.

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In a forward-looking approach, both the legal and the compliance areas provide regular opinions on internal bank policies, and make efficient and proactive contributions to the appropriate design of new banking products and of the developments required for DTP digital transformation. In 2015, the compliance area provided an opinion on 592 internal policies and instructions and 186 board proposals. We paid particular attention to the appropriate application of legislation relating to settlement. As part of combating insider trading and market manipulation, we investigated and managed an average 77 alerts per day, and reported data on an ad hoc basis to the MNB on grounds of suspicion of market manipulation or illicit activities in 36 cases.

- In 2015, OTP Bank's new Code of Ethics, the new administrative order on the rules of ethical procedure, and the new administrative procedures of the Ethics Committee became effective. The Bank's new reporting system for ethical and legal infringements became operational. In revising the Code, specific attention was paid to the findings of Transparency International's corruption survey. Foreign subsidiaries are required to adapt the Code and to design and maintain a new related reporting system.

Information on the new Code of Ethics was provided to all employees and all members of the governing bodies at OTP Bank; additionally, in 2015 everyone was required to complete an e-learning course on ethics. 72% of stakeholders completed the course and signed the Code within the time limit set, and training will be completed in 2016H1. Attached to the supply contract, each business partner is required to make a statement on having read and accepted the Code of Ethics.

During the year, a total of 25 ethical incidents were reported, and the norms set out in the Code of Ethics were found to have been breached in 5 of the cases. In these cases, the parties exercising the employer's rights took action of the appropriate severity, and in one case the employee's employment was terminated on grounds of the severity of the ethical offense. 24 of the incidents were reported by customers, and one by an employee. In 2015, no procedures were initiated before the Ethics Committee. In 2015, no reports were filed concerning equal opportunities.

- The reviewed Conflict of Interest Policy was also released in 2015 and will be adopted across the Bank Group in 2016.

In 2105, advice or consultation was provided (either on a single occasion or on a continuous basis over the period concerned) in connection with 28 cases concerning conflict of interest. 19 of the cases raised concerns regarding conflict of interest. The cases were settled in a satisfactory manner. The conflicts of interest were either settled by employees, or were handled or resolved through reorganisation within the entity concerned.

Within OTP Bank's management, a conflict of interest review was conducted up to the level of general department heads. As part of the review, statements were requested from 231 individuals concerning their family relations with OTP Bank Nyrt.'s employees, their legal relationships concerning employment outside the OTP Bank Group, and on offices held and participations acquired in other companies. We also reviewed whether the companies of interest had borrowed from the Bank, or are engaged in any other relations with the Bank under supplier or other service contracts. A compliance risk was detected in 12 cases, concerning which specific conflict of interest reviews were opened at the end of the year.

- From 2015, as part of basic instruction OTP Bank has provided training to partners (agents) on the Bank's corporate social responsibility and environmentally friendly operations. In order that agents carry out their work according to the Bank's ethical norms, compliance with the Code of Ethics and the rules of bank security is mandatory, and is checked by means of regular mystery shopping.
- The basic principles of cooperation and exchange of information and data between Legal Directorates has been set out for the Legal Directorates of foreign subsidiary banks in a Memorandum of Understanding (MoU). Under the MoU, foreign credit institutions regularly inform OTP Bank's legal area about the major legislative changes affecting their operations.

¹⁷ Compliance with legislative requirements, international norms and standards of ethical business conduct

¹⁸ In the area of bank security, standardisation had been completed previously.

- In respect of its new and existing customers, the Bank conducts regular fiscal customer due-diligence procedures as required under the FATCA Act, and has taken utmost efforts to obtain subsequent statements from customers following the internal detection of a deficiency. In connection with the due diligence procedures, mandatory data reporting was completed for the first time on 30 June 2015.
- In accordance with our commitment made as part of the targeted review on consumer protection, we provide free cash withdrawals to all customers to the greatest extent required by law.

10

In the Corporate Social Responsibility Report, we have been giving an account of the procedures of authorities and other legal procedures closed in the year concerned for 10 years in respect of OTP Bank, and 8 years at Group level. We consider this reporting to be important in terms of transparency in itself, while additional benefits include the following:

- the number and amount of consumer protection fines have changed favourably for both OTP Group and OTP Bank;
- apart from the Parent Company, minor fines were imposed on Group members for the violation of competition rules in only one year;
- OTP Bank has not received a fine for the violation of rules on equal opportunities since 2008.

As regards 2015:

- The tendency for OTP Bank continued, and fine amounts fell to one-eighth compared to the previous year.
- For the handling of disputes concerning contracts between consumers and financial service providers, the Financial Arbitration Board (FAB) operates as an efficient alternative forum for out-of-court dispute settlement in Hungary. The cooperation between the Board and our Group has remained stable, and in the majority of FAB-proceedings, customers accepted the agreement offered by us. In 2015, a total of 689 proceedings were initiated and 540 were closed, and only 3 involved the imposition of fines in the total amount of HUF 5.5 million, while 12 cases were closed with non-financial sanctions.

DID YOU KNOW?

For years, we have paid particular attention to the prevention of financial abuse against senior people, and to the best possible management of the cases detected. In such cases, we always advocate the interests of our senior customers. We introduced the system of 'clerk alarms', and train clerks to detect and take appropriate action in cases that involve strong suspicion of senior customers being deceived or exploited. This also serves the Bank's interests, as it helps us prevent many bad loans from being granted.

- During the year, the National Tax and Customs Administration (NAV) conducted a comprehensive review in respect of 2012/2013, as a result of which fines amounting to HUF 3.3 million were imposed and paid.
- The National Authority for Data Protection and Freedom of Information detected a data controlling problem with OTP Faktoring, in connection with which it required the Company to delete certain data on file and pay a fine of HUF 1 million.
- In connection with marketing communications, no infringements occurred of statutory requirements and voluntary commitments¹⁹.

Public policy participation

OTP Bank participates in public policy through the Banking Association, for which in 2015 it provided meaningful support in the following cases:

- Settlement of foreign exchange-based loans: On this issue, we provided support for the Banking Association, and owed to the prudential activities, the closing phase of HUF conversion was managed successfully.
- Introduction of personal bankruptcy: Our aim was to reduce the number of documents to be submitted.
- Introduction of CSOK: Our aim was to manage the contradictions and issues inherent in the system.

¹⁹ OTP Bank is a signatory to the Hungarian Advertising Code of Ethics issued by the Hungarian Advertising Association and revised in 2015.

PROCEDURES OF AUTHORITIES AND OTHER LEGAL PROCEDURES CLOSED IN 2015	OTP Bank*						
	Number of closed proceedings	Amount of fines paid (in millions of HUF)	Number of procedures closed with fines	Number of procedures closed with non-financial sanctions	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	2	5	1	0	0	0	1
violation of consumer protection rules	23	0	0	0	0	23	0
violation of rules on equal opportunities	0	0	0	0	0	0	0
supervisory procedures	5	1	1	1	0	3	0
violation of taxation rules	10	3,3	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**	540	5,5	3	12	69	455	1
Total	580	14,8	15	13	69	481	2

* Also includes data for OTP Lakástakarékpénztár and OTP Jelzálogbank.

** Including cases heard by the Financial Arbitration Board.

For 2014 data, see page 83 of the 2014 Corporate Social Responsibility Report.

For 2013 data, see page 65 of the 2013 Corporate Social Responsibility Report.

PROCEDURES OF AUTHORITIES AND OTHER LEGAL PROCEDURES CLOSED IN 2015	OTP Group*						
	Number of closed proceedings	Amount of fines paid (in millions of HUF)	Number of procedures closed with fines	Number of procedures closed with non-financial sanctions	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	5	5	3	0	0	0	2
violation of consumer protection rules	185	5	65	21	1	42	56
violation of rules on equal opportunities	0	0	0	0	0	0	0
supervisory procedures	11	1,5	4	2	0	3	2
violation of taxation rules	18	6	13	0	2	3	0
violation of environmental protection rules	1	0,05	1	0	0	0	0
other procedures that may result in the imposition of fines	575	276	36	14	69	455	1
Total	795	294	122	37	72	503	59

*Exclusive of data on OTP banka Hrvatska.

For 2014 data, see page 84 of the 2014 Corporate Social Responsibility Report.

For 2013 data, see page 66 of the 2013 Corporate Social Responsibility Report.

4.4.

Development of risk management systems

In 2015 OTP Group continued to make significant improvements to its principles and practice of risk management with a view to the security of customers and the operations of the Bank Group.

Risk appetite framework

In late 2015, we commenced the design of our risk appetite framework, which relates the level of risk to expected losses and the costs of risk management, supporting the Bank in decisions concerning the level of risk to be taken.

The design of the framework is ongoing for all risk types, including credit, market, operational and reputational risks. We started the accomplishment of the task applying novel techniques, allowing employees to join [open workshops](#) from a variety of areas on a voluntary basis, without managerial delegation. As our aim is to create a Group-level risk appetite framework, we are also planning to involve subsidiary banks' employees in the workshops.

In recent years, financial institutions and governments have made attempts to resolve the problems arising in connection with foreign exchange-based loans through a variety of instruments and methods. In 2015, due to changes in statutory requirements and in order to align lending to market conditions, OTP Group members also adjusted the processes of [credit assessment and review](#):

- In Hungary, adjustments were made *inter alia* to ensure compliance with the decree on payment-to-income ratios²⁰, and due to the introduction and to take account of the instrument of personal bankruptcy. Additionally, a project was launched to replace the credit assessment system and to rethink credit assessment processes.
- At OTP Bank, we reviewed our risk management practice by taking into account the specific features of the [agricultural sector](#). Customers applying for loans to medium and large enterprises are now managed by three professionals with an in-depth knowledge specific to the agricultural sector.

Years of data series and statistics confirm that entities in the agricultural sector qualify as very good customers, which was taken into account by the Bank in the design of its new rating algorithm.

- In the field of retail collection, subsidiary banks in general continued to roll out Group standard soft collection processes.²¹ This presented a particularly challenging task for the Ukrainian bank affected by crisis-hit areas, Russia, and for the Romanian subsidiary bank affected by a CHF credit crisis.
- In Russia, an important task was presented by the development of the practices of analysis and modelling to counterbalance the unfavourable economic situation, in order to mitigate losses.
- In Ukraine, the cautious and gradual increase of lending was of particular importance.
- At DSK Bank, we fine-tuned the entire process of granting commodity credits.
- In Croatia, we designed a process for the review of credit cards.
- In Slovakia, a new retail credit assessment system was developed, tested and piloted.

For the Group as a whole, the most important [operational risks](#) have remained IT-related risks, disruptions to business continuity and system failures, and human errors (such as the mismanagement of coverage), and primarily affecting subsidiary banks, external fraud (credit fraud, card fraud). For the most part, the risk of system failures and disruptions to business continuity is mitigated through IT development, and to mitigate the problems resulting from human factors, we provide targeted training courses to employees, and adjust internal policies and reviews.

In 2015, current events caused us to assess the risk of terrorism. The areas found by the assessment to be primarily exposed adapted to the threats appropriately within their means.

In calculating capital requirements for operational risk²², members of OTP Group are progressively transitioning to the use of the AMA²³ approach. In 2015, the transitioning was completed at our Slovakian subsidiary bank. All Group

²⁰ The rules on retail loans were adopted to protect the population against excessive indebtedness. Under the regulations, in the case of new HUF loans taken from 2015 onwards, the payment-to-income ratio is limited to 50%, and for a net income of HUF 400,000 or above, 60%. The rules applicable to foreign exchange-based loans are much stricter.

²¹ Soft collection processes cover the management of defaulted loans (text messages, outgoing call centre calls, demand letters) in the bank phase up to sale, in order to retain the customer's repayment capacity. The bank phase typically covers DPD 1-120 depending on the product type.

²² At Group level, the capital requirement for operational risk provides coverage for both expected and unexpected losses.

members are expected to transition to the use of the approach by 2017. The benefits of the approach are already apparent: the collection and evaluation of loss data is much more robust, scenario analyses are more accurate, and as a combined result of the foregoing, more adequate measures are adopted for the mitigation and prevention of risks.

In 2016, we foresee a review of the operational risk management policy and key risk indicators, and process due diligence.

4.5.

Security enhancement of banking systems

The provision of banking services is inseparable from security. As a result of effective bank security measures, violent crimes successfully committed against the Bank (e.g. bank robberies, ATM raids, burglaries) virtually no longer occur. At the same time, due to the rapid development of information technology, we face new challenges on a daily basis. It is a major challenge to strike the balance between secure and user-friendly operations. Security must be provided so that customers are allowed easy access to our services anywhere at any time.

Among intellectual forms of crime, credit fraud and card fraud are prominent. In the field of information security, the main challenges were presented by the need to prevent and handle phishing attacks against OTP Bank’s customers and attacks specifically targeting banking IT environments (e.g. APT), and to counter IT attacks against ATMs. The Bank is adequately protected against such illicit acts, and also provides adequate protection to its customers, as clearly confirmed by statistical data. With a view to prevention, in addition to the technical, strict regulatory and practical solutions applied, we place particular emphasis on the provision of security training to employees and adequate information to customers, and on warnings concerning potential risks.

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. To ensure data management integrity and data security and to prevent data leakage, the Bank applies and develops cutting-edge information technology and security solutions.

ABUSE OF PERSONAL INFORMATION	OTP Bank		OTP Group	
	2014	2015	2014	2015
complaints from external parties, the justification of which was confirmed by our organisation	0	0	25,659*	18,131
complaints received from regulatory authorities	0	0	1,686**	1567
customer data leaked (number of customers concerned)	0	0	0	0
customer data stolen (number of customers concerned)	0	0	32,000***	0
customer data lost by organisation (number of customers concerned)	0	0	31,364****	0

* 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.

***** 99% are complaints associated with OTP Bank Russia.

Key developments in 2015:

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- Support for specific projects of the Digital Transformation Programme has been and remains a priority task.
- OTP Bank's several subsidiaries have implemented the data leakage protection (DLP) system and over the past year the application was successfully used to stop a number of serious data leaks. Whenever a phishing or IT attack is made on the Bank and its customers, we release a notice for the branch network, the media and supervisory authorities.
- The IT security risk analysis has been extended in scope, as a result of which we have more detailed information than in previous years on the Bank's IT vulnerabilities and the risk situation at the level of both business processes and IT systems.

Over the past year, we delivered a total of 386 courses of bank security education to branch employees in relation to their jobs, aimed at the management of the security risks at hand, and at raising awareness of security. From this year onwards, the courses also cover specific compliance issues (conflicts of interest, ethical standards, reporting of proprietary transactions) and knowledge on the prevention of money laundering (recognition and reporting of suspicious transactions).

In 2015, as in previous years, we staged the OTP IT Security Conference for the managers and employees of the Parent Bank and the Bank Group, the success of which is attested to by the steadily increasing number of participants.

OTP BANK FRAUD RATIO

The incidence rate of fraud involving bank cards issued by the Bank is 0.0069% for OTP Bank, a magnitude lower than the European average published by MasterCard (0.0512%)

THE FRAUD TO TURNOVER RATIO

for the bank card business of each foreign subsidiary bank varies between 0.0033% and 0.0342%. The ratios for the Serbian, Slovakian and Croatian subsidiary banks are also a magnitude better than the European and world average, respectively.

For our basic principles and comprehensive objectives relating to compliance and security see our website:

https://www.otpbank.hu/csr/en/en_compliance



Strategic goals

In the case of property loans, manage customers affected by a major increase in instalments through the design of appropriate communications and instruments (2016)

In respect of customers facing repayment difficulties, apply procedures whereby cooperation improves and fewer cases require legal proceedings to be initiated (2016)

Develop OTP Bank's new Compliance and Security Policy and Compliance and Security Strategy (2016)

Develop OTP Group's Risk Strategy for 2017–2019, including the design of a transparent and measurable risk appetite framework for all major classes of risk (2016)

Release standardised guidelines for subsidiary banks on investor protection procedures (2016)

Introduce consistent risk management activities across the Bank Group (2017)

Develop a new Operational Risk Management Policy (2016)

Transition the entire Group to the use of the AMA approach (2017)

Revise the methodology and activities of IT security risk analysis according to the report on the MNB review conducted in 2015 (2016)

Implement VISA 2016 requirements – redesign the cryptographic tools of the card system (2016)

Contribute to the design of ATM protection against software attacks (2016)

Select, test and pilot a system to protect mobile devices (MDM) (2016)

In Croatia, raise customers' awareness of internet security and responsible consumer decisions (2016)

11./5.

OTP GROUP

Responsible employer

- Organisational culture survey
- New Group governance regulations
- Mass Sports Fund



As groundwork for the strengthening of an **organisational culture** based on cooperation, we conducted a survey on organisational culture at OTP Bank. The findings of the comprehensive study will be used for the development of our Organisational Renewal Programme so that we can respond to the challenges of a changing world faster and more efficiently.

In 2015, retail loans were settled and converted to HUF, a transaction of unprecedented scale in the Hungarian banking sector. At OTP Bank, the transactions of over 2 million customers had to be recalculated. The completion of the task within the time limit and in compliance with requirements was owed to the Bank’s culture, discipline and accurate execution—permanent characteristics of OTP Bank. This requires the commitment of our expert and conscientious team, and the coordinated cooperation of various units.

Commitments

Results

Renewal of Group governance regulations with a view to more transparent Group governance	Implemented (see the chapter OTP Group)
Opinion on and publication of OTP Bank’s new Health and Safety Policy	Not implemented, implementation is foreseen in 2016.
Preparations for the roll-out of an integrated digital HR management system at OTP Bank, accompanied by the renewal of HR processes	Implementation in progress, system roll-out is scheduled for 2016.
A wider range of options related to sports and healthy living, and integration of sports options	Implemented, the system is being launched in 2016.

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

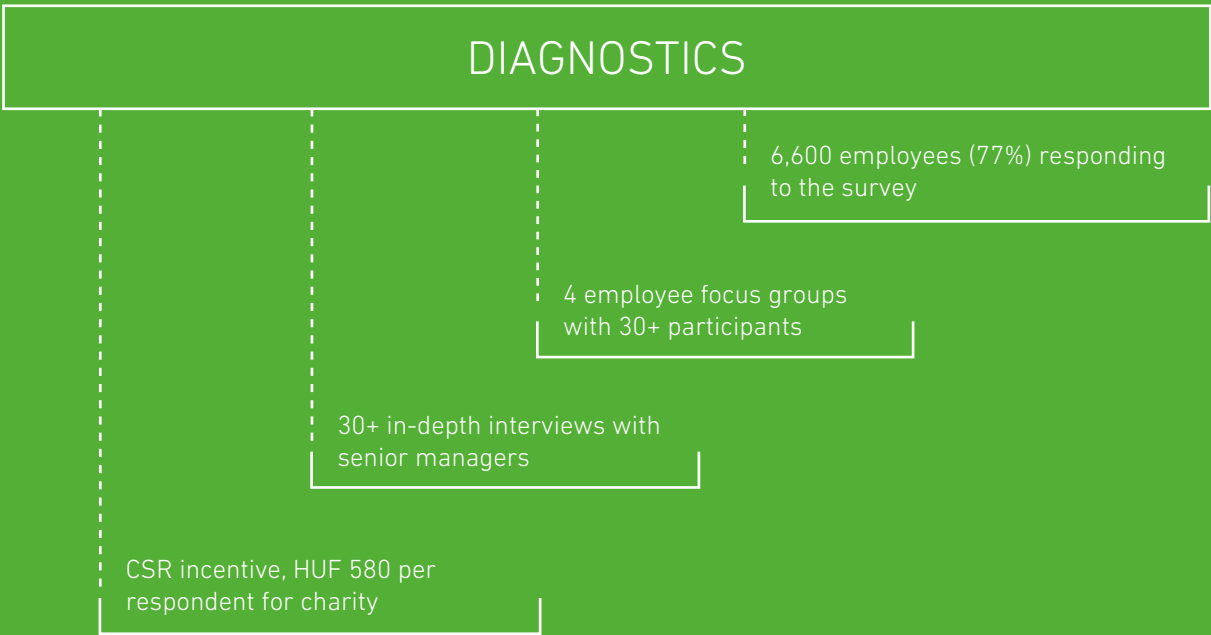
<https://www.otpbank.hu/csr/en/responsible-employer>



RENEWAL OF THE ORGANISATIONAL CULTURE

Changes in customer needs driven by technological development require a new type of internal operations, in response to which we initiated the renewal of OTP Bank's organisational culture. As a first step, in summer 2015 a comprehensive survey on organisational culture was conducted in order to:

- provide decision makers with a clear picture on the Bank's organisational health;
- review areas of key importance in terms of strategy implementation;
- identify the elements of operations that are stable and those where improvements are needed.



The scope of the survey included OTP Bank as a whole and some of its Hungarian subsidiaries, whereby a true and fair view was obtained. Processing survey results with the active participation of senior management was an important step in the process.

By completing the survey, our employees also supported the objectives of the Humanity Social Foundation²⁴: the Bank contributed HUF 580 towards the Foundation's work for every completed questionnaire.

²⁴ For more details on the Foundation, see the section on citizenship.

The questionnaire on organisational culture addressed several aspects of employees' perception of OTP Bank:

- **Of the several thousand companies assessed internationally, OTP Bank's organisational health is ranked in the top 25%, with an overall score of 73.**

STRENGTHS

- Strong market and customer orientation
- Stable organisation
- Operational and financial efficiency
- High professional standards

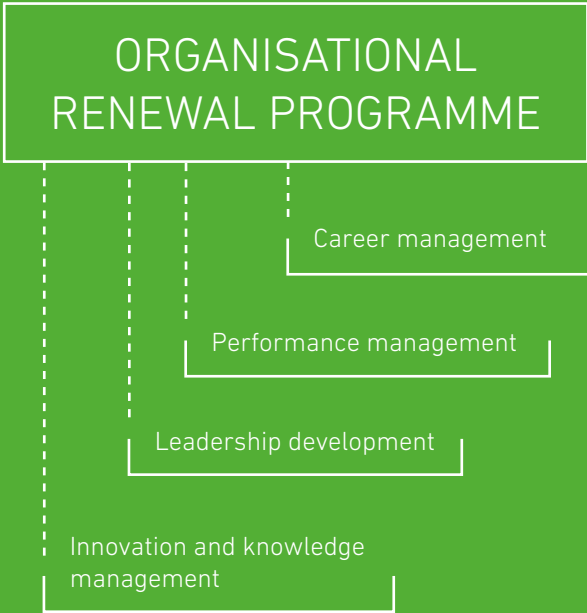
ELEMENTS TO IMPROVE

- Career opportunities
- Open atmosphere
- Embracing ideas
- Motivation and personal commitment

- The Bank was seen as having particularly stable governance and control processes in place, and is characterised by well organised, disciplined and compliant operations. Employees also expressed their firm appraisal of customer focus, and the fields of innovation and learning.
- The organisational values the absence of which was most prominently felt by employees are organised around the human focus. Areas to be improved include talent management, and the fostering of creativity and entrepreneurship. Increased openness and receptiveness is warranted towards employees' innovative initiatives, engagement and knowledge sharing.

Survey results were shared with employees on several channels, and will be used for the development of our Organisational Renewal Programme in 2016 by defining the directions of change, objectives, and the projects facilitating their achievement, and by applying new innovative methods. The Programme provides integral support for the Bank's strategic objectives and the Digital Transformation Programme. The redesign of organisational operations affects both customer relations and internal operations. We expect positive results already in 2016, while expecting an overall renewal by the end of the programme's term of three and half years.

One certain direction of development is distinctly taking shape: assessments underlying manager training will be launched, and will also serve as a starting point for the talent management programme.



5.1.

Employment

Headcount

In 2015, employee headcount of full-timers as well as part-timers working more than 60 hours per month at OTP Group stood at approximately 36,000²⁵.

EMPLOYEE HEADCOUNT (as of 31 December)	OTP Group								
	2013			2014			2015		
	Total	Men	Women	Total	Men	Women	Total	Men	Women
Full time employees	36,792	8,241	28,551	36,427	7,804	28,623	34,118	7,265	26,853
Part time employees over 60 hours a month	1,265	205	1,060	1,549	265	1,284	1,579	250	1,329
Statistical headcount, total	38,057	8,446	29,611	37,976	8,069	29,907	35,697	7,515	28,182
Part time employees below 60 hours a month	5,332	967	4,365	128	16	112	137	17	121
Employees, total	43,389	9,413	33,976	38,104	8,085	30,019	35,835	7,532	28,303
Proportion of women	78%	-	-	79%	-	-	79%	-	-
Proportion of men	22%	-	-	21%	-	-	21%	-	-
Proportion of those employed under fixed term contracts	37%*	29%	39%	8%**	8%	8%	9%	8%	10%

* 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.

** 97% of OTP Bank Russia's employees are now employed under contracts for an indefinite term. Fixed-term contracts apply to a relatively high number of employees at OTP banka Hrvatska (94%) and OTP Banka Slovensko (28%).

NUMBER OF EMPLOYEES BY COUNTRY STATISTICAL HEADCOUNT AS 31/12/2015



²⁵ Some of our employees, approximately 6,750 people in 2015, work as contracted agents in Ukraine and Russia.

Major **redundancies** were made in the Russian and Ukrainian subsidiary banks. In Russia, in response to the economic decline and in order to mitigate the Bank's losses, a large-scale optimisation project was launched involving a 12% redundancy distributed equally over the headcount of the headquarters, the network and agents.

In Ukraine, political uncertainty and a shrinking market led to a significant 43% cut in the number of agents, accompanied by a 28% reduction in the headcount of the branch network, the other sales channel. Reduced volume and optimisation measures brought about a 23% cut in headquarter staff, corresponding to a total redundancy of 1,526²⁶ at Bank level in 2015.

In Romania, a 24% headcount increase was recorded in connection with Millennium Bank's acquisition and integration into OTP Bank Romania.

The 8% redundancy at the Croatian bank is attributable to the optimisation measures required in connection with the merger of Banco Popolare, acquired in 2014. The Bank paid the employees concerned one month's pay after each year spent with the Bank in addition to the benefits required by law.

At OTP Bank, **redundancies** were made in successive steps, primarily in the field of IT, where 70 people had their employment terminated. For the redundancies, we provided an outplacement service with the aims of sharing labour market knowledge, developing the skills required for job seeking, preparing labour market documents and customising them to applications, preparing for life interviews, and active placement. 39 people participated in the programme, and 83% of them were hired or started other gainful undertakings. The programme spanned approximately 5 months.

EMPLOYEE HEADCOUNT (as of 31 December)	OTP Bank								
	2013			2014			2015		
	Total	Men	Women	Total	Men	Women	Total	Men	Women
Full time employees	7,332	2,064	5,268	6,806	1,955	4,851	6,707	1,961	4,746
Part time employees over 60 hours a month	765	73	692	1,165	167	998	1,141	166	975
Statistical headcount, total	8,097	2,137	5,960	7,971	2,122	5,849	7,848	2,127	5,721
Part time employees below 60 hours a month	36	2	34	44	2	42	62	2	60
Employees, total	8,133	2,139	5,994	8,015	2,124	5,891	7,910	2,129	5,781
Proportion of women	74%	-	-	73%	-	-	73%		
Proportion of men	26%	-	-	27%	-	-	27%		
Proportion of those employed under fixed term contracts	9%	10%	9%	8%	8%	8%	9%	9%	8%

As at the end of 2015, OTP Bank had 6,156 agents.

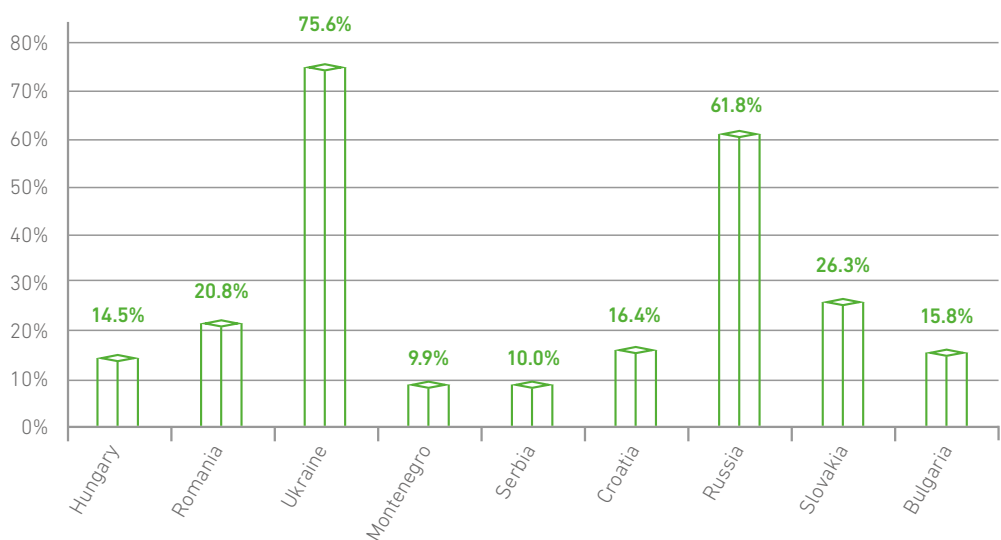
²⁶ The total headcount of the Ukrainian subsidiary bank was 4,920 as at the end of 2014 as opposed to the figure disclosed in the previous year's report (4001), including active and inactive staff. The difference is explained by the fact that the figure disclosed was net of inactive staff.

Employee statistics

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

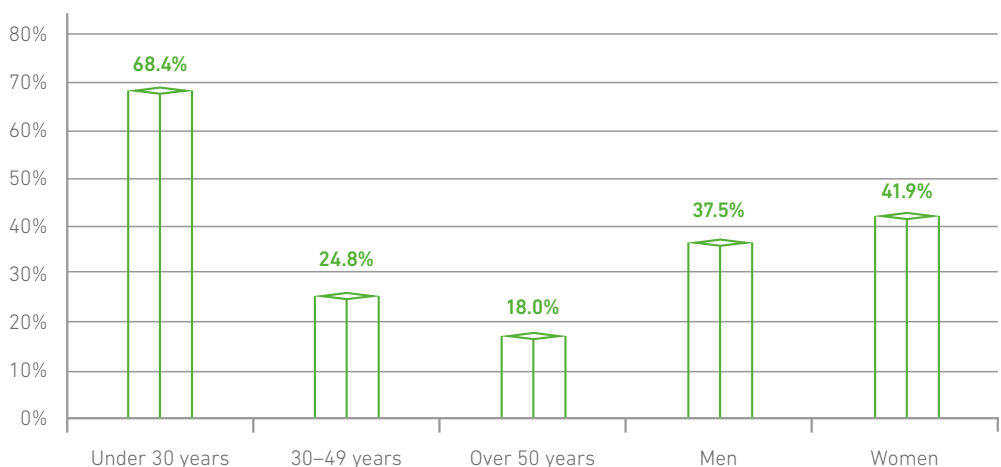
OTP GROUP

EXITING EMPLOYEES IN 2015 BY COUNTRY AS COMPARED TO THE CLOSING HEADCOUNT



OTP GROUP

EXITING EMPLOYEES BY GENDER AND AGE, OTP GROUP AS A PERCENTAGE OF THE TOTAL HEADCOUNT FOR THE GIVEN CATEGORY, 2015. 12. 31.



Interpretation of the figures: the rate of fluctuation in the 30- age bracket was 68.4%.

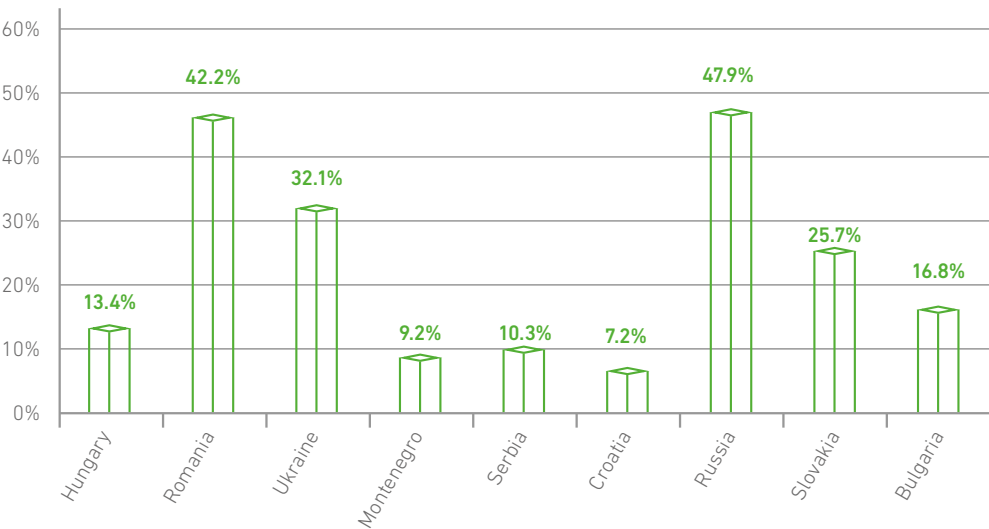
Opening towards online recruitment and young people

As a result of shifting labour market trends and the generation change, to ensure the efficiency of hiring it has become particularly important for the Bank as an employer to be present on online channels and in the social media. Recruitment via social media has been piloted as of 2015, and complete roll-out is expected in 2016.

Mindful of labour supply and knowledge transfer, OTP Bank considers it important to cooperate with institutions of higher education, aiming to establish strategic partnerships with universities and colleges in both the regions and Budapest. In 2015, the Bank broadened the cooperation further by joining Corvinus University's CEMS programme, and through its agreement with the Budapest Metropolitan University in connection with participation in dual education.

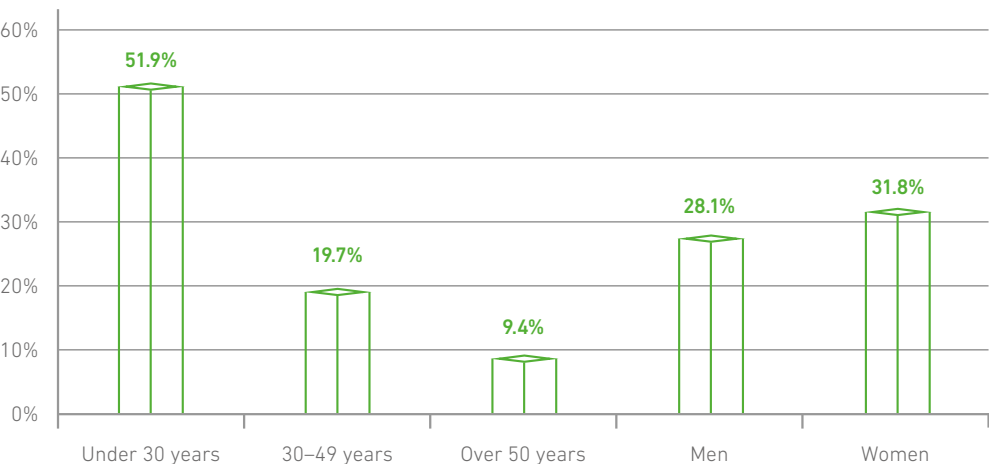
OTP GROUP

NEW HIRES DURING 2015 AS A PERCENTAGE OF THE CLOSING HEADCOUNT, BY REGION

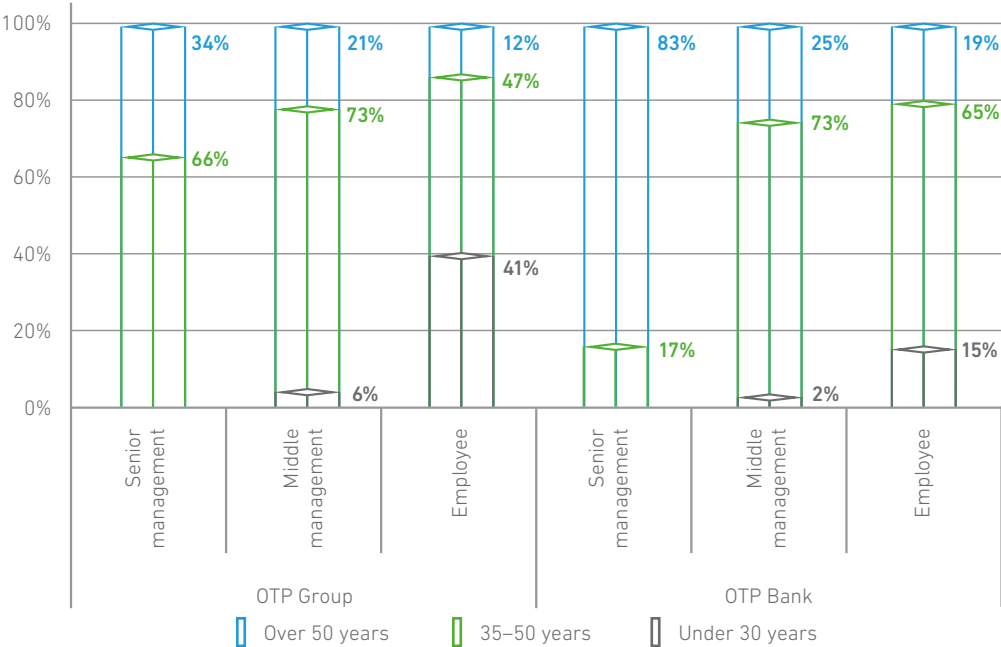
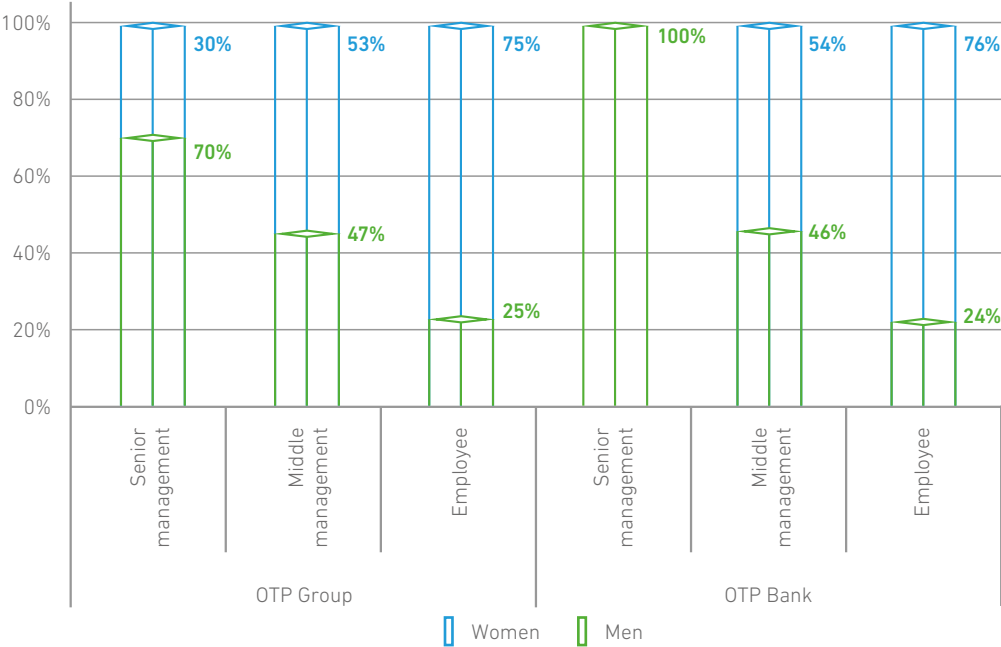


OTP GROUP

NEW HIRES DURING 2015 BY GENDER AND AGE AS A PERCENTAGE OF THE CLOSING HEADCOUNT OF EACH CATEGORY



Interpretation of the figures: the ratio of new hires in the 30- age bracket was 51.9%.



In 2015, OTP Group had 336 disabled employees.

The Bank Group continued to employ **trainees**, a total of 530 in 2015. The companies apply different systems to cooperate with institutions and take trainees.

Overtime

At OTP Bank, the amount of registered overtime was 6.6% lower, and the number of employees doing overtime 2.1% lower compared to the previous year. Partly due to the tasks involved in settlement and HUF conversion, the fall was registered at the headquarters, while both indicators stayed roughly level with the previous year across the network, where no significant change was registered in the most affected clerical jobs regarding special work duties.

HUF conversion and settlement also imposed a heavy burden on employees of Merkantil Group, leading to a significant increase in overtime at the Company.

Representation

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.

In 2015, no significant changes occurred in the **representation of OTP Group employees' interests**, with most employees remaining covered by a collective bargaining agreement.

i <https://www.otpbank.hu/csr/en/responsible-employer>

Labour complaints

During the year a total of 31 labour claims were filed against OTP Group companies, and 22 labour disputes were closed.

- In 4 cases, the proceedings reached agreement without any payment obligations imposed.
- Fines were imposed in 18 cases in the total amount of HUF 14 million. The cases are related to CKB Bank, and concern redundancies and the payment of compensation.

The labour inspectorate initiated 30 proceedings involving Group companies (OTP Bank Russia and DSK Bank). In the case of OTP Bank Russia, the proceedings were closed with non-financial sanctions, while a HUF 900,000 fine was imposed on DSK Bank.

Four of the complaints filed against OTP Bank Russia concerned occupational safety in connection with the violation of standards on sanitary facilities. All of the proceedings were closed with non-financial sanctions.



5.2.

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 regular professional education and assessment, we place emphasis on leadership and skills development. Apart from the Parent Bank, in 2015 CKB Bank and OTP Bank Romania focused on skills development.

At OTP Bank, new programmes were launched or implemented in 2015:

- a training series called 'MagadÉrt' was held on conflict management in customer service;
- an experience-based virtual contest was organised for network managers along the situational leadership model, allowing participants to incorporate the new knowledge easily into their daily work;
- network managers were given specific individual training on the basis of 360-degree appraisal, the results of which are expected to be backtested in 2016.

DID YOU KNOW?

OTP Bank has been using a mentoring system since 2010 to facilitate the integration of new branch employees. The mentors in the 12 to 15-week integration programme are experienced employees with a proven record in both professional and human terms. Mentors were prepared in a several-day training programme, and their work is assisted by means of a mentors' manual including professional and methodological information. Not only does the system facilitate the more efficient integration of new employees, mentor roles are also an expression of our recognition of experienced employees.

ANNUAL TRAINING PER EMPLOYEE (HOURS, 2015)	OTP Bank						OTP Group					
	Internal		External		Total		Internal		External		Total	
Senior manager	32		208		240		98		145		244	
Middle manager	58		15		73		33		14		47	
Employee	36		4		40		13		2		14	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Average	43	38	11	4	45	44	16	14	5	2	21	16

In 2015, one employee received an average 17 hours of training in OTP Group, and 45 hours at OTP Bank.

713 M
HUF SPENT

on employee training

600,000
TRAINING HOURS

in a year, 17 hours/person

5.3.

Remuneration and rewarding of employees, career opportunities

In 2015, no major changes occurred in OTP Bank's remuneration and incentive system, as a result of which the composition of earnings also remained largely the same.

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. At OTP Bank, the annual cafeteria pool increased by 22% in 2015, which for 85% of the employees meant more favourable benefits than a 3% pay rise. Over the past year, approximately one-half of the subsidiary banks implemented pay rises, exceeding 2.5% only in the case of JSC OTP Bank in Ukraine.

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Most members of OTP Group provide the same benefits to full-time, part-time and temporary employees with pools prorated to work time, and employees are only differentiated by the Russian and Ukrainian subsidiary banks.

In 2015, members of OTP Group continued to reward colleagues and teams exhibiting **professional excellence**, granting thousands of awards at Group level. 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

The award is given to teams in recognition of best practices implemented in terms of employee retention and development, cooperation, and mutual responsibility.

The 2015 'For the Community' Award was given to the Dombóvár branch

In the field of knowledge sharing, cooperation and reinforcement of team spirit, the Dombóvár branch follows a number of novel practices. In addition to success-oriented behaviour, the branch set an excellent example of community building, also demonstrating that branch performance is positively affected by the reinforcement and conscientious use of team spirit.

Practices:

- a mentoring system specific to the branch;
- individual ideas and surprises to bring the team together and "make their blood greener": OTP glitter tattoos, uniform blouses, external branch meetings;
- joint volunteering exercises with the Tamási branch; holidays in Szarvas; retirement parties;
- blood donations; 1st Dombóvár Sport Selection; outdoor training;
- healing workplace: mental support for a colleague for her diseased child;
- summer family day in the vineyard; 5-a-side family football.



Közösségért Díj



5.4.

Employee engagement, internal communications

In addition to the diversity of previously existing company-specific channels of electronic communication (typically internal newsletters and magazines), OTP Group members also designed new solutions in 2015.

otp

- As part of the Digital Transformation Programme, the developments that have been or will be implemented are presented to employees in short films. The series is special in that each episode is produced by the employees contributing to the development concerned.
- Responding to feedback from employees confirming managers' personal communication as one of the most powerful channels of obtaining information, OTP Bank has set the objective of increasing its focus on that channel. For information on internal innovations, managers are provided with to-the-point presentation material, and are also requested to give their teams the most relevant information in person.
- In 2015, the main focus of internal communication in Romania was the integration of the recently acquired Millennium Bank, placing equal emphasis on official information and the engagement of former Millennium Bank employees. Employees were informed by means of weekly e-mails on the progress of each process; before being granted access to the system, Millennium Bank employees received a PDF version of the internal newsletter of OTP Magazine. At the end of the integration process, a communication campaign was arranged to welcome the new employees, in addition to which OTP Magazine organised hobby workshops for the teams of both banks.
- In 2015, OTP banka Srbija carried out an employee satisfaction survey, according to which 96% of the employees were satisfied with cooperation with other employees, 95% with their work environment and cooperation with managers, and 88% with the Company's CSR performance.

In 2015, the Bank set up a chat room in its internal website for opinions, suggestions and questions. The Bank's e-magazine provides information on both business and leisure activities.

Experience exchange mechanisms between functional areas operate in accordance with best practices within the Group.

5.5.

Health, working environment

Health benefits

We continue to promote a healthy lifestyle among our employees, providing a service even beyond statutory requirements in several cases. In 2015, the key elements of health benefits remained unchanged see our webpage for more details: <https://www.otpbank.hu/csr/en/responsible-employer>

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At OTP Bank, in addition to providing a compulsory occupational health service in full compliance with statutory requirements, we started the implementation of a modern health insurance package for all employees, which will be operational from 2016 onwards.

Accidents

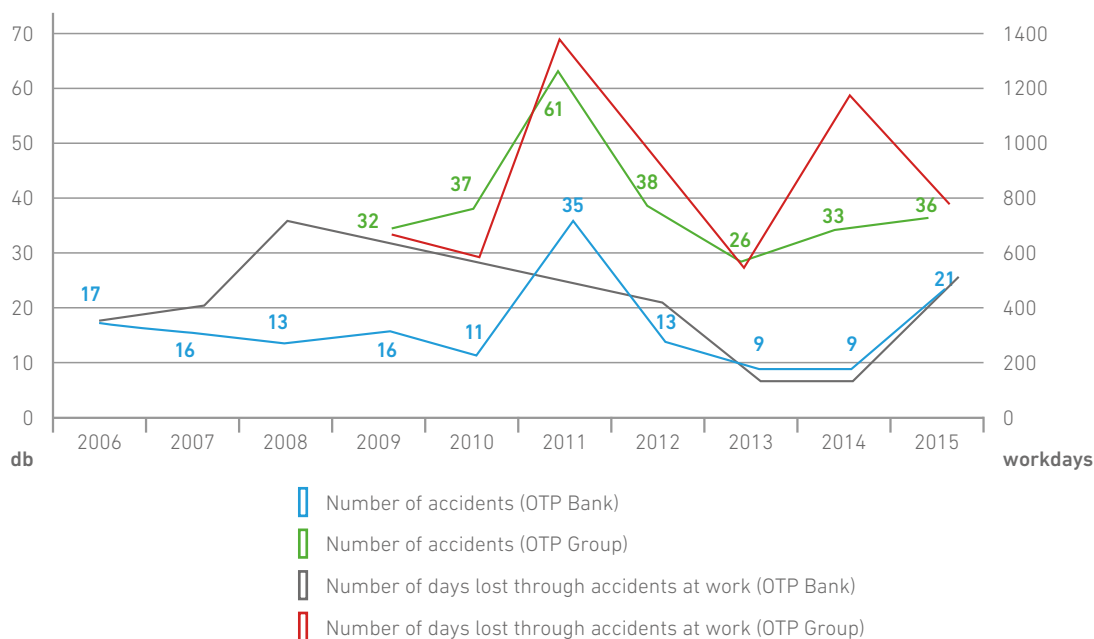
The number and severity of accidents is low at both Group and Bank level. At OTP Bank, the number of accidents at work per 1,000 employees (the safety index) is 2.53, which is good compared to the national statistical average (at 5-7 accidents at work per 1,000 employees for years). For OTP Group as a whole, the indicator is even lower at 1.02.

Since 2008, OTP Bank had followed a downward trend in terms of absences due to work accidents, which was broken in 2015, hopefully temporarily. The greatest number of accidents at work (80%) continued to result from walking within buildings, generally due to the negligence of the injured employees. Missed footing without falling is a prominent cause. Employees of the Alternative Delivery Department of the Back-Office Directorate suffered 5 accidents at work in the course of their delivery duties, a significant (~25%) contribution to the increase in the number of accidents at work.

10

No fatal accident at work occurred in 2015.

NUMBER OF ACCIDENTS AND DAYS LOST



SICK LEAVE, ACCIDENTS (2015)	OTP Group, Mo.		Bulgaria*		Montenegro		Croatia	
	Men	Women	Men	Women	Men	Women	Men	Women
Sick leave (workdays)	8,817	55,689	4,231	26,916	n/a	n/a	4,674	
Absence rate	1.34%	8.31%	2.23%	14.18%	n/a	n/a	1.77%	
Number of accidents	4	21	0	3	1	0	1	3
Accident rate	0.001%	0.003%	0	0.002%	0.003%	0	0.002%	0.005%
Number of workdays lost through accidents at work	16	48	0	119	42	0	6	114
Ratio of days lost	0.003%	0.07%	0	0.063%	0.112%	0	0.009%	0.179%

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

No fatal accident at work occurred at OTP Group companies.

No occupational disease occurred at OTP Group companies.

SICK LEAVE, ACCIDENTS (2015)	Romania		Slovakia		Serbia		Russia		Ukraine	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Sick leave (workdays)	6,689	14,772	1,011	4,129	561	11,737	n/a	n/a	n/a	n/a
Absence rate	7.99%	17.58%	2.24%	9.13%	1.49%	3.123%	n/a	n/a	n/a	n/a
Number of accidents	0	1	0	0	0	2	n/a	n/a	n/a	n/a
Accident rate	0	0.001%	0	0	0	0.005%	n/a	n/a	n/a	n/a
Number of workdays lost through accidents at work	0	0	0	0	0	33	n/a	n/a	268	1,094
Ratio of days lost	0	0	0	0	0	0.09%	n/a	n/a	0.16%	0.66%

ACCIDENTS – NON-EMPLOYEES, OTP GROUP (2015)	Supervised employee		Person working on company premises	
	Men	Women	Men	Women
Number of accidents	3	0	0	0
Number of days lost through accidents at work	79	0	0	0

In 2015, all of the above accidents were associated with OTP Bank, while of foreign subsidiaries, DSK Bank, OTP Bank Romania, OTP Banka Slovensko, OTP banka Hrvatska, OTP Bank Russia and JSC OTP Bank failed to report data.

Note: 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.

Sports

In 2015, OTP Bank granted sports assistance to:

- 15 sports clubs;
- 9 regional sports teams for participation in sports events and for preparations;
- we also hosted two major sports events (International Sports Days and Banks Cup), with a total of nearly 400 Bank and Group employees attending.

Additionally, we introduced grants to support sports opportunities for team and community building, available to employee collectives. As part of the grant programme, we supported sports and recreation activities on 35 occasions, with close to 2,000 participants.

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 sports, and Christmas or New Year.



2015 – 2017

Strategic goals

Renew the organisational culture:

- > adopt a broader and proactive recruitment strategy and toolkit
- > develop leadership by strengthening recognition and engagement in management style (e.g. launch a women managers' club)

Design OTP Bank's mentoring system (2016)

Upgrade OTP Bank's image as an employer (2017)

Resume the Manager Academy in Romania (leadership training) (2016)

Survey organisational culture at OTP banka Hrvatska (2016)

Roll out the system of 'Best Practice Codes' to support access to best practices at Group level (2017)

Create an interactive communication platform at OTP Bank through the design of OTP Magazine 2.0 (2016)

Renew the occupational health system (2016)



11./6.

\$50.8 M

\$73.8 M

\$50.6 M

\$16

\$79.6 M

Az összkereset for

a sportolók pályán ny
eredményei utáni ker



Kereset
Dokumentáció
%

a pályán kiadott feltevé

erőforrás bevételek

szociális szociális
finanszírozás
finanszírozás
finanszírozás

OTP GROUP

Developing financial literacy

- | Slovakian OK Centre
- | New Model School
- | Teachers' Club
- | EU educational content



Financial institutions have an extremely **important role** to play in financial education, which is particularly true for OTP Bank, a representative of stability and reliability over the past 65 years. We are responsible for training the future generation, and for raising awareness of the fact that savings can be started at any time and are worthwhile even with smaller amounts.



For details on our permanent programmes and practices related to the development of financial literacy, visit our website:

<https://www.otpbank.hu/csr/en/developing-financial-literacy>



Commitments

Results

IMPLEMENTED AND NOT COMPLETED PROJECTS

Higher recognition of the OK Centre

Implemented; we have been communicating OTP Bank's corporate social responsibility and OK Centres on an increasing number of channels, while upholding our aim for even higher recognition.

Launch of a training centre in Slovakia

The courses offered by the OK Centre have also been available in Slovakia since October.

Research on the methodology of the OK Centre and its effectiveness

Not implemented, implementation is expected at a later date.

Enhancement of training sessions held in external venues (Stadium training to be held in the Groupama Arena)

Implemented; in addition to the Groupama Arena, external training sessions were also held at the Vajdahunyad Castle.

Development of a finance card game (BanKing) as part of cooperation between Magyar Nemzeti Bank and OTP Fáy András Foundation

Implemented; used primarily at our events.

Launch of a Teachers' Club for teachers participating in the OK and Sulibank projects

Implemented; we hosted 4 events to capacity audiences in 2015H2.

The OTP Self-provision Index

Published annually, the OTP Self-provision Index reflects the condition and development of Hungarian society in the field of self-provision. We have registered a slowly improving trend starting from a low base, with the index steadily rising for the past three years to reach a score of 37 in 2017 on a scale of 100.

Currently, 52% of people with bank relations and aged 18-70 are engaged in some form of self-provision, a 3% improvement on the previous year. Overall, 3.1 million people have savings. It is a warning sign that, presumably motivated by the broker scandals, there has been a significant 6 percentage point increase in the proportion of savers who keep all of their savings at home, running a major security risk.

There has been a spectacular increase in preparations for unexpected situations, and a significant 5 percentage point increase in the number of people saving for retirement. This latter is important because while expectations for pension amounts are declining, expected pension rates still tend to be significantly overestimated.

The social picture and improving results confirm our belief that our Bank should give priority to supporting and continuing financial education programmes.

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 over two decades of professional experience. As a key pillar of these efforts, the Foundation runs the **OK Centre**, which, in addition to the finance and economy courses for **secondary school students**, now also reaches out to the age group of **primary school students** with its Sulibank programme, while it also offers comprehensive **career programmes** (Karriersuli, Karrieriskola) with a view to developing young people's awareness of the future. Our aim is to improve the recognition of our financial education programmes through marketing communications, and make them available to the widest possible audience.

The OK Centre provides tuition-free courses to tens of thousands of students each year, 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.

Demonstrating our strong belief in the success of professionalism and of the novel approach reaching out to young

people, in 2015 the institutional model was also taken to Slovakia, after the centre in Budapest and the project in Nyíregyháza and, in neighbouring countries, Romania. In Nyíregyháza, in addition to the travelling training network, we are planning to open the building of the local centre in 2016.

As partnerships with non-governmental organisations are particularly important in order to reach our target groups, we highly appreciate our cooperation and partnership with the National Association of Large Families and the Caring Hands Association for Child Welfare.

Given the high interest and success with which the Programme was met, over the past years we have significantly extended the topics covered, the target audience, and the training venues. The region has no other financial education programme which is comparable to the OK Centre in significance.

Milestones in 2015:

- In the middle of the year, in Budapest the **Teachers' Club** (<http://www.okpedagogusklub.hu/>) was launched for teachers with a sense of responsibility for financial, economic and financial management education. The professional talks given in regular open club sessions provide an insight into the advances of modern educational and psychological schools and research, as well as into the professional, methodological and educational guidelines and programmes of the OK Educational Centre. In 2015, the club staged 4 events to capacity audiences of 60 to 80 each. Our plans include the adaptation of the club to Nyíregyháza.
- The Programme was extended to include **new venues** (e.g. Groupama Arena and Vajdahunyad Castle) and **new thematic content**, notably the module providing a summary on the operations and economy of the European Union separately for primary school and secondary school students. The new training modules were developed as part of the 'O.K.+ 2007–2014' project supported by the European Union under the Erasmus+ Programme. In the project, the OTP Fáy András Foundation worked with two Hungarian-speaking public education institutions in each of Slovakia and Romania.
- The **Model School Programme** was extended through an agreement with Ferenc Deák Secondary Grammar School in Jászárokszállás. The Programme, providing particular support as well as opportunities to participate in all professional events of the OK Educational Centre, is now available at one public education institution in Budapest²⁷, and one outside Budapest. Our aim is to enable the two secondary schools of the Model School Programme, either separately or jointly, to participate in various development, research and sensitisation programmes.

²⁷ Budai Secondary School

FROM HUNGARIAN OK CENTRE TO COMPLEX OK PROJECT

HIGHLIGHTS OF 2015:

an annual

20,000 STUDENTS
participate in some training

12,000 STUDENTS
in the Budapest OK Centre (8,500 secondary
school and 3,500 primary school students)

4,500 SECONDARY
school and 500 primary school students in
Nyíregyháza

active relations with **260**
institutions (85% secondary and primary
schools, 15% foundations, NGOs, sports clubs)

8 GROUPS
in the Career Programme (281 students)

72 COURSES
to 1,271 students in 16 cities in Romania
(in the 2014/2015 and 2015/2016
academic years)

2 TRAVELLING TRAINERS
in Transylvania

ECONOMY CAMP in Szováta:

16 participants

1,050 TRAINING
sessions by 16 trainers

700 TRAINING
sessions by 11 trainers in Budapest

350 TRAINING
sessions by 5 trainers in Nyíregyháza

37 types
of training on offer

13,000 STUDENTS
reached by the Programme at an event or
programme

FÁY ECONOMICS CAMP:
200 students in 5 turns,
4 training modules per student

651 STUDENTS
trained in Slovakia

2 TRAVELLING TRAINERS

In addition to the OK Centre, we are making contributions to enhancing the financial knowledge of students and of the adult population through our own banking programmes, as well as in cooperation with other organisations.

- We are keen to share our knowledge and experience with others. In that spirit, we participated in the development of course material for the Pénz7 ('Money Week') initiative of the Hungarian Banking Association and Pénziránytű Alapítvány ('Money Compass Foundation'). Money Week is an initiative undertaken simultaneously in 23 countries across Europe with the aim of raising young people's interest in financial awareness. In 2015, close to 90,000 students in about 660 schools joined the events of the Pénz7 series.

DID YOU KNOW?

OTP Bank's History of Finance Collection is celebrating its 50th anniversary

In 1965, the management of the National Savings Bank (OTP) resolved to establish a collection which, in addition to documents related to OTP's operations, would present to future generations the documentary records and artefacts of the financial institutions before the nationalisations in 1947–1948. The invitation for submissions announced across the branch network produced an unexpected result, and the numerous artefacts offered by employees formed the foundation of the collection. The collection, which is one of its kind, continues to receive additions to this day. Compiled through five decades of acquisition work, the extremely rich collection of 19–20th century securities includes the equities, bonds and shares of close to a thousand limited companies, among them over 500 financial institutions. Accompanying hundreds of specialised books and deposit books, and savings boxes, the variety of the collection is proven by currencies, lottery tickets, documents, certificates, and office articles such as typewriters and calculators. Marking the 100th anniversary of the start of WWI, the showroom displayed the exhibition 'Records of Economic History from the Years of WWI' from 2014 to late 2015.

Further programmes aimed at developing financial literacy at Group level

HU: The operation of the OK Centre is the central element of our activities for the development of financial literacy. We published the OTP Self-Provision Index as part of the World Savings Day. We cooperated with MNB in the development of the card game BanKing, which we use primarily at events such as the BanKing championship. BanKing provides children with playful opportunities to become familiar with the basic concepts of finance, enabling them to learn the foundations of financial management while having fun.

SK: A foundation called OTP Ready was established, and the local OK Centre was launched with a focus on secondary school students.

RO: Established by the Bank, the Right to Learn Foundation operates the local OK Centre. The financial education programme targets secondary school students. The website (www.estedreptulmeu.ro) was upgraded in 2015 with its own newsletter and updated course materials.

BG: Linked to the previously developed finance dictionary, the Bank announced a game on Facebook, designed to provide a better understanding of financial concepts, and provided incentives to invite the greatest possible number of players.

HR: On World Savings Day, nearly all of the Bank's branches regularly invite children to remind them of the importance of savings and responsible money management. The Bank also participated in various initiatives of the Croatian Banking Association.



2015 – 2016

Strategic goals

Further increase the impact and recognition of the OK Centre (continuous)

Increase utilisation during the summer period by reaching camps and foundations (2016)

Take educational content on career management to economy camps (2016)

Exhibit at BETT Show, one of the world's leading education technology events (2016)

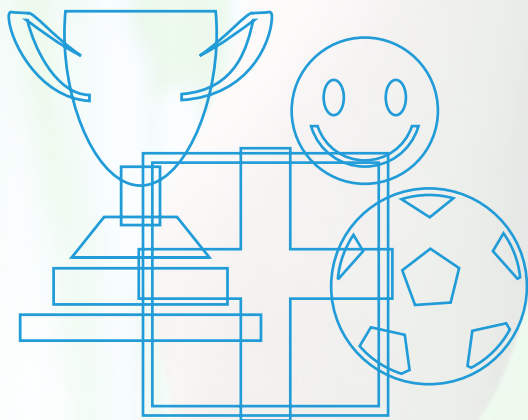
Educate children and students in Montenegro for responsibility and financial awareness through the 'CKB Is My Bank' programme (2016)

| 11. / 7. |

OTP GROUP

Citizenship

- | Humanity Social Foundation
- | Engagement of stakeholders
- | OTP Bank Bozsik Programme



OTP Group works **along values**; naturally, we also represent and present values in the course of our donations. We support programmes and initiatives which give us pride, and which make a real difference for local communities and society at large.



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>



Commitments

Results

IMPLEMENTED AND NOT COMPLETED PROJECTS

Strengthening CSR values in organisational culture and internal communications

The focus has been shifted on creating opportunities (via the Humanity Foundation), financial literacy (via the OK Project), and environmental protection, in accordance with our corporate social responsibility programmes.

Strengthening social awareness raising, including in respect of future-awareness and equal opportunity

Implemented; we signed an agreement with a new Model School (see Developing financial literacy), OTP branches participated in Hand in Hand Foundation's campaign, and we also supported several environmental programmes.

Restructuring of the volunteer programme

The volunteer programme continued in 2015, with redesign linked to the upgrade of OTP Magazine.

Renewal of the operations of the Humanity Social Foundation, which is linked to OTP Bank

Implemented.

Priority support for a children's TV talent show in folk music and folk dance (Főlszállott a páva), and for young musical talents

OTP Bank was the main sponsor of the 'Gyerek Páva' programme.

Promotion of safe transport as the main sponsor of the 'Tour de Hongrie – Wear a Helmet' campaign

The campaign was implemented.

7.1.

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.

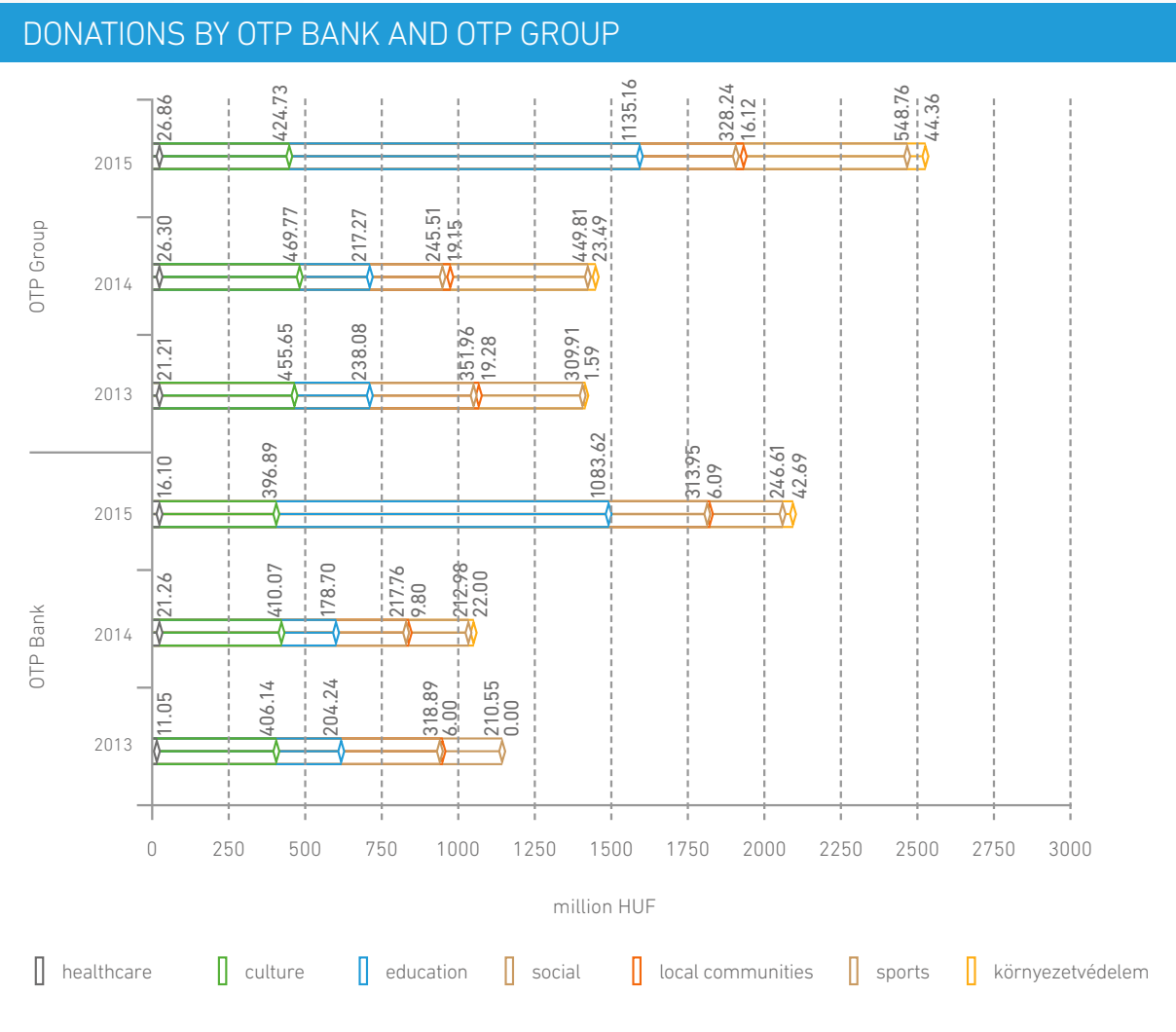
Implemented via its foundations, OTP Bank is attaching particular importance to its CSR programmes, which meet the standard expected by the Company in terms of professionalism and result-orientation. The OTP Fáy András Foundation is responsible for financial and economic education, while the Humanity Social Foundation is active in the field of social issues.

Committed to long-term cooperation, OTP Group also saw many of its collaborations continue into 2015 (e.g. International Children’s Safety Service, Hand in Hand Foundation, OTP Bank Bozsik Foundation), explained in more detail on our website:

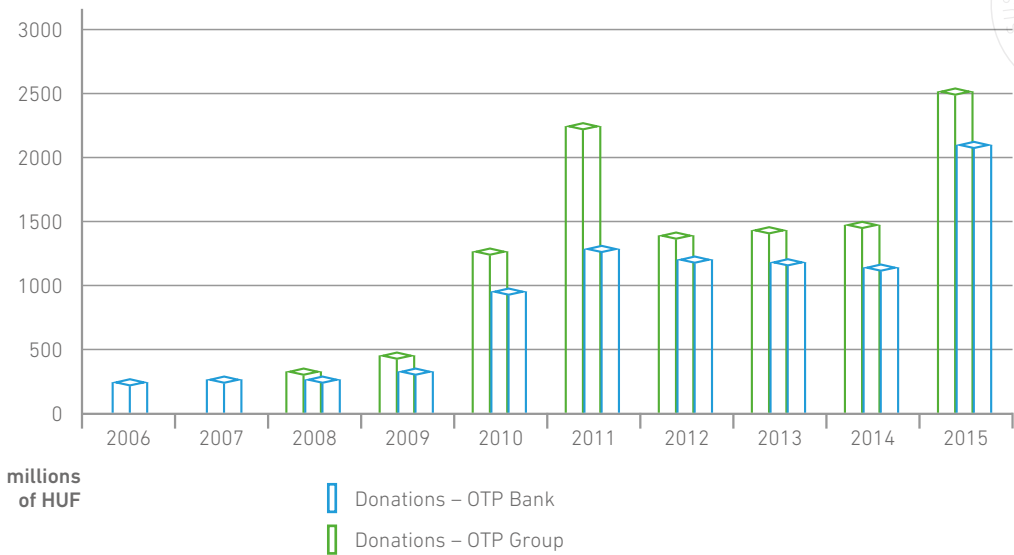
<https://www.otpbank.hu/csr/en/responsible-employer>

In 2015, we increased our focus on environmental protection and the related mindset of future-awareness.

In 2015, we made HUF 2.5 billion worth of donations, a significant increase of 67% compared to the previous year. The higher amount was used to support the operations of the OK Centre (see the chapter Financial literacy). 83% of the donations are associated with OTP Bank. While a dominant part of our donations were financial contributions, we also provided a great variety of support in kind, such as donating computers, enabling volunteer programmes, and allowing NGOs to use OTP Bank’s cars. OTP Bank has traditionally been giving away some of its discarded but fully functional equipment for charity: in 2015, we donated 78 computers, 77 monitors and one projector.



AMOUNT OF DONATIONS



10

OTP Bank’s donations have always carried a dominant weight within the Bank Group, accounting for over 70% of donations for the most part, and, with one or two exceptions, 50-60% of sponsorship. We consider it an achievement that we have been able to maintain the increased level of donation amounts achieved between 2009 and 2011, and in 2015 we could again give a significantly higher amount for charity.

Value creation, preservation of traditions

Programmes aimed at value creation and the preservation and transmission of traditions remained prominent in the support provided by OTP Bank:

- The **Prima Primissima Award** is Hungary’s highest and most recognised honour which is not awarded by the state. Its mission is to set examples to society in 10 categories: prominent people whose achievements, human attitude and values could provide a model to follow for all of us. OTP Bank has been managing and funding the Award since 2013.
- In addition to providing an increased amount of support for the **‘Fölszállott a páva’** talent competition, in 2015 we also supported the ‘Gyerekpáva’ programme. In solo dance category, the winner of the Hungarian talent competition ‘Fölszállott a páva’ was Adorján Antal, from Csíkmadaras in Transylvania. Through the courtesy of OTP Bank, each remaining finalist was given a reward of HUF 1 million.



- We supported not only the ‘Fölszállott a páva’ competition, but also the competitors themselves, including the Transylvanian tour of the finalist Tokos Band, and concerts of the band Kaláka in Transylvania.
- As in previous years, we sponsored the National Táncház Festival and Fair, and handed over the 2015 Táncház Award.
- We contributed to a number of local heritage events.

DID YOU KNOW?

OTP Bank was a founding member of Humanity Social Foundation in 1990, and has been exercising the founder's rights exclusively since 2007. In addition to its core social purposes, the Foundation announces scholarships on education and training, and also contributes to the implementation of programmes on health preservation, disease prevention and lifestyle. It also supports programmes and grants aimed at the development of empathy and social tolerance, the promotion of better conditions for continued education and training, and the creation of opportunities for emergence from socially disadvantaged situations.

In 2015, Humanity Social Foundation was faced with more tasks than ever before; accordingly, OTP Bank made HUF 15 million worth of founder's contributions to the Foundation's assets. As an additional incentive by OTP Bank for employees to complete the corporate culture survey, the Bank donated HUF 580 to the Foundation for each respondent, which resulted in an extra donation of HUF 3.9 million.

In 2015, the Foundation continued its previously launched programmes and grants, which generated unbroken strong interest among distressed people:

- We announced two grants for socially distressed individuals to support the purchase of medicines and medical aids, and the funding of therapeutic treatment, as part of which we provided support to 18 families.
- As part of our scholarship grants to finance the higher-education studies, in Hungary or abroad, of disadvantaged but talented young people, in the 2015/2016 academic year we supported 23 students in the achievement of their aims of continued education, who, without the scholarship, would not have had a chance to begin or continue their studies.
- In 2015 we closed our Otthonteremtő ('Home Maker') grant programme for foster families and adoptive families, as part of which 11 socially distressed large families were given housing support by the Foundation, which they typically used for the upgrade of heating systems, building insulation, and the replacement of doors and windows.
- With support from our Bank, the Foundation donated a HUF 15 million state-of-the-art diagnostic ultrasound device to the Hospital and Clinic in Péterfy Sándor utca.
- We implemented our model community building programme aimed at improving the chances of the young

generation in life as part of a grant under the Social Renewal Operational Programme (TÁMOP). Our employees gave lifestyle talks to more than 250 students.

- Our decades-long experience confirms that the chance to emerge from disadvantageous situations is the best when those concerned receive help to do so at the youngest possible age. In that spirit, as a new direction in 2015, the Foundation announced a grant for pedagogical assistance services for the development of an early childhood intervention work model and the demonstration of its effectiveness, awarded to the District XX Member Institution of the Budapest Pedagogical Assistance Service, and the Pedagogical Assistance Service of Jász-Nagykún-Szolnok County. The implementation of the programme is set to be closed in July 2016.

Future-awareness

In the field of support for environmental protection and nature conservation, in 2015 OTP Bank played a more active role compared to previous years:

- Following the hail damage in December 2014, we provided HUF 20 million worth of support to the National Forestry Association for the recovery of damage, which, inter alia, included reforestation, soil preparation, and the repair of tourist paths.
- OTP Bank joined the 'Live Earth' climate protection initiative, and the nation-wide competition for secondary schools. The climate protection initiative reaches out to everyone in order to collect one billion online votes for the momentous climate summit to be held in Paris, to support a decision whereby humankind can stop the imminent threat of climate change.

In combination, OTP Bank and MOL Nyrt. offered a total of HUF 12 million to reward the three schools collecting the highest number of votes, which the winners could use for developments and projects that were consistent with the philosophy and values of environmental sustainability and eco-awareness.

As part of the 'Live Earth' initiative, 194,000 votes were cast in support of the international campaign, of which close to 50,000 were registered as part of the competition for secondary schools. The voting competition was won by István Széchenyi Secondary Grammar School in Sopron. János Vajda Secondary Grammar and Vocational School in Fejér County came in second, while Kunó Klebelsberg Primary and Grammar School took third place. The HUF 6 million support awarded for the first prize is used by the school for the development of a special educational institution near Lake Neusiedl.

OTP BANK IS THE MOST PROMINENT SPONSOR OF HUNGARIAN SPORTS



OTP Bank
Bozsik-Program

THE GREATEST SPORTS TALENT TRAINING PROGRAMME IN HUNGARY

In the 5 to 14 age group, in club team programmes



In the 5 to 14 age group, in institutional programmes



Investment in the future: talent training and role models

OTP Bank is the company with the highest commitment for the future of Hungarian football. We support engagement, especially that of girls, and the long-term retention of children in the sport. The club team programme provides an opportunity for the most talented young people.

90 years after the first and 7 years after the last *Tour de Hongrie*, the cycling tournament was staged again in 2015, with our Bank as a main sponsor. OTP Bank offered a HUF 500,000 special award for the most successful young cyclist of the tournament.

OTP Bank is a diamond sponsor of the Hungarian Olympic Committee, whereby it helps Hungarian athletes' preparation for the Olympic Games.

To read about OTP Bank's additional donation and sponsorship activities, visit:

<https://www.otpbank.hu/csr/en/community-involvement>



Citizenship at subsidiary banks

CROATIA

- Support programmes are run under the umbrella name of 'Green light for ...', representing a variety of target areas.
- We continued to support students' academic careers: we awarded HUF 20.6 million worth of scholarships to 70 secondary and university students in 6 regions, in close cooperation with local communities and local governments.
- We supported 40 different projects in the total amount of HUF 16.2 million in a number of categories including education and science, the protection of cultural, historical and environmental values, humanitarian initiatives, and sports.
- With a team of employees including CEO Balázs Békeffy, we participated in the Wings for Life World Run fundraising campaign, staged simultaneously in 35 cities around the world.

SERBIA

- For years, the Bank has been the main sponsor and exclusive financial service provider of the EXIT music festival. 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. The OTP Karaoke Stage handed out awards for the best performers. At the festival, our staff promoted NFC payments.
- We supported the Magnet for Love Humanitarian Foundation, which purchased an MRI and a special incubator for the Vojvodina Child and Youth Health Institute. The investment aims to facilitate MRI scans and the accurate diagnosis for premature babies.
- OTP banka Srbija carried on its tradition of supporting students' academic careers, awarding best-performing secondary school students in the contest 'How Well Do We Know Each Other'. The topics of the quiz included history, geographic features, prominent personalities, music, and the ethnic groups living in Vojvodina. Hosted for the 10th time, the quiz contest was held for 48 secondary school teams from Vojvodina, with over 2,000 students and teachers.

MONTENEGRO

- For years, CKB Bank has been a supporter of national parks in Montenegro, with employees also participating in the related activities and campaigns.
- For the third year, the Bank sponsored the Exhibition of Young Inventors attended by a number of government officers, teachers and students.



UKRAINE

- The economic and financial situation of the Ukrainian bank have also limited support opportunities, despite which, although with smaller amounts than previously, we continued to support the Blagomai Charity Fund, which operates orphanages around Kiev. We also helped to collect financial donations and school equipment, and donated to the Fund 30 computers disposed of by the Bank.
- We also donated 20 used computers and pieces of office furniture to the 'Podil liceum' secondary school.



RUSSIA

- In 2015, the Bank supported the Bereg Nadezhdy Charity Foundation to help the single elderly in Omsk.
- We also supported the Omsk Pushkin Library.
- We also made a donation to the Detsky kinomay charity children's film festival hosted in Saint Petersburg.
- Operating in areas of Northern Russia, the DARINA Charity Fund supports extensive medical treatments for children with our assistance.
- We sponsored the Balassi Institute in Moscow, and the hosting of the Hungarian Culture Days.

ROMANIA

- Adaptation of the OK Centre's financial education model to the Bucharest Centre via the Right to Learn Foundation.
i > Financial education (p.82.)
- In 2015, the Bank continued to support the Handball Club in Székelyudvarhely.
- We also provided support to Babeş-Bolyai University in Kolozsvár.

BULGARIA

As the golden corporate sponsor of the local SOS Children's Village, the Bank is making efforts for closer cooperation with the organisation. From 2015, to promote the engagement of stakeholders, as a novel feature DSK Bank's ATMs have enabled charitable donations to the SOS Children's Villages. For the 25th anniversary of the SOS organisation, DSK Bank's CEO was recognised as long-term strategic partner of the SOS Children's Villages.

See our subsidiaries'

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



7.3.

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 disabled people, but our colleagues are just as happy to embrace other causes.

- In the spirit of stronger focus on environmental awareness, in 2015 the OTP Bank's central volunteering programme was associated with the Hungarian implementation of the Let's Clean Up Europe!, and the 'TeSzedd!' – Volunteers for a Clean Hungary initiative.
- OTP Bank's Volunteer Programme continued in 2015. Of the valid applications received during the year, financial support was awarded to 45 programmes. Linked to the upgrade of OTP Magazine, we are planning to renew the volunteer programme. Our aim is to encourage, provide the conditions for and ensure the measurability of individual volunteering.
- In 2015, we organised blood donations on several occasions and locations, as part of which 986 persons donated blood 1,669 times.
- In 2015 OTP Bank's employees used team-building events to help on two occasions, with a total of 420 participants.

Employees of the Data Integration and Business Intelligence Development Department carried out refurbishment work at the Balatonboglár Children's home.

Employees of the Electronic and Retail Current Account Directorate helped to collect, prepare and package Christmas

gifts for children living in children's homes in Balatonboglár, Zamárdi and Somogyjád.

- At subsidiaries, mainly the traditional fundraisers and blood donations continued in 2015. The participation of employees at the Ukrainian subsidiary bank is outstanding with 400 volunteers during the year.
- In the Croatian town of Sisak, our subsidiary bank employees and regional manager volunteered to refurbish a playground with the Bank's financial support.

Also in Sisak, on International Book Day, we collected and donated books to a primary school for children with mental disabilities. Our employees delivered the books in person.

- Our support for national parks is supplemented by CKB Bank employees' volunteer work.

As in previous years, the Bank organised a fundraiser for machinery investment at the Podgorica children's hospital together with employees, 10% of whom are also blood donors.

SOCIAL RESPONSIBILITY AWARD

OTP Bank has a tradition of awarding branches which are the most committed to society; in 2015, the Corporate Social Responsibility Award was given to the **Pécs-Szigetváros branch** and **Southern Great Plain Regional Centre**.

The diverse and active volunteering activities of the two awarded entities are illustrated here only through one prominent example for each: the Pécs branch was the professional sponsor of the first Nursery Expo, while the Southern Great Plain Regional Centre provided financial, professional and moral support for the Blessed Karol Wojtyła Friendship Centre, which helps homeless people.

The programmes implemented by the awarded entities have 750 beneficiaries in total.



Társadalmi Szerepvállalás Díj

986 BLOOD DONOR COLLEAGUES

In 2015, we organised blood drives on multiple occasions and location in the framework of which 986 people gave blood on 1669 occasions.



HIGHLIGHTED ELEMENTS OF OUR SOCIAL RESPONSIBILITY PROGRAMME

2005 OTP Fáy András Foundation

Launch of financial-economics training training

2006 KézenFogva Foundation

Shared strategic cooperation for those with disabilities

2006 Museum of Fine Arts
Museum+programme

2007 Humanitás Foundation

is acquired by OTP Bank

2008 National Dance House Meet

Maintaining tradition: with the participation of amateur and professional permormers of folk music, folk dancing, and folk art, representing ethnic Hungarians in the Carpathian basin and national minorities in Hungary.

2009 Veszprém Street Music Festival

Opportunity for young talent to debut,
independent of genre

2010 OTP Accessibiity Programme

enabling physical accessibility at 400 bank branches

2011 New folk customs have become fashionable
The OTP Volunteer Programme

launches with the involvement of over 1000 of our employees.

2011 Hungarian Charity Service of the
Order of Malta

Playful prevention program (7-8000 children per year)

2011 Exemplary school Programme

with the participation of the students of Budai Középiskola
(Buda Secondary School), appr. 1200 students.

2012 Humanitás Social Foundation

our own foundation, now in an open-support environment,
provides opportunities to breave out of disadvantaged social
status.

2012 We create a new financial culture!
opening of first OTP Centre Free

training of 12,000 students annually

2012 Relaunch of OTP Bozsik
programme

Hungary's largest youth sports programme

2015 – 2016

Strategic goals

Support opportunities for individual
volunteering (2016)

Upgrade OTP Bank's sustainability site

Provide special and tailored economy
training to business partners

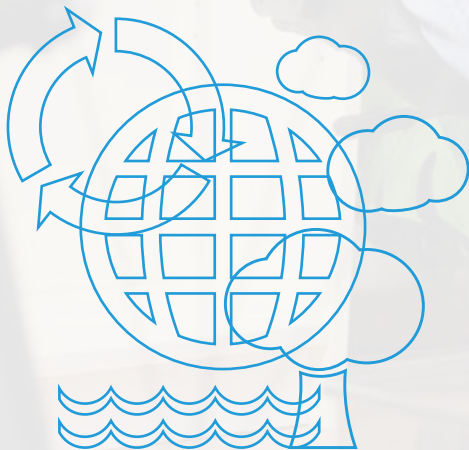
In the Olympic year, promote sports
and through sports, a mindset of health
and acceptance

11. / 8. |

OTP GROUP

Environmental protection

- | Carbon monoxide detectors
- | Solar station in Dubrovnik
- | Paperless processes



To reduce its pressure on the environment, OTP Group has been making continued efforts focused primarily on energy efficiency, reduced paper use and rationalised travel. The latter two are effectively supported by increasing prominence of digitisation processes.



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



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, with a focus on extending the scope of paperless processes.

Commitments

Results

Reducing the number of pages printed in connection with current account opening at OTP Bank.

We introduced a single-sheet contract for current account opening, including related products.

Installation of a solar station on the rooftop of the office building in Dubrovnik.

Implemented, with a capacity of 25 kW.

Installation of bicycle stands in our property in Lajos utca, Budapest.

The bicycle stands have been installed.

Detailed assessment of the possibilities of separate waste collection taking into account the features of the buildings concerned.

Implementation in progress, only a partial assessment has been completed to date at the branches.

Energy

We are continuously modernising our systems, and have been installing energy-saving, modern building engineering solutions and energy-saving lighting as part of our construction investments. In recent years, we have paid particular attention to switching advertising walls and front lighting to LED technology at the Parent Bank's and foreign subsidiary banks' branches, achieving a 85% energy saving on those assets.

2015 highlights:

- In Dubrovnik, Croatia, we installed a solar station on the rooftop of our headquarters (25 kWh capacity, with a planned annual output of 32,000 kWh).

- At the Serbian headquarters, we completed the purchase of equipment for reactive power compensation.
- In Ukraine and Russia, outdoor lighting was switched to LED technology. Additionally, in Ukraine we set computers to hibernate automatically.
- At two branches of CKB Bank, we replaced the legacy heating systems with new, more energy efficient equipment, insulated the buildings, and installed energy efficient lighting.

OTP Group's energy consumption²⁸ was 944,000 GJ in 2015, a 6% increase compared to the previous year. In 2015, we generated 1,956 GJ of energy using solar energy, and 3,831 GJ with heat pumps. The change in energy consumption was primarily a result of weather conditions, and the cutback in our operations in Ukraine.

ENERGY CONSUMPTION (GJ)		OTP Bank			OTP Group		
		2013	2014	2015	2013	2014	2015
Direct energy consumption	Gas energy	82,255	60,184	65,058	143,265	176,833	181,930
	Vehicle fuel	40,445	27,959	30,205	97,842	84,310	138,859
	Other	-	-	-	3,487	1,209	586
	Solar energy (renewable)	1,950	1,950	1,950	1,950	1,950	1,950
	Heat pump (renewable)	-	-	-	3,641	3,010	3,831
	Total	136,770	90,093	97,204	250,185	267,312	327,162
Indirect energy consumption	Electricity	138,373	128,639	128,822	386,020	545,502	542,943
	District heating	26,115	24,606	26,718	61,701	72,755	74,272
	Total	164,488	153,245	155,540	447,722	618,257	617,215
Grand total energy consumption		301,259	243,338	252,744	697,906	885,570	944,376
Per-capita energy consumption		37.62	30.39	31.81	18.89	23.38	26.86

*Stated for Monicomp Zrt.

The data for 2014 and 2015 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.

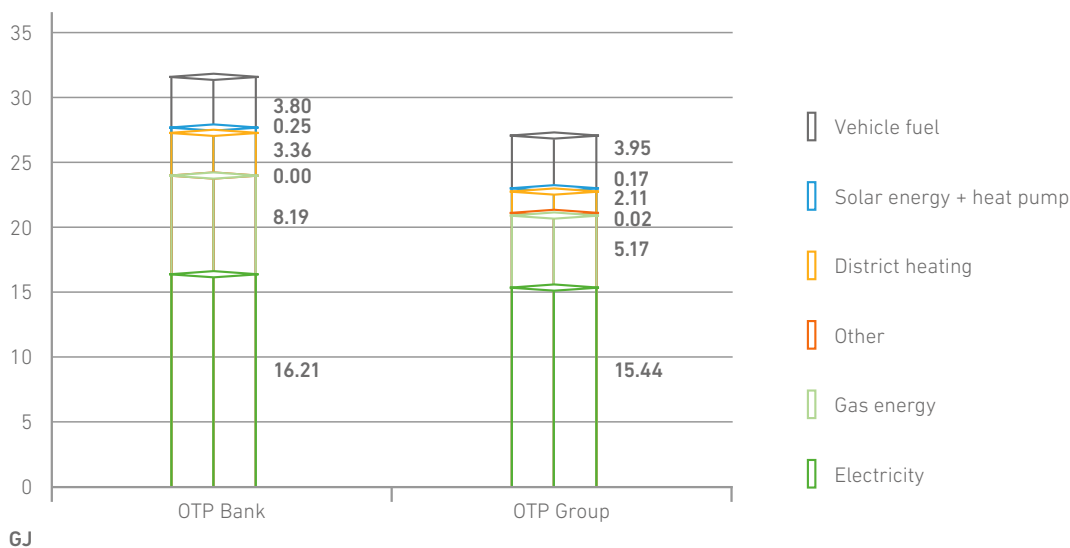
Energy consumption data are derived from readings, and in the case of vehicle fuel they are calculated from average consumption data. Consumed quantities are converted to energy using local average calorific values.

OTP GROUP'S TOTAL CO ₂ EMISSION (T)		OTP Bank			OTP Group		
		2013	2014	2015	2013	2014*	2015*
Direct	by vehicles	2,297	1,959	1,827	6,260	5,774	8,640
	flight related	359	304	257	823	524	585
	from natural gas consumption	4,591	3,359	3,631	7,997	9,870	10,155
Indirect	from electricity	4,228	3,931	3,936	11,795	16,668	16,590
	use of district heating	1,319	1,243	1,349	3,116	3,674	3,750
Total		12,794	10,795	11,000	29,991	36,511	39,721
Per capita		1.60	1.35	1.38	0.81	0.96	1.13

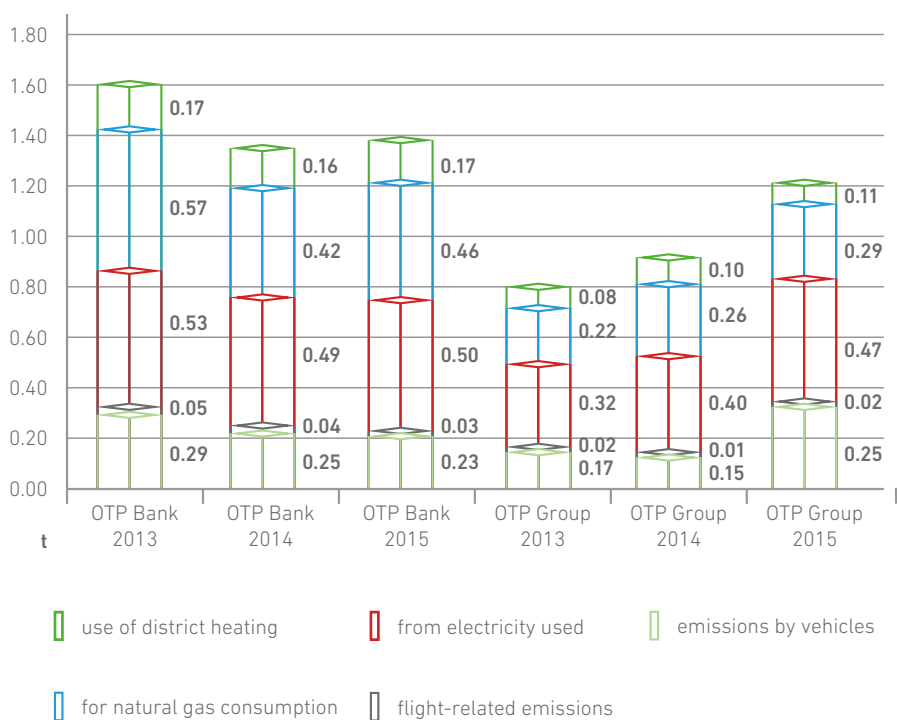
The table contains the key identified items of carbon-dioxide emission, net of other GHG emissions. With the exception of flights, the items shown were calculated from energy consumption on the basis of the applicable statutory regulations, industry estimates and official emission data.

*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.

²⁸ Direct and indirect energy use combined.



DISTRIBUTION OF PER-CAPITA CO EMISSIONS



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. It should be noted, however, that the amount of paperwork to be supplied to customers increased at several Group members due to changes in statutory requirements, in many cases leading to an increase in total paper use.

In turn, the quantity of paperwork to be supplied to customers was decreased at OTP Bank due to the implementation of the following:

- E-document repository (see the chapter Customer focus), saving an expected annual 1.4 million pages of paper;
- online borrowing in the case of personal loans;
- contracting through an authenticated electronic channel in the case of overdraft facilities;
- the option of electronic statements concerning Long-Term Investment deposit and securities accounts;
- MNB securities portfolio querying system, with an interface developed to query login credentials within the internet-bank.

At OTP Bank, the quantity of printed letters increased by 47 tons, with extra mailings resulting from letters related to settlement (~1.5 million letters at Group level, with an estimated weight of 50 tons).

At the companies Merkantil Group, OTP Faktoring, OTP Lakástakarékpénztár, OTP Önkéntes Nyugdíjpénztár, OTP Egészségpénztár, and OTP Pénztárszolgáltató the aggregate quantity of printed letters decreased from 53 to 48 tons.

Foreign subsidiaries:

- We introduced double-sided printing at DSK Bank. On a number of occasions, we sent customers e-mails rather than printed letters, saving over a million sheets of paper.
- In Romania, information about the integration of Millennium Bank and the CHF conversion programme had to be provided on paper in accordance with statutory requirements. Wherever possible, we made efforts to replace paper use by electronic information.
- In Serbia, we used new logistics software to reduce paper use. Paper use increased due to mandatory customer information according to statutory requirements.
- In Ukraine electronic statements on account movements have replaced paper-based statements.
- In Russia we launched a paperless POS project to reduce the number of sheets required for loan applications from 47 to 1 or 2.

550 tons

OF RECYCLED PAPER

(12% of total paper use), 9,350 grown trees saved





Paper-use has dropped by

410

TONS WITHIN OTP GROUP

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 the case of retail bank accounts, the products personalising the banking relationship to the greatest extent, 41% of customers have already opted out of paper-based account statements in Hungary (1.2 million statements). In respect of securities accounts, OTP Bank ran a promotion for the use of e-statements, as a result of which over 13,000 customers switched to electronic statements.
- As at the end of 2015, about 22% of non-retail customers received only e-statements, with an additional 2% of customers receiving both e-statements and paper-based statements.

- In 2015, in Romania the ratio of electronic statements rose by 6% to 8.3% of all statements.
- Serbia also saw an increase in the ratio of e-statements for retail deposit accounts, card statements and foreign exchange account statements as well. In the last segment, e-statements have become virtually exclusive with a ratio of 92%.
- In Russia, 10% of the customers receive electronic statements.
- In Ukraine, e-statements were introduced in 2015.

As a combined effect of these processes, aggregate paper use decreased by 10% (104 tons) at OTP Group and by 8% (410 tons) across OTP Group, compared to the previous year.



Travels

The provision of banking services entails extensive travelling and transport.

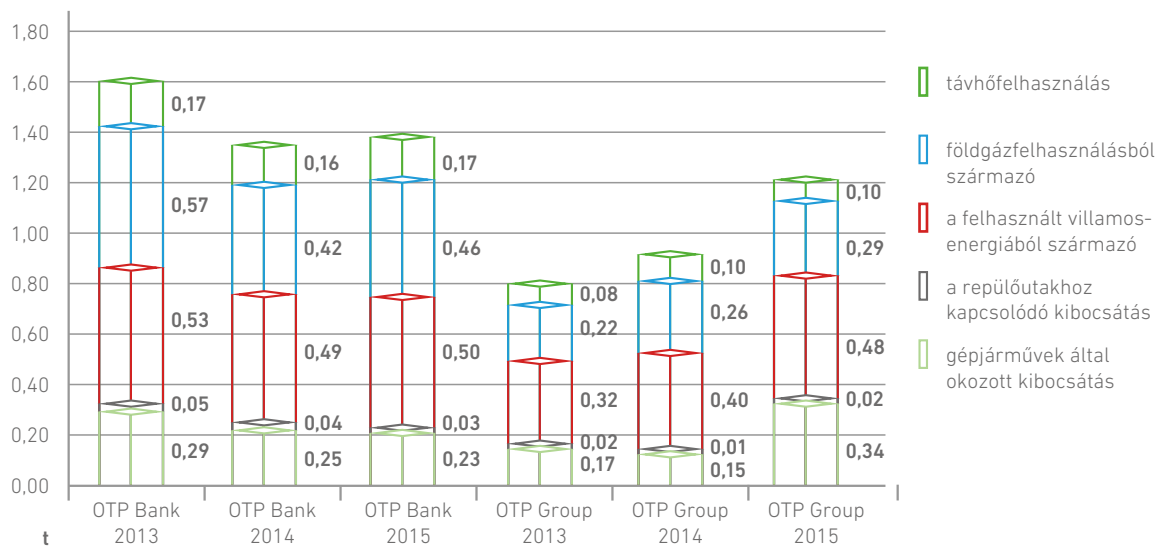
Breaking the trend of recent years, overall mileage at Group level increased, resulting in a close to 50%²⁹ rise in related CO₂ emissions compared to the previous year. When purchasing cars, we specifically seek low-consumption models, and cars are kept in service as long as it is economical and safe.

At Group level, the number of flights decreased, contrasted by an 11% increase in related carbon emissions compared to the previous year.

The OTP Group is increasingly exploiting the possibilities of **video conferencing**, year after year. In 2015, our employees made a total of 7,200³⁰ video conference calls amounting to an overall duration of 7,300 hours. Videoconference calls reduced carbon emissions by 1,750 tons.

In 2015, OTP Bank installed **bicycle stands** at one of its central buildings.

DISTRIBUTION OF PER CAPITA CO₂ EMISSIONS



²⁹ The significant increase is partly due to OTP Bank Russia's failure to report data, as a result of which its data are estimated on the basis of the average for the rest of Group members. Note, however, that per-capita car use at OTP Bank Russia tends to be lower.

³⁰ Group-level estimate based on OTP Bank's accurate data.

Waste management

In OTP Group, with IT equipment being replaced on a continuous basis, the handling of discarded equipment is in compliance with applicable environmental regulations. OTP Bank continued with its practice of 'giving gadgets a second chance' (in 2015, 2,000 PCs and monitors were handed over), and for years several Group members have been giving away used IT equipment for charity (see Corporate social responsibility).

Among the subsidiary banks CKB Bank, 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. As in previous years, DSK Bank's headquarters participated in the collection of bottle caps also in 2015, which are recycled to manufacture wheel-chairs. In DSK Bank's Varna region, separate waste collection was adopted.

DID YOU KNOW?

We have been making efforts to communicate our commitment to the environment and society through specific marketing tools: OTP Bank's marketing materials and brochures delivered to customers are printed on recycled paper, and increasingly, we present our partners with responsible gifts, such as useful items manufactured by disabled people or craft goods produced at eco-farms.

QUANTITY OF SEPARATELY COLLECTED WASTE	OTP Bank			OTP Group		
	2013	2014	2015	2013	2014	2015
Separately collected waste paper (t)	298	342	303	681	1,442	1,046
Separately collected PET bottles (kg)	6,287	5,203	10,302	7,354*	6,264	12,023
Separately collected hazardous waste (kg)	196	2,894	3,603	1,789	8,272	37,029*

* The aggregate amount increased due to the electronic waste of several subsidiaries.

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:

<https://www.otpbank.hu/csr/en/environmental-responsibility>

In Ukraine, in 2015 a complete transition was made to environmentally friendly products in terms of personal hygiene products (paper towels, toilet paper).

DID YOU KNOW?

We endeavour to communicate our commitment to the environment and society towards our customers and partners through a few tools of marketing: OTP Bank's marketing publications and client prospectures are published on recycled paper; we gift our partners with an ever broader array of relevant products e.g. useful gifts made by people with disabilities, and handcrafted products derived from ecologically sound practices.

TYPICAL DATA ON THE MATERIALS USED BY OTP GROUP AND ITS PROCUREMENTS	OTP Bank			OTP Group		
	2013	2014	2015	2013	2014	2015
Number of branches	397	395	386	1,434	1,524	1,328
Ratio of branches refurbished during the year to the total number of branches	6%	4%	4%	5%	5%	4%
Number of computers	9,000	9,000	9,000	n/a	n/a	n/a
Replacement period	4 years on average					
Number of ATMs	2,017	1,976	1,895	3,939	3,924	3,857
Number of POS terminals	51,683	52,336	55,288	69,427	69,552	76,567
Weight of ink cartridges and toners used (kg)	11,051	6,403	6,625	43,987	32 282*	32,482
Amount of office paper (t)	1,006	1,015	928	3 422*	3,701	3,089
Amount of paper used for document sorting and packaging (t)	26	46	45	67**	111**	139**
Amount of indirectly used paper (t)***	233	63	46	598**	1,274**	1,448**

*estimate: prorated on the basis of actual data

** the data on the amount of paper used by OTP Group are somewhat less reliable

*** e.g. marketing publications, letters posted by sub-contractor



2015 – 2017

Strategic goals

Review supplier ratings and assessments against CSR criteria, assess at least the top 10 suppliers against the revised criteria (2017)

Reduce paper use in internal processes (continuous)

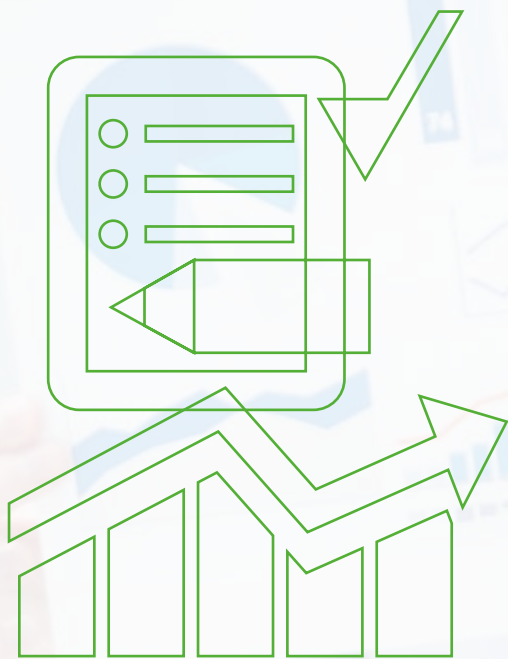
Reduce paper use at OTP Bank:

introduce electronic contracting for bank cards, car lottery deposits, foreign exchange accounts, savings accounts, securities accounts, account plan switching and new account opening (2016)

Install solar stations at two additional locations in Croatia (2016)

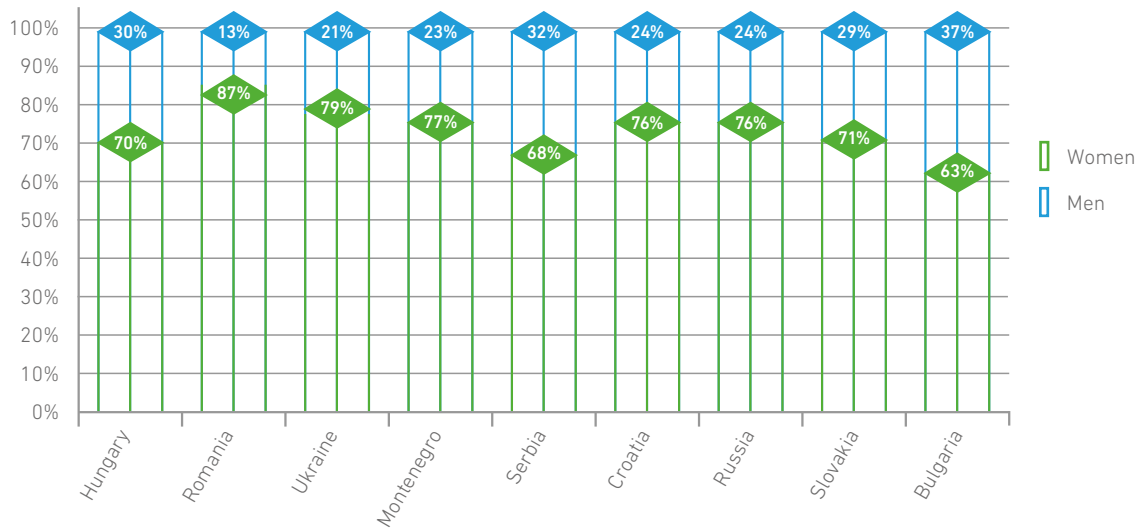


ANNEXES



Small and medium enterprises		Hungary	Bulgaria	Russia	Ukraine	Croatia	Romania	Slovakia	Serbia	Monte-negro
Assets by sector, on-balance sheet exposure to own customers, %, 31/12/2015										
Agriculture, forestry, fishing		18%	22%	3%	0%	18%	5%	7%	4%	3%
Mining, quarrying		0%	0%	0%	0%	0%	1%	0%	0%	0%
Light industry		6%	18%	1%	2%	16%	23%	18%	20%	14%
Electricity, gas, steam and air conditioning supply		0%	1%	0%	0%	0%	1%	5%	0%	0%
Water supply; sewerage, waste management and remediation activities		0%	1%	0%	0%	0%	1%	5%	0%	1%
Construction industry		6%	7%	2%	1%	5%	12%	6%	6%	7%
Wholesale and retail trade; repair of motor vehicles and motorcycles		21%	30%	63%	8%	25%	36%	18%	48%	46%
Transportation and storage		6%	5%	24%	0%	7%	6%	3%	13%	6%
Accommodation and food service activities		1%	6%	0%	1%	12%	4%	3%	2%	7%
Information, communication		1%	1%	0%	1%	2%	1%	2%	0%	3%
Financial and insurance activities		7%	0%	0%	0%	0%	1%	0%	0%	0%
Real estate activities		11%	1%	7%	1%	1%	2%	23%	1%	1%
Professional, scientific and technical activities		2%	3%	0%	1%	4%	2%	5%	4%	5%
Administrative and support service activities		8%	1%	0%	0%	3%	2%	3%	0%	2%
Public administration and defence; compulsory social security		0%	0%	0%	0%	0%	0%	0%	0%	0%
Education		0%	1%	0%	0%	0%	0%	0%	0%	0%
Human health and social work activities		1%	1%	0%	0%	2%	1%	1%	0%	1%
Arts, entertainment and recreation		0%	0%	0%	0%	1%	1%	1%	0%	0%
Other services		8%	3%	0%	0%	3%	0%	2%	0%	2%
Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use		0%	0%	0%	84%	0%	0%	0%	0%	0%
Activities of extraterritorial organizations and bodies		3%	0%	0%	0%	0%	0%	0%	0%	0%
Total (in billions of HUF)		209	68	0,2	20	17	60	92	8	9

Medium and large enterprises	Hungary	Bulgaria	Russia	Ukraine	Croatia	Romania	Slovakia	Serbia	Monte-negro
Assets by sector, on-balance sheet exposure to own customers, %, 31/12/2015									
Agriculture, forestry, fishing	5%	3%	0%	3%	12%	9%	2%	7%	3%
Mining, quarrying	0%	0%	0%	4%	1%	0%	0%	0%	1%
Light industry	6%	25%	8%	31%	14%	26%	14%	33%	17%
Electricity, gas, steam and air conditioning supply	2%	5%	0%	0%	0%	8%	12%	5%	0%
Water supply; sewerage, waste management and remediation activities	0%	2%	0%	0%	2%	0%	0%	0%	0%
Construction industry	8%	6%	8%	0%	13%	14%	4%	4%	10%
Wholesale and retail trade; repair of motor vehicles and motorcycles	10%	23%	46%	27%	20%	23%	13%	29%	40%
Transportation and storage	4%	1%	0%	1%	4%	3%	0%	14%	2%
Accommodation and food service activities	2%	6%	0%	0%	15%	3%	1%	0%	14%
Information, communication	1%	0%	1%	0%	1%	1%	4%	2%	1%
Financial and insurance activities	30%	3%	1%	0%	1%	3%	4%	1%	3%
Real estate activities	10%	18%	36%	26%	3%	6%	20%	3%	4%
Professional, scientific and technical activities	4%	3%	0%	0%	3%	3%	11%	1%	3%
Administrative and support service activities	2%	1%	0%	1%	6%	1%	8%	0%	0%
Public administration and defence; compulsory social security	0%	0%	0%	0%	0%	0%	0%	0%	0%
Education	0%	0%	0%	0%	1%	0%	0%	0%	0%
Human health and social work activities	0%	2%	0%	0%	4%	0%	4%	0%	2%
Arts, entertainment and recreation	0%	0%	0%	0%	1%	0%	2%	0%	0%
Other services	8%	0%	0%	0%	0%	0%	0%	0%	0%
Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use	0%	0%	0%	7%	0%	0%	0%	0%	0%
Activities of extraterritorial organizations and bodies	8%	0%	0%	0%	0%	0%	2%	0%	0%
Total (in billions of HUF)	1,115	298	29	152	129	135	54	61	40



BENEFITS (2015)	OTP Bank, Hungary		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	Not available	Not available	Not available	-	Not available	Not available
Health	Available	Available	Not available	Not available	Available	-	Not available	Not available
Disability / sickness cover	Available	Available	Not available	Not available	Available	-	Available	Available
Parental leave	Available	Available	Available	Available	Available	-	Available	Available
Retirement benefit	Not available	Not available	Not available	Not available	Available	-	Available	Available
Shares	Available	Available	Not available	Not available	Not available	-	Not available	Not available
Extra day of leave	Available	Available	Available	Available	Not available	-	Not available	Not available
Anniversary bonus	Available	Available	Not available	Not available	Not available	-	Available	Available
Material assistance for special (family) events	Not available	Not available	Available	Available	Available	-	Available	Available
Christmas bonus	Not available	Not available	Not available	Not available	Not available	-	Available	Available
Sports contribution	Not available	Not available	Not available	Not available	Not available	-	Available	Available
Holiday contribution	Not available	Not available	Available	Available	Not available	-	Not available	Not available
Other	Not available	Not available	Not available	Not available	Not available	-	Not available	Not available

BENEFITS (2015)	Romania		Slovakia		Serbia		Russia		Ukraine	
	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	Full time, part time employees	Fixed term employees
Life insurance	Available	Available	Not available	Not available	Available	Available	Available	Not available	Not available	Not available
Health	Available	Available	Available	Available	Not available	Not available	Available	Not available	Available	Not available
Disability / sickness cover	Not available	Not available	Available	Available	Not available	Not available	Not available	Not available	Available	Not available
Parental leave	Available	Available	Available	Available	Available	Available	Available	Available	Available	Not available
Retirement benefit	Available	Available	Not available	Not available	Available	Available	Not available	Not available	Not available	Not available
Shares	Not available	Not available	Not available	Not available	Not available	Not available	Not available	Not available	Not available	Not available
Extra day of leave	Igen	Igen	Available	Available	Not available	Not available	Not available	Available	Not available	Not available
Anniversary bonus	Available	Available	Available	Available	Not available	Not available	Not available	Not available	Not available	Not available
Material assistance for special (family) events	Available	Available	Not available	Not available	Available	Available	Not available	Not available	Available	Not available
Christmas bonus	Not available	Not available	Not available	Not available	Not available	Not available	Not available	Not available	Not available	Not available
Sports contribution	Available	Available	Not available	Not available	Not available	Not available	Not available	Not available	Available	Not available
Holiday contribution	Not available	Not available	Available	Available	Not available	Not available	Available	Not available	Available	Not available
Other	Available	Available	Available	Available	Not available	Not available	Not available	Not available	Not available	Not available

PROGRAMMES FOR SKILLS MANAGEMENT AND LIFELONG LEARNING IN 2015	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 available
If the organisation provides severance pay, does it take into account the employee's age	Yes	Typically not
If the organisation provides severance pay, does it take into account the number of the employee's years of service	Yes	Typically not
Job seeking assistance for employees made redundant	Not available	Typically not available
Assistance during the transition to life without employment	Available	Typically not available
<p>Weighted average by employee headcount.</p> <p>Typically not available/Typically not: available at less than 50% of the members of the Group.</p> <p>Partly available: available at 51-70% of the members of the Group.</p> <p>Typically available: available at 71-99% of the members of the Group.</p>		

AID IN RELATION TO SERIOUS ILLNESSES, 2015	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	Not available	Not available	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	Partly available	Not available	Typically not available	Available	Typically not available
Treatment	Available	Typically available	Not available	Typically not available	Available	Partly 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.

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.

RATIO OF POSITIONS IN UPPER MANAGEMENT OF THE COMPANY GROUP			31/12/2015
Company	Directorate	Management*	
	POS ratio (%)	POS ratio (%)	
OTP Bank Nyrt.	100	100	
CKB	14	50	
DSK Bank	100	100	
OTP Bank Ukraine	83	80	
OTP Bank Romania	20	20	
OTP Bank Russia	0	71	
OTP banka Hrvatska	75	80	
OTP Banka Slovensko	75	75	
OTP banka Srbija	33	40	

* Management:

In Hungary, the President of the enterprise elected by the decision-making body of authority of the enterprise and employed by the enterprise, and each deputy of this top executive.

Abroad, the top executive appointed to head the enterprise and employed by the enterprise, his/her deputies and division heads.

| IV. |

GRI INDEX



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	Where is it to be found	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	6–7	
Organisational profile			
G4-3	Name of the organisation	back cover, website	https://www.otpbank.hu/portal/en/EthicalDeclaration
G4-4	Primary brands, products, and services	15, website	https://www.otpbank.hu/portal/en/Home , the subsidiaries' websites accessible from https://www.otpbank.hu/portal/en/AboutUs/OTPGroup
G4-5	Location of the organisation's headquarters	18–19, website	https://www.otpbank.hu/portal/en/EthicalDeclaration
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	18–19	14 countries, of which our Company has significant operations in 9 countries
G4-7	Nature of ownership and legal form	Annual Report	https://www.otpbank.hu/portal/en/IR/Reports/Annual
G4-8	The markets served, including geographic breakdown, sectors served, and types of customers	18–19, 107–108, 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	18–19, 21, 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	70–71	OTP Group does not collect data on centrally supervised employees (most of whom work in IT and retail ³¹), but it may be stated that their number is insignificant compared to the overall employee headcount.
G4-11	Percentage of total employees covered by collective bargaining agreements	75, microsite	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. 92% of OTP Group's employees are subject to a collective agreement. https://www.otpbank.hu/csr/en/responsible-employer
G4-12	Description of the organisation's supply chain.	microsite	https://www.otpbank.hu/csr/en/environmental-responsibility
G4-13	Significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain	16, 71, 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.

³¹ Lakossági üzletág

Indicator number	Indicator description	Where is it to be found	Note / Reasons for omission
G4-14	How the precautionary approach or principle is addressed by the organisation.	microsite, 62	https://www.otpbank.hu/csr/en/safety-and-security
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses.		<p>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.</p> <p>https://www.otpbank.hu/portal/hu/Lakashitel/MagatartasiKodex</p> <p>The Hungarian Advertising Code of Ethics was designed to serve as a collection of professional and ethical norms for entities engaged in advertising in the territory of Hungary, and to enable professional self-regulation as recognised by Parliament in the preamble to the Act on Essential Conditions of and Certain Limitations to Business Advertising and to the Act on the Prohibition of Unfair Commercial Practices against Consumers.</p> <p>OTP Bank is a signatory to the Code as revised in 2015.</p> <p>http://mrsz.hu/cmsfiles/08/c1/Magyar_Reklametikai_Kodex_2015.pdf</p>
G4-16	Memberships of associations and/or national or international advocacy organisations	microsite	https://www.otpbank.hu/static/csr/download/CSR_Jelentes_2012_szervezeti_tagsag.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	website	<p>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 Jelzálogbank, OTP Lakástakarékpénztár, OTP Faktoring, OTP Lakáslízing, Merkantil Group, OTP Önkéntes Nyugdíjpénztár, OTP Egészségpénztár, OTP Pénztárszolgáltató, OTP Ingatlanlízing, OTP Ingatlan Befektetési Alapkezelő, OTP Alapkezelő, OTP Hungaro-Projekt, OTP Létesítményüzemeltető, Monicomp.</p> <p>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.</p> <p>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</p>
G4-18	The process for defining the report content, and implementation of the Reporting Principles	11	
G4-19	List of aspects identified as material	11	
G4-20	For each material aspect, the aspect boundary within the organisation	11	
G4-21	For each material aspect, the aspect boundary outside the organisation	11	
G4-22	Reasons for any restatements of information provided in previous reports	20, 41, 71	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		OTP Létesítményüzemeltető, newly established to take over activities from OTP Bank, was included in the reporting in 2015.

Indicator number	Indicator description	Where is it to be found	Note / Reasons for omission
G4-24	List of stakeholder groups engaged by the organisation	microsite	https://www.otpbank.hu/csr/en/corporate-responsibility https://www.otpbank.hu/static/csr/download/CSR_Jelentes_2012_erintetti_kapcsolat.pdf
G4-25	Basis for identification and selection of stakeholders with whom to engage		
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	11	
G4-29	Date of most recent previous report (if any)	microsite	Our most recent Corporate Social Responsibility Report was issued for 2014. https://www.otpbank.hu/static/csr/download/CSR_Report_2014_EN_web.pdf
G4-30	Reporting cycle		Annual cycle.
G4-31	Contact point for questions regarding the report or its contents	back cover	csr@otpbank.hu
G4-32	The 'in accordance' option the organisation has chosen and the GRI Content Index	115–116	'Core'
G4-33	The organisation's policy and current practice with regard to seeking external assurance for the report.	11	Assurance on the report was provided by Deloitte Könyvvizsgáló és Tanácsadó Kft. The assurance provider is independent of OTP Group. As part of assurance, an interview is conducted with the Deputy CEO.

Indicator number	Indicator description	Where is it to be found	Note / Reasons for omission
G4-34	Governance structure of the organisation, including committees Identification of any committees responsible for decision-making on economic, environmental and social impacts.	16	<p>https://www.otpbank.hu/portal/en/IR/CorporateGovernance – Board of Directors, Supervisory Board, senior operational management, Responsible Governance Report 15/04/2016 https://www.otpbank.hu/static/portal/sw/file/OTP_Alapszabaly_20140425.pdf</p> <p>The operation of OTP Bank is assisted by <i>standing committees</i> 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 and Chief Executive directly. It has decision making powers concerning issues assigned to its scope of competence by the Organisational and Operational Rules, it issues preliminary position statements and it performs a function of preparing decisions to be made on many of the issues submitted to the General Assembly, the Board of Directors or the Supervisory Board, along with a coordinating role in the Bank's executive management. The Committee plays a role of a strategic nature.</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 Bank. Without prejudice to the powers of other standing professional committees of the Bank affected in terms of powers, the Committee carries out operational consultation and decision-making duties on issues requiring a complex approach.</p> <p>Asset-Liability Committee: OTP Bank Nyrt.'s management body for the highest-level issues concerning asset and liability management. Credit and Limit Committee: the scope of its powers essentially includes the regulatory and methodological tasks of the Bank and the Bank Group concerning lending and credit risk management, decisions on credit risk exposure to customers, and in the case of Group members exposed to credit risk, the exercise of the rights of decision-making and consent in respect of the duties involved.</p> <p>Product Development, Sales and Pricing Committee: a committee responsible under its procedures for dealing with the Products and services of the Bank and those of Hungarian subsidiaries sold through OTP Bank's sales channels, their normative pricing, their sale through the various other sales channels available, and major campaigns.</p> <p>International Product Development, Sales and Pricing Committee: The management forum for addressing issues concerning the Bank's products and services sold by its foreign subsidiary banks and their pricing and sale, as well as any differences in opinion arising between the Bank's foreign subsidiary banks and OTP Bank's business units.</p> <p>Group Operational</p> <p>Risk Management Committee: monitors changes in operational risks, operational risk management and business continuity planning, and ensures that the risk management solutions and reporting lines required by law work appropriately.</p> <p>Group-wide Capital Expenditure Committee: proceeds on investment and procurement issues assigned to it, as well as on those not assigned to other bodies and/or managers. With a view to the prudential and secure operations of the Bank Group, to promote a consistent Group-wide business policy, it communicates strong Parent Bank guidelines to Group members.</p> <p>Work-out Committee: regarding the enforcement of claims of endangered recovery, it exercises the right of decision-making where such claims are included in the Bank's portfolio, and the right of consent where such claims are included in the portfolios of specific Group members.</p>

Indicator number	Indicator description	Where is it to be found	Note / Reasons for omission
G4-56	The organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics.	microsite , 59	Code of Ethics: The guidelines and requirements set out in the Code of Ethics prescribe obligations for the Bank's senior officers and the members of its Supervisory Board. The Code lays down clear and unambiguous guidelines and requirements for both the Bank and those doing business with the Bank, concerning ethical business operations, in order to protect the Bank's values. The Bank is operating a system enabling anybody to file reports – in person, by telephone or e-mail – concerning cases of violations of the Code, sparing no effort at the same time in protecting the employees reporting infringements within the Bank against discrimination and unfair treatment, by prohibiting retaliatory measures or the application of negative consequences against anybody who reports actual or suspected breaches of the values and principles represented by and laid down in the Code of Ethics in good faith. The Bank attaches particular importance to making sure that the employees familiarise themselves with and develop awareness of the norms of ethics, therefore it is conducting an e-learning programme for every single employee, along with regular checks and monitoring of compliance with those norms. The Code of Ethics was adopted and approved by OTP Bank Nyrt.'s Board of Directors. The Code is available on our website. https://www.otpbank.hu/portal/en/EthicalDeclaration https://www.otpbank.hu/csr/en/en_compliance
Economic performance		20–21, 90, Annual Report	https://www.otpbank.hu/portal/en/IR/Reports/Annual
EC1	Direct economic value generated and distributed	21	
EC4	Financial assistance received from government	20–21	
Market presence		microsite	https://www.otpbank.hu/csr/en/responsible-employer
EC6	Proportion of senior management hired from the local community at significant locations of operation	116	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.
Indirect economic impacts		20	
EC8	Significant indirect economic impacts, including the extent of impacts	20, 46–49, 50–51, 53	
Energy		99–100, microsite	https://www.otpbank.hu/csr/en/environmental-responsibility
EN3	Energy consumption within the organisation	100–101	
Emissions		microsite	https://www.otpbank.hu/csr/en/environmental-responsibility
EN15	Direct GHG emissions	100–101	
EN16	Indirect GHG emissions	100–101	
Environmental compliance		microsite	https://www.otpbank.hu/csr/en/en_compliance
EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	61	
Employment		microsite	https://www.otpbank.hu/csr/en/responsible-employer
LA1	Total number and rates of new employee hires and exiting employees by age group, gender and region	73	

Indicator number	Indicator description	Where is it to be found	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	111–112	
Labour/management relations		75, 78	
LA4	Minimum notice periods regarding significant operational changes, including whether these are specified in collective agreements	78	
Occupational health and safety		78, 80, microsite	https://www.otpbank.hu/csr/en/responsible-employer
LA6	Type of injury and rates of injury, occupational diseases, lost days, and absences, and total number of work-related fatalities, by region and by gender	79–80	
LA7	Workers with high incidence or high risk of diseases related to their occupation	113	
Training and education		76	
LA9	Average hours of training per year per employee by gender, and by employee category	76	
LA10	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	112	
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 age group, minority group membership, and other indicators of diversity	74, website	https://www.otpbank.hu/portal/en/IR/CorporateGovernance Data on ethnic background are 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 2016 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	75	
Non-discrimination		59, microsite	https://www.otpbank.hu/csr/en/en_compliance
HR3	Total number of incidents of discrimination and corrective actions taken	59	
Security practices		microsite	https://www.otpbank.hu/csr/en/safety-and-security
HR7	Percentage of security personnel trained in the organisation's human rights policies or procedures that are relevant to operations	microsite	https://www.otpbank.hu/csr/en/safety-and-security 100%
Local communities		microsite	https://www.otpbank.hu/csr/en/community-involvement
FS13	Access points in low-populated or economically disadvantaged areas by type	36	https://www.otpbank.hu/portal/en/BranchATMSearch (The branch networks of foreign subsidiary banks are accessible on their respective websites.)
Anti-corruption		59–60, microsite	https://www.otpbank.hu/csr/en/en_compliance
SO4	Communication and training on anti-corruption policies and procedures	microsite	https://www.otpbank.hu/csr/en/en_compliance

Indicator number	Indicator description	Where is it to be found	Note / Reasons for omission
Public policy		60	
S06	Total monetary value of financial and in-kind political contributions made by the organisation		OTP Group does not sponsor such persons or organisations.
Anti-competitive behaviour		microsite	https://www.otpbank.hu/csr/en/en_compliance
S07	Number and outcomes of legal proceedings relating to anti-competitive conduct or breaching of anti-trust or anti-monopoly regulations	61	
Compliance		59–60	
S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	61	
Product and service labelling		37, 39, 42, microsite	https://www.otpbank.hu/csr/en/customer-focus https://www.otpbank.hu/csr/en/developing-financial-literacy
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes	61	
PR5	Practices aimed at securing customer satisfaction, including results of surveys measuring customer satisfaction	42	
Marketing communications		microsite	https://www.otpbank.hu/csr/en/customer-focus
PR6	Sale of banned or disputed products		No such products were sold.
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	60	
Customer privacy		microsite	https://www.otpbank.hu/csr/en/safety-and-security
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	63	
Product liability compliance		59, microsite	https://www.otpbank.hu/csr/en/en_compliance
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	61	These include consumer protection and FAB cases, the latter being covered by other procedures.
Product portfolio (sector-specific)		microsite	https://www.otpbank.hu/csr/en/safety-and-security
FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector	109–110	

INDEPENDENT ASSURANCE REPORT

To the management of OTP Bank Nyrt.

This report has been prepared in accordance with the terms of our contract dated 14 June 2016 in order to accomplish the independent external party examination of OTP Bank Nyrt.'s Corporate Social Responsibility Report 2015 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 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 aim 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 are prepared by the Management of OTP Bank Nyrt. 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

- EC6 – proportion of senior management hired from the local community at significant locations of operation
- EC8 – significant indirect economic impacts, including the extent of impacts
- EN15 – Direct greenhouse gas (GHG) emissions
- PR5 – Results of surveys measuring customer satisfaction
- 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

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 2015.

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 (for example the final examination report).

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 2015 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 2015: Marketing and Communications Directorate – Public Affairs and Internal Communications Department and Loyalty, Market Research and Coordination Department, Coordination and Organisation Department, Organisation Department, Retail Lending Directorate, Housing Loan Department. 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.

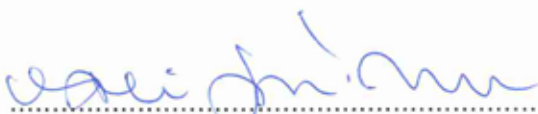
In a limited assurance engagement the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement.

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, 10 August 2016



Nagyváradiné Szépfalvi Zsuzsanna

Partner

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Our registered office:
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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.