



# CSR

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CORPORATE SOCIAL  
RESPONSIBILITY  
REPORT

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# 2011



*otpbank*





# csr

CORPORATE SOCIAL  
RESPONSIBILITY  
REPORT

# 2011



**Stability**  
one of Europe's  
most stable banks

Right to Read  
campaign  
75,600 books collected

OTP Mentor  
a complete financial  
counselling program

## ADDRESS BY THE CHAIRMAN

# CSR 2011



DEAR READER,

This is the fourth year that OTP Bank Romania publishes its own Corporate Social Responsibility (CSR) Report, in addition to OTP Group's annual CSR Report. We do so because we believe this is a key factor for increasing transparency and also because our stakeholders are even more interested in our social or environmental performance. We are a relatively small but innovative universal bank in the Romanian market, owned and backed by one of the most stable European banking groups.

For me, sustainability is a part of our business strategy and this means long term commitment and thinking. Everything we accomplished in 2011 stands for these criteria.

In 2011, we have successfully maintained the stability of the bank and kept our good liquidity indicators, while expanding the loan portfolio above market average, maintaining our market share in deposits and offering, to our clients, a wide range of opportunities in the debtor protection program. As a result, 700 clients reduced their overdue amounts and 2 out of 3 loans were saved by the program. Moreover, almost 4,000 clients could exit the loan protection program.

Despite all our efforts to help clients in difficult times, in 2012 are taking into account the worsening of the old portfolio, due the foreign exchange mortgages, as the number of clients with non-performing loans almost doubled last year, at market level.

Although it was better than 2010, 2011 was again a challenging year for the Romanian banking sector. We maintained our stability and reached our profitability objectives. We have already begun to move from being a

financial provider to become a real financial advisor: OTP Mentor is a complete financial counselling program that covers this aspect and I firmly believe in its success on the Romanian market. Please visit the [www.dresoruldelei.ro/](http://www.dresoruldelei.ro/) [www.penzidomar.ro](http://www.penzidomar.ro), in order to experience our user friendly platform, where you can manage your budget online, or visit one of our units to find out more in person.

I expect that the retail portfolio will be an important factor of growth in the near future. Also, we will keep on relying on the local market for savings and deposits.

I see a great potential in SMEs, especially small and medium businesses, as well as in agriculture. Therefore, our strategy focuses on these areas, but also on EU projects financing, as well as pre-financing state subsidies. We will keep on encouraging RON lending besides promoting deposit collection.

The Right to Read campaign nicely represents what we stand for: value-based approach, long term commitment and measurable performance. We have collected over 75,600 books until the end of 2011, donated to almost 19,935 children from 110 rural disadvantaged schools.

**László Diósi**

*CEO, Chairman of the Management Board*



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for customers

for employees

for households,  
interested readers

for investors and analysts



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# ABOUT THIS REPORT

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## ABOUT THIS REPORT



This CSR report is compliant with the application level “B” of G3.1 Guideline of GRI (Global Reporting Initiative, see page 49), the most commonly used sustainability reporting guideline.

This CSR report covers all significant issues of the economic, social and environmental performance of the bank, in 2011. Besides achievements and results, we present challenges we face and the directions of potential development, to give a balanced view on our performance. In the content of the report, CSR performance in relation to our core business gains priority.

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

We intend to avoid restatements of information provided in former reports, thus we encourage the use of our homepages ([www.otpbank.ro](http://www.otpbank.ro) and [www.estedreptulmeu.ro](http://www.estedreptulmeu.ro)) for deeper insight.

Reliability of data is ensured by the methodology of reporting and the SAP-based CSR database that is used within the entire OTP Group. Where available, we provide data for 2009, 2010 and 2011, to make information comparable and trends visible.

We hope to provide a comprehensive picture of our CSR activities and performance. We are willing to develop further, therefore we ask you to please take the time to share your thoughts with us and send us feedback to [dezvoltaredurabila@otpbank.ro](mailto:dezvoltaredurabila@otpbank.ro). Thank you!



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# OTP BANK ROMANIA AND CORPORATE SOCIAL RESPONSIBILITY

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## 1.1 Who we are

**OTP Bank Romania is a subsidiary of OTP Bank, the largest independent banking group from Central and Eastern Europe. We are a medium-sized universal bank and, in 2011, we served more than 230,000 clients. We offer a wide range of high quality financial products and complete banking services to all types of clients, from individuals to large companies. OTP Bank Romania is accessible in the whole country through its 100 branches and by the user-friendly electronic channels (OTPdirekt).**


We provide special financial services in Romania through our subsidiaries:

- OTP Asset Management, that offers innovative investment services,
- OTP Consulting Romania, that offers project-focused consultancy services, primarily concerning EU Funds,
- OTP Leasing Romania, that offers car and equipment leasing products.

The subsidiaries are not covered by this report.

OTP Bank Romania S.A. has a stable background, as a member of OTP Group, which is one of the most important Central-Eastern-European financial group. OTP Bank provides universal services in Hungary, Romania, Montenegro, Croatia, Bulgaria, Russia, Ukraine, Slovakia and Serbia, for more than 13 million customers, through a territorial network of 1500 units, the ATM network and electronic channels. The objective of the Group is to achieve outstanding performance, in accordance with the European standards.

OTP Group was subject to the 2011 EU-wide stress test conducted by the European Banking Authority (EBA), in cooperation with the Hungarian Financial Supervisory Authority, the European Central Bank (ECB), the European Commission (EC) and the European Systemic Risk Board (ESRB). As a result, OTP Group was declared the third most stable group in Europe, having the third highest Tier1 level, amongst the inspected European banks. Taking into consideration this result, OTP Bank got the highest score from the banks present in Romania.

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

### Values of OTP Bank Romania

- We intend to exploit the advantages of a medium-sized organisation, thus we strive to offer our clients flexible, dynamic, innovative and client-centred services.
- We consider trust, partnership, integrity, stability, professionalism and courage equally important.





### OTP Bank Romania 2011

Branches	100
Employees*	1066
Number of clients	7230,000
Total assets	3.74 billion RON
Market share	1.1%
Total amount of tax paid	17,070 k RON
Total cost of employee training	2000 k RON
Total amount of sponsorship	~ 589 k RON
Proportion of branches made accessible	100%
Water consumption per capita	13.5 m3
Energy consumption per capita	763.4 GJ
CO2 emission per capita	72.3 t
Total paper used	90 t

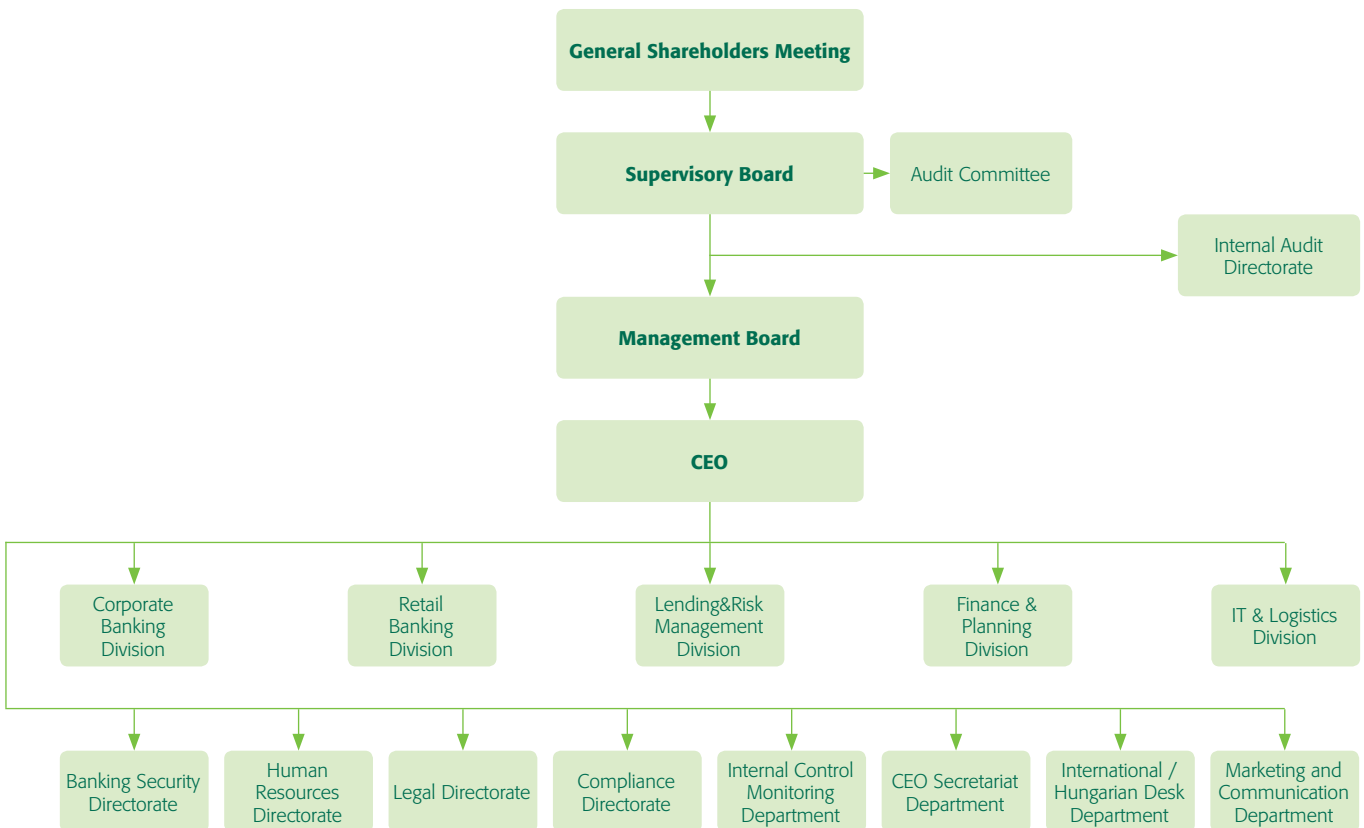
### OTP Group

Branches	1444
Employees*	49,353
Number of clients	~ 13.15 m
Total assets	141.5 billion RON
Total amount of tax paid	1.9 billion RON
Total cost of employee training	12.7 m RON
Total amount of donation	~31.1 m RON
Proportion of branches made accessible	55%
Water consumption per capita	13.0 m3
Energy consumption per capita	31.2 GJ
CO2 emission per capita	1.46 t
Total paper used	6139 t

IFRS data at 31. December 2011

\* Total employees

### 2.3 Organisational structure of OTP Bank Romania



#### Organisational changes

To mirror their increased strategic importance, MSE<sup>1</sup> Sales & Development and Digital Banking (large share of transactions are expected to shift to the internet) became separate directorates.

We also established an independent PR & Communications Department within the Marketing Communications Directorate.

In 2010-11 the control functions of the supervisory and management boards were changed according to NBR regulations.

## 1.2 CSR at OTP Bank Romania

### Our principles

We are committed to CSR (Corporate Social Responsibility) within our core business and beyond. The main challenge is to manage our operation in accordance with the expectations of our stakeholders and including more and more social and environmental aspects into our policies, as well as into our day-to-day work. We are committed to the communities we are part of. Our CSR Policy is force since 2009 and was last updated in 2010.

As defined by our CSR Policy, Corporate Social Responsibility is seen as:

- Commitment to improve community well-being, through discretionary business practices and contributions of corporate resources;
- Major activities undertaken to support social causes

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

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

The Marketing and Communication Directorate is responsible for the coordination of the dedicated CSR projects within the organisation.

## 1.3 Economic performance in 2011

OTP Bank Romania ended the year with a positive financial performance and registered a RON 13 million

after tax profit, while the operating result remained stable during the year.

GENERATED AND DISTRIBUTED DIRECT ECONOMIC VALUE OF OTP BANK ROMANIA (based on the consolidated, audited, IFRS profit and loss statement, thousand RON)		2009	2010	2011
I. Generated direct economic value	= 1	260,647	292,000	279,600
1. Net income from sales	Interest income + non-interest income (incl. net fees) (adjusted)	260,647	292,693	279,600
II. Distributed economic value	= 2+3+4+5	188,026	190,842	203,899
2. Operating costs + payments to equity investors	Operating costs – Personnel expenses – Depreciation – Taxes reducing the corporate tax base	84,761	83,153	90,130
3. Employee wages and benefits	Personnel expenses	93,511	92,806	96,110
4. Taxes paid	Total tax-payment liability (excluding employer's contributions on wages)	9,104	14,204	17,070
5. Community investments	Donation and sponsorship	650	679	589
III. Retained earnings	= 1-(2+3+4+5)	72,621	101,850	75,701

Please see more about our economic performance in our 2011 Annual Report at <http://www.otpbank.ro/ro/despre-noi/otp-bank-romania/raport-anual/>

<sup>1</sup> Micro and Small Enterprises



# CLIENTS AND CORE BUSINESS

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## Our principles

The basis and most important aspect of our corporate responsibility is to provide responsible financial services to our clients. We believe that stability and customer orientation are key factors in being a trusted financial provider. Ethical conduct is our obligation, as well as the expectation of our stakeholders.

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

- maintaining stable business operation;
- responsible lending;
- encouraging savings through attractive deposit collection;
- risk management and safety;
- transparent pricing;
- transparent and open communication regarding our operation, services and performance;
- maintaining our excellent service quality and innovative approach.

### Main achievements in 2011

Launching the comprehensive OTP Mentor programme and its online platform, [www.dresoruldelei.ro](http://www.dresoruldelei.ro)

Almost 4000 clients exited the loan protection programme

40% decrease of processing time for individual loans

New EU funds business line gave a lift to MSEs.

No significant damage occurred in the security system.

Operational risk: finalising databases at group level and annual assessment for each unit.

### 2010 WE SAID

### 2011 WE DID

Finalise trading book	➡ Finalisation in 2012
New Crisis Communication Plan	✔ Completed
Launch EU funds business line	✔ Launched with success
Enhance OTP Mentor program and apply to further branches and to lending	✔ OTP Mentor became the main strategic approach of the Bank.

<sup>2</sup> In this chapter we focus on activities and products with a social or environmental aspect. For more details on other products please see the Annual report and our website.



## 2.1 OTP Mentor: a complete financial counselling programme

In mid-2011 OTP Bank Romania launched OTP Mentor, a complete financial counselling programme, addressed to all those who want to streamline their financial resources. The programme became the main strategic approach of the company, thus we aim to encompass all products into it. OTP Mentor has two components, in order to address all types of customers, from the busiest ones who prefer to manage their personal budgets online ([www.dresoruldelei.ro/](http://www.dresoruldelei.ro/) [www.penzidomar.ro/](http://www.penzidomar.ro/)), to those who choose to ask for the support of the counsellors at bank units.

There are various saving methods, as there are also various options to increase our revenues. What we intend, through the OTP Mentor programme, is to correctly inform the customers about these methods and help them streamline their financial resources. In addition to the online platform, which is the first step in initiating a saving culture, we provide customers with a team of advisors especially prepared to help them by conducting a detailed financial profile analysis, based on which they can subsequently propose an adapted financial plan, as well as a range of products meant to contribute to the success of the plan.

OTP Mentor provides those interested with a series of options like:

- Analysis of the current financial situation and of the personal life objectives for which they are already saving money;
- Analysis of the goals and development of an action plan to achieve these goals;
- Implementation of the action plan, using products and services corresponding to their personal profile and objectives;
- Adaptation of the investment plan according to their lifestyle and objectives change.

The online platform may be used by clients and non-clients alike. It is also a very good tool for financial education.



### INFOPONT

- *In the second half year the platform had 1,727 visitors and 3,289 visits, with 8.26 pages/visit.*



## 2.2 Debtor protection programme

FX loans remain probably the most important issue for our stakeholders, as many clients are hit by the unexpected fluctuations of the EUR and CHF currencies. As the volatility of the Swiss Franc was quite high in mid-2011, we continued and enhanced our debtor protection program to support our clients in avoiding credit defaults.

Clients with temporary payment problems can ask for a partial suspension of the monthly instalment for a certain period of time. In addition to the previously available possibilities, we set up a non-standard approach and gave temporary help to customers by offering the opportunity to pay only the interest without the capital for up to 2 years if the amount of the interest is up to 70% of the monthly instalment or only 75% of the instalment may be paid for 6 months.

During the suspension period it is compulsory for the client to pay a minimum monthly amount as follows:

- At least 25%, 50% or 75% (depends on how many suspension solutions the client already benefited in the past) from the initial monthly instalment (principal + interest rate + monthly administration commission) for maximum 6 consecutive months;
- Once during the loan tenor the client has the possibility to request a payment of at least 75% from the initial monthly instalment (principal + interest rate + monthly administration commission) for maximum 12 consecutive months;
- Once during the loan tenor the client with existing

loans in EUR and/or CHF has the possibility to request a payment of at least 75% from the initial monthly instalment (principal + interest rate + monthly administration commission) in the same time with the monthly payment established in RON, for maximum 12 consecutive months;

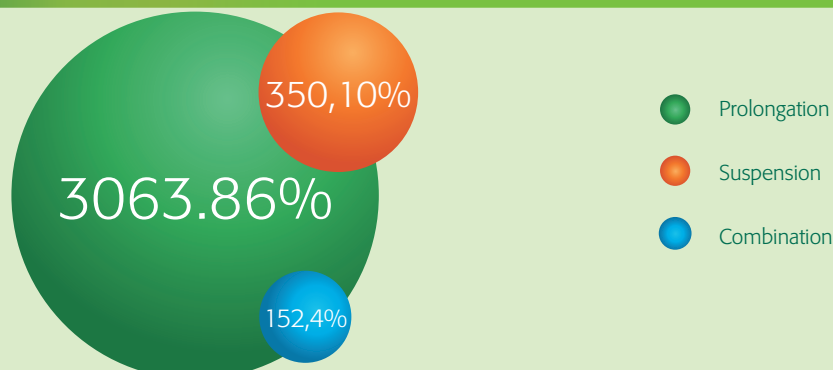
- In case the capital is less or equal with 30% of the initial monthly instalment, the clients have the possibility to request a monthly payment only for the interest and the monthly administration commission (if it is the case);
- In case the capital represents more than 30% of the monthly instalment, than it will be mandatory for the client to repay minimum 70% from the initial monthly instalment (principal, interest rate, monthly commission).

Considering the evolution of CHF-EUR FX exchange rate from the beginning of 2011, OTP Bank Romania offered clients who are registering and/or already have registered difficulties in reimbursing the monthly instalments for loans in CHF the possibility to temporarily decrease the interest rate with maximum 100 bps for maximum 1 year.

Our clients could also choose the decrease of the interest rate with maximum 100 bps for maximum 1 year in the same time with the last suspension solution.

Another option was the conversion of the CHF loan to EUR loan (part of Loan Protection Program) with the same interest rate and with the outstanding conversion using the NBR FX exchange rates. The clients with financial difficulties in repaying the debts towards the Bank may request this solution of EUR conversion with the prolongation of the initial loan tenor with minimum 1 month.

### NUMBER AND DISTRIBUTION OF RESTRUCTURED MORTGAGE-BACKED PRODUCTS IN 2011





We invited clients proactively to participate in the debtor protection programme by phone calls, home and workplace visits and by serving them in the branches and through the call centre. We take the advisory approach and try to find the best solution together with the client. In order to avoid unrealised payments, we also send out reminder SMSs to clients who doesn't have the sufficient amount of funds on their accounts to cover the instalment prior due date.

For our corporate clients we provide tailor-made solutions to overcome their financial difficulties. The options are partly similar to those of individual clients'; they cover the extension of the repayment grace period, prolongation of loans, interest capitalization for a limited period, change of currency of the loan, and a combination of former options. With the intention of the harmonization or consolidation into a syndicated loan, a moratorium agreement can be signed.

## 2.3 Transparency, Risk management and Banking security

### 2.3.1 Transparency

OTP Bank Romania takes transparency seriously. Being a publicly listed company it is mandatory for us from one side, but we go the extra mile to ensure a transparent pricing policy to our clients. This means that interest rates are upfront, and include all costs without any hidden commissions.

A wealth of information is available on our website, including quarterly stock exchange reports, annual reports and CSR reports.

We are active members of the Romanian Banking Association, and being so, we regularly give feedback and contribute to public policy changes.

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



### INFOPONT

- ➔ 2500 clients (14%) with loans took one of our new opportunities,
- ➔ almost 4000 clients exited the loan protection programme,
- ➔ 700 clients reduced their overdue months,
- ➔ 2 of 3 loans are saved by the debtor protection program and 1 remains problematic,
- ➔ 1300 clients have non-performing loans, up from 700 in 2010. The main reason of this increase – besides the volatility of the CHF – was the decreasing value of real estates,
- ➔ 52 loans (representing RON 14.7 million) choose the conversion of the CHF loan to EUR loan,
- ➔ some of the loans chose active temporary decrease of the interest rate,
- ➔ 386 mortgage-backed loans were granted temporary decrease of the interest rate with maximum 100 bps for maximum 1 year in the same time with the last suspension solution, a portfolio of approx. RON 98 million, representing 2.9% of total mortgage-based portfolio.



### INFOPONT

- ➔ MSEs had a total of 21 million EUR non-performing loans (6 million below forecasted value), 228 restructured loans in the value of 27 million EUR.
- ➔ 22.5% is the portion of restructured loans for all legal entities in the performing portfolio.
- ➔ In 2011 reschedules were approved for 21 corporate clients, which represent approx. 16% of the total number of corporate clients with loans. In the corporate portfolio, this represents 13.9% of total exposure.

### 2.3.2 Risk management

We are convinced that our strict and conservative lending policy plays a major role in the stability of OTP Bank Romania. 2011 was the year of collection: we aimed to collect the overdue amounts and keeping the portfolio in a good level.

In 2011 we implemented a new Crisis Communication Manual according to the OTP Group's format.

As of the end of 2011, new regulation came into effect that tightened lending for individuals and reduced their foreign exchange risks; the deposit warranty fund increased from 0.2 to 0.3%.

No significant changes were registered in our risk assessment procedures in 2011, as the current requirements regarding risk management are considered prudent enough. However, the financing of loans collateralised at least 75% with Guarantee Funds (FNGCMM, FGCR etc.), loans covered by deposit warrants, loans covered by APIA (Agency of Payments and Intervention for Agriculture) subsidies, account ceilings for discounting cheques, promissory notes and invoices and other mass approach products for improving the operational business of companies was encouraged.

Restructuring procedures were put in place for the companies affected by the crisis; also some existing exposures were extended in order not to disturb the financial stability of the debtors.

In 2009 we implemented the "Working procedure regarding environmental and social risk in lending activity of OTP Romania". No modification occurred in this procedure in 2011.

According to the 2011 Annual Environmental Report approved by the EBRD, the portfolio breakdown by environmental risk assessment procedure, classification was as follows:

- for companies financed with EBRD/EU funds (the EBRD/EU Facility sub-loans outstanding for 2011 were classified as having a low or medium environmental risk):

Risk Category	Number of loans	Outstanding balance of the loans (million Euro)	% of Total Value Outstanding
Low	73	2.14	54%
Medium	46	1.85	46%
High			0%
Total	119	3.99	100%

- for companies with exposure over EUR 1 million that were not financed by the EBRD/EU SME Facility

Risk Category	Number of loans	Outstanding balance of the loans (million Euro)	% of Total Value Outstanding
Low	30	75.18	25%
Medium	52	190.26	63%
High	2	37.33	12%
Total	84	302.77	100%

### 2.3.3 Banking security

We categorise risks into 7 different types; most of them frauds. As risk management is a priority for us, we also include attempts into our risk monitoring calculations. In 2011, the most common issues were fake ID and fake data in case of loan requests.

We took serious measures to improve our banking security in 2011. Some of them were administrative and regulatory (e.g. new Security Strategy of OTP Bank Romania, modification of IT Security Strategy based on the instructions received through the OSF, etc.) while others were system updates (e.g. Proxy servers) and new developments.



New trigger in the RSA Envision Systems was developed that helps us in identifying the daily illegal use of the user accounts for people with filled vacation form. Furthermore, let us highlight the Remote access portal project that makes login more secured on the portal and the 3 phase Data loss prevention project that reduces the risk of sensitive data leakage.

## 2.4 Serving Our Clients

### 2.4.1 Branch network

We had to close 6 branches for cost-reduction reasons in 2011, as they didn't cover their expenses. All were secondary branches in mid-tier cities so the number of settlements served did not reduce. On the other side, we opened a new branch in Sovata.

We don't plan to increase the size of our network in the near future, but rather believe in compensating its size with involving partners and brokers into the business.



### INFOPONT

- 101 branches,
- 100% of our branches are accessible by wheelchair,
- 59 partners in 2011, compared to 50 in 2010

### 2.4.2 Products and services for individuals

In times of slow economic recovery, OTP Bank Romania tries to support its individual clients by offering accessible and affordable loans and attractive deposit rates for their savings.

We continued to offer the First House loan, a governmental program that helps young people buying their first homes with subsidized interest rate. Moreover, we have continued to offer our own loan construction under the name of First House OTP, with a significantly faster approval time.



### INFOPONT

- 310,553 individual clients served
- 400,000 accounts
- 3100 new junior accounts, 9100 in total
- 40% decrease of processing time for individual loans
- 163 new First House OTP loans
- 110 new First House loans

OTP Bank Romania is committed to young people; we have been offering a range of products specially geared to their habits and needs. Our special savings account for children's benefit supports the financially safe future of the future generation. We offer 3 types of junior accounts with services adjusted to the early years. During the past year more than 3100 young people opened an account, and we managed more than 9100 accounts by the end of the year

The retiree segment is important for us on both the credit and the savings part. Pensioners are very responsible customers having smaller, but regular savings, and if they take loans, it is paid back with higher certainty. We try to motivate them to save by offering favourable, extra conditions. On the credit side, we introduced a safe and easy to understand loan in March 2011 with a discounted price, fixed interest rate, and naturally only granted in RON. Based on the success of the product, in 2012 we plan to introduce a complete package especially designed for them to help get most out of an integrated financial service.

We also launched a special product for financing medical services, but with modest success by the market.

We faced the low performance of the closed end OTP Guarantee Fund, and tried to compensate our investors by offering special interest rate in deposit.



## INFOPONT

- 1200 new pensioner loans
- 289 investor received special interest rate after the OTP Guarantee Fund
- 6.5% of clients use OTPdirekt
- More than 19,000 clients use SMS OTPdirekt

We plan to emphasise the importance of savings and develop new products and campaigns supporting this in 2012.

### 2.4.3 Micro and small enterprises

Micro and small enterprises (MSEs) are in our focus, as we believe that they can benefit from the innovative banking solutions we offer, and turn it to their and therefore the Romanian economy's growth.

We introduced several new products in this segment, such as the digital signature and a new credit card with RON 25,000 accessible with personal guarantee for existing clients, with simplified approval, without the need of collateral. The latter was the first such product since the beginning of the financial crisis.

OTP Bank Romania continues to work together with the state and other institutions to offer guarantee funds and subsidized loans. Among other programmes we participate in,

- we have been selected as partners of the Mihail Kogalniceanu Program and
- we have re-launched the EU-EBRD energy efficiency project, a non-reimbursable grant from the EU where the energy efficiency features are approved by external consultants.

We launched the EU funds business line in April, offering new loans, such as investment loan, bridge loan and comfort letter. We introduced a new loyalty programme that also offers benefits for our existing MSE clients and also attracts new ones.

We continued to facilitate access to EU and EBRD funds for small and medium enterprises with a turnover of less than 7 million EUR. Short-term and medium-term funds may be used for financing loans at OTP Bank Romania with the aim of new projects, modernization or the expansion of an existing business. 6 new projects were financed in the value of 250,000 EUR.

We continued our collaboration with the Rural Credit Guarantee Fund (FGCR) to promote the development of the agricultural sector. In 2011 we granted five loans facilitated by the guarantees of FGCR.

We organised several roundtable meetings for small and medium enterprise clients and informed them every two months through OTP Consilier, a newsletter dedicated to their needs.

We plan to launch two business lines in 2012; one focusing on the agriculture and the other on private entrepreneurs. The agriculture sector for which standard products are being developed for developing facilities for production of renewable energy, therefore support environmental sustainability through our core business.



## INFO POINT

- 26,951 MSE clients, 19.5% increase compared to 2010,
- 2 small EU-EBRD energy efficiency loans were granted in total 175,000 EUR value,
- 7,000,000 RON value loans were granted through the EU funds business line,
- 65 clients received loans through the M. Kogalniceanu Program,
- 3660 subscribers of OTP Consilier newsletter.



## OTP Consulting Romania

In 2011 we focused on the diversification of our contract portfolio based on project preparation and study making services of the previous years. As a result, in 2011 we contracted 32 project management services, significantly more than in 2010 when in total we had 4 project management contracts.

In 2011 OTP Consulting Romania was involved in several environmental projects (water supply, waste collection, soil decontamination of chemical pollution, and promotion of renewable energy sources). Also, we were involved in preparing and implementing projects to build bicycles lanes.

In 2011 the company registered good financial results: 1,687,271 RON turnover (7.7% growth compared to 2010) and 229,921 RON net profit (268% increase compared to 2010).

### 2.4.4 Corporate

We have noticed a stabilization of the financial performance of the clients and in some fields (e.g. food industry retail distribution, agri-business) a slow increase of the business. The corporate client performance improved during the year mainly due to:

- Cost reductions measures taken
- Management quality
- Costs optimization
- Shareholders support
- Lower cost financing obtained from the banks

We granted 5 credit facilities with the guarantee of RCGF. The scope of activity of the RCGF (The Rural Credit Guarantee Fund – NFI SA) consists exclusively of guaranteeing the credits and other financing instruments that natural and legal persons – agricultural producers and agro-food products processors – can acquire for the realisation of agricultural production, agricultural products storage and processing and the achievement of investment objectives in these fields of activity.

With our planned focus on agri-business in 2012 we expect that we will receive more applications for this fund. For this reason, at the end of 2011 we signed the Conventions of the Agriculture Payments and Intervention Agency (APIA) in order to be able to launch dedicated agri-products.

APIA has its activity subordinated to the Ministry of Agriculture, Forestry and Rural Development. APIA administrates the system of the export-import certificates and guarantees for the import and export of agricultural products, prepares and implements the procedures related to the application of the intervention system for the agricultural products.

We also offer products to finance energy efficiency projects with EBRD funds and products to develop projects eligible to EU funds (e.g. construction of buildings, acquisition of equipment or other purposes mentioned in the Operative Programs).

In the beginning of 2011 we developed a product for clients with energy efficiency programs funded by EBRD with a refundable component of 15% of the total cost of the project (max. EUR 2.5 million). The potential customers benefit from free technical advice offered by the designated project consultant for EBRD, who checks technical eligibility criteria, prepares the Rational Energy Utilization Plan (REUP) and an energy audit for every project.

One such example is our client, Marex where we provided financing for a cogeneration project and thermal units to assure heating, steam and electricity at a pig farm.

We developed a product for financing 100% of the total value of EU structural instruments investment projects (except VAT).



## INFO POINT

- In 2011 we managed a total number of 629 corporate clients including 132 clients with loan exposure.
- The number of active clients increased by 69 new clients.
- 16 corporate customers have implemented OTP Trezor, a product launched in 2010.
- In 2011, loans for European funded projects were granted in the value of 8 million RON (1% of total loans).

## 2012 > OBJECTIVES AND PLANS

Develop the OTP Mentor online platform: enhance the user-friendly experience, based on feedbacks from clients

Introduce an entire service package for retirees

Carry on an aggressive strategy on the deposit side

Reduce the effective processing time per file during the file preparation & disbursement for loans

Grow more than the market in the MSE segment, where we wish to gain and activate clients

Introduce the MSE mentor platform in Mentor program

New business line for private entrepreneurs

Launch agriculture business line and pre-finance state subsidies

Be active in financing EU projects

Increase RGCF funding

Development of the agricultural related business and of the Research Development & Innovation financing by implementing a new project

IFRS implementation in 2012

Basel III implementation in 2013



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# EMPLOYEES

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## Our principles

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

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

Our staff are essential in implementing legal regulations and our strict internal measures. They transmit our values and our commitment to ethical behaviour towards the clients. We are aware of the importance and the wide impacts of the HR management on the bank's long term performance.

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

- acting in accordance with the principles laid down in the Code of Ethics;
- assuring cooperation with our employees and their families;
- offering internship programs for students;
- offering trainings for our employees;
- offering opportunity for internal promotions;
- encouraging the talents within the bank;

We maintain successful workplace cooperation and appropriate employee relationships by

- continuous and consistent information;
- internal events, team building, internal competitions;
- motivational messages;

Within our capacities, we protect the health of our employees.



## Main achievements in 2011

We designed and launched the new performance management system

We defined the 4 most important values for development of employees

We maintained the medical services and extended preferential holidays

### 2010 WE SAID

### 2011 WE DID

Extend Management Academy to the whole branch network, and to involve more employees to development programs

✘ Focus shifted to performance management system

Develop new entries' integration process

✔ The new procedure is approved.

Extend the opportunity for preferential holidays

✔ Opportunities were extended, number of participants doubled.

Enhance OTP Mentor program and apply to further branches and to lending

✔ OTP Mentor became the main strategic approach of the ank.

✔ Implemented

➡ Implementation in progress

✘ Not fulfilled

#### Headcount

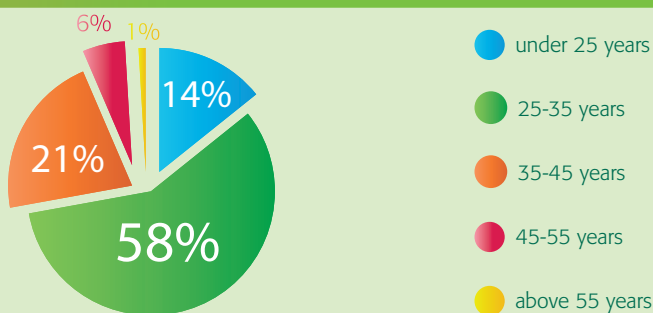
Trends of the previous years continued: the general employment in the banking sector decreased, and several financial institutions had to further reduce their headcount also in 2011.

In a year when huge layoffs are general throughout the country, the maintenance of headcount may be considered as an achievement. We managed to protect most of our employees. One of the causes of the slight reduction of workforce was the closing 6 branches. This affected 24 employees out of whom 9 were relocated to other branches.

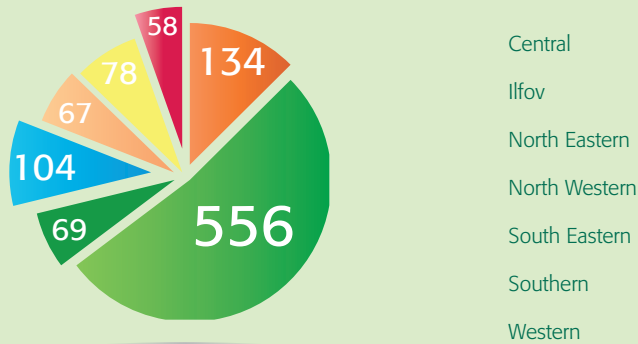
#### EMPLOYEE HEADCOUNT DATA number of persons, 31 December

	2009	2010	2011
Full-time employees	1092	1101	1065
Part-time employees	2	3	1
<b>Total number of employees</b>	<b>1094</b>	<b>1104</b>	<b>1066</b>
Percentage of employees with a fixed-term employment contract	5%	5%	5%
Number of employees on a long-term child care leave	98	120	103

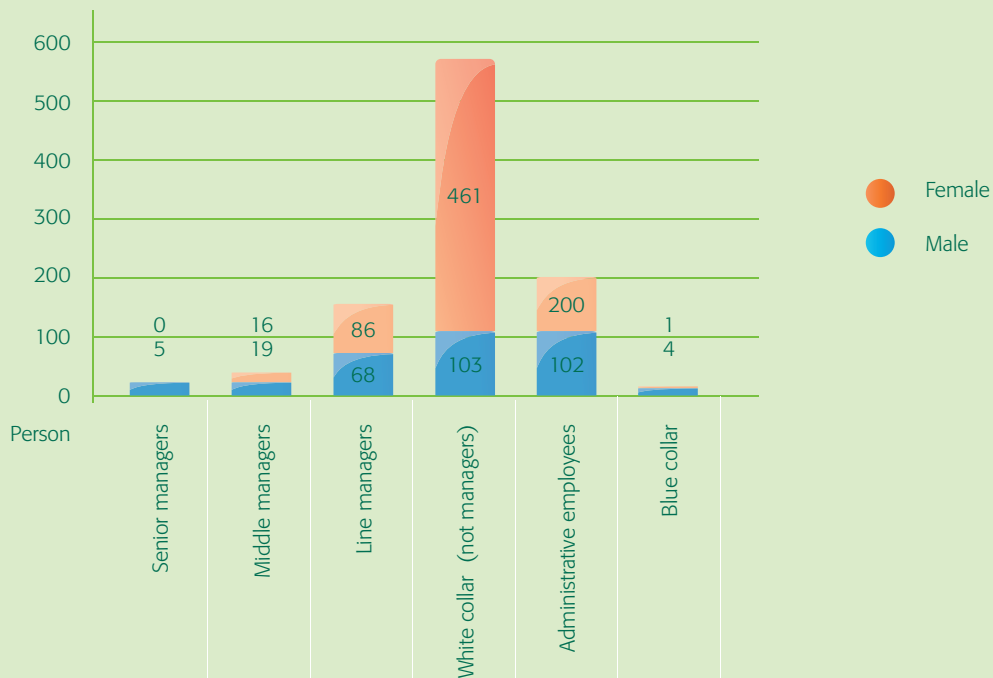
#### BREAKDOWN OF EMPLOYEES BY AGE GROUP, 2011



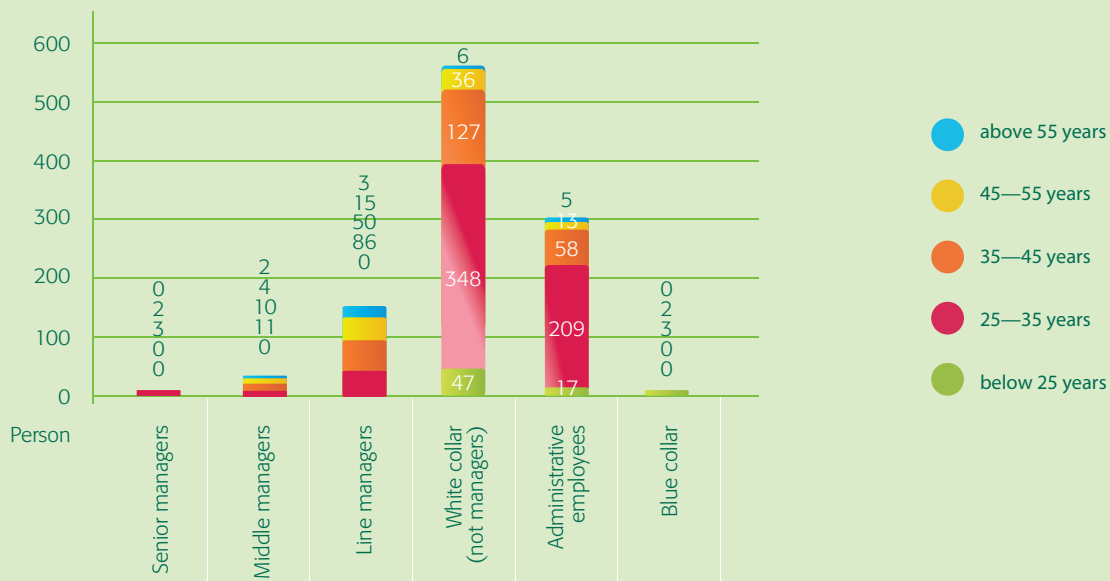
## BREAKDOWN OF EMPLOYEES BY REGION, 2011



## BREAKDOWN OF EMPLOYEES BY POSITION AND GENDER, 2011

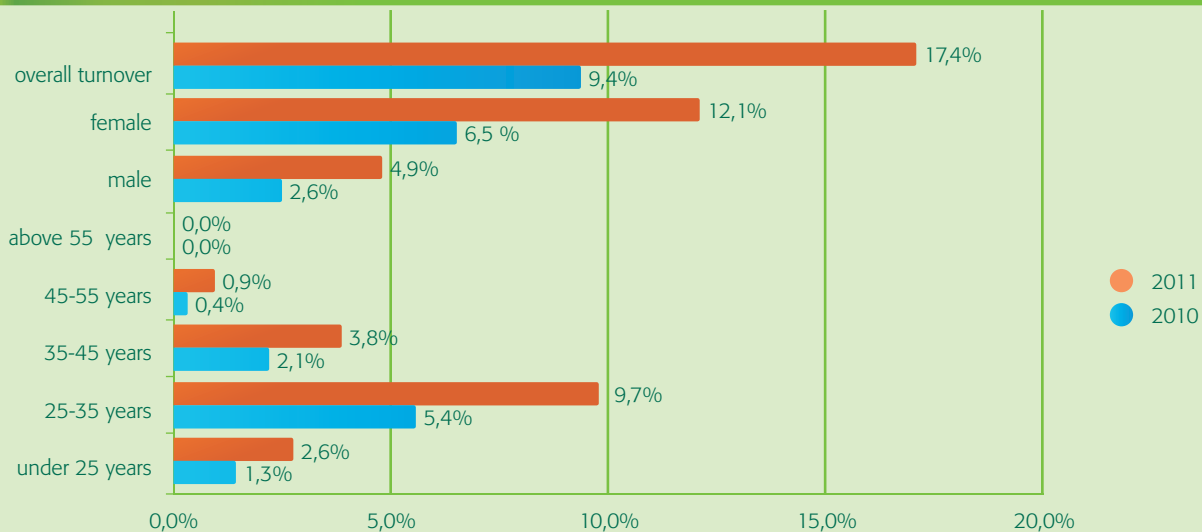


## BREAKDOWN OF EMPLOYEES BY POSITION AND AGE, 2011



## PERCENTAGE OF EMPLOYEE TURNOVER BY AGE GROUP AND GENDER, 2010-2011

each group is compared to total employees



In the framework of the “Iskola” project we officially employed 57 trainees for 2 months in 2011. Without them turnover would be 11%.

Closing of the branches also contributed to higher turnover.

### Performance evaluation and compensation

Setting up the new performance management system was the main focus of human resources development in 2011. Our objective was to develop a system that helps building a humanistic organisational culture.

The new system facilitates two important aspects of performance management:

1. Values-based management: an internal team together with consultants defined the 4 most important values (see below) for people development within the company. The values were also approved by the management. The new performance management system helps promoting these values.

2. Goal-based management: the system has a flexible goal-setting feature therefore it is adaptable to fast changing markets and external environment.

The new system (a software application, a platform and a database) was launched at the end of the year, and adjustments and development will be on-going in the coming 2-3 years. All employees’ performance is covered by the system and everyone has access to the application. An important aspect of launching was to communicate and teach managers to properly use the system, as well as understand that it is a management tool, not an HR tool.

Our next employee satisfaction survey will be in 2013, so we only have informal feedback about the new performance management system. The feedback is mainly positive and it shows us the direction for improvement and adjustment.

### Awards in 2011

We retained our tradition to honour our employees’ commitment and high achievements by awards. Awards were handed over at the Christmas party.

#### Most important values for employees’ development

**Courage:** Initiate and act. Change the rules. Clarify expectations. Learn from mistakes.

**Excellence:** Challenge limits and beliefs. Think and act by keeping the goal in mind. Search for solutions, not for problems. Do well, even simple things. Do better, every day.

**Responsibility:** State arguments first, undertake responsibility after. Keep my word. Say no when I think no. The tasks end with me.

**I care for the others:** Make the first step. Accept the others without judging them. Be confident that the others have good intentions. Offer support to others. Express what I feel and think.

#### Awards for teams (and the values they were outstanding in):

Panduri Branch	Courage
Reghin Agency	Courage
Alba Iulia Branch	Excellence
Piatra Neamt Branch	Excellence
Târgu Jiu Branch	Responsibility
Calarasi Branch	aring for others
Republicii Cluj Agency	Caring for others
Florentina <sup>a</sup> tefan & her team	For efficient coordination of the strategic planning process for 2012

Awards

#### Awards for individuals (and the values they were outstanding in):

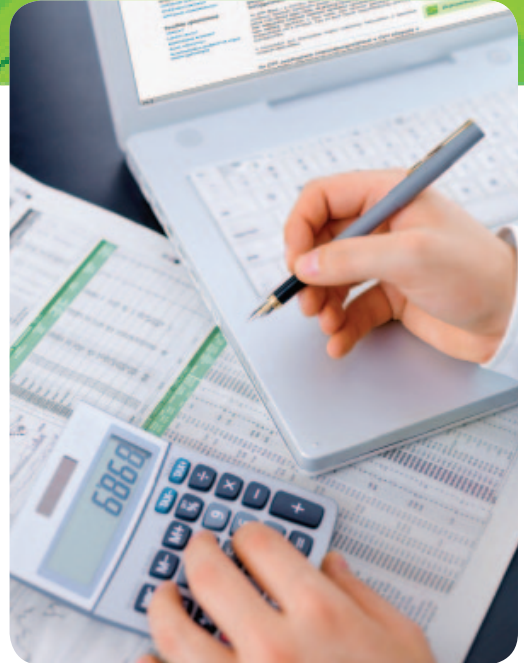
Roxana Hidan	Courage and responsibility
Alina Matache	Courage
Ionel Neagu	Cooperation and support
Bogdan <sup>a</sup> tefan	Cooperation and support
Drago <sup>o</sup> Alexandru	
Stoian	Result-orientation
Octavian Pelea	Caring for others and responsibility

Awards

### Awards for projects:

- **Individuals' loans optimization Project:** George Bălan, Claudiu Constantin, Daniel Lazăr, Simona Lianu, Alina Matache, Alin Oros, Bogdan Stănică.
- **Profitability:** Cristina Cismaru, Cristina Georgescu, Bogdan Dincescu, Doina Nedelcu, Cristi Popa, Adrian Popescu, Alina Preda, Corina Rădulescu, Simona Saru, Octavian Pelea.
- **OTP Mentor online**  
(launching [www.dresoruldelei.ro](http://www.dresoruldelei.ro)), Eszter Deák, Silviu Florea, András Kocs, Dragos Mîndreci, Daniela ătefu, Corina Stoica.

Awards



### Compensation

In 2011 we maintained the formerly upgraded medical services for our colleagues and this is considered as a success amidst cost cuttings. Free medical check-ups, general medical services and professional medical advice are available for the family members of our colleagues as well.

We continued our projects started in 2009 and organized a health day, a maternity program for mothers-to-be. We provide discount for several health and recreational services, such as sports clubs, health stores and massage (see details in the table).

### BENEFITS FOR OTP EMPLOYEES

Type	Who can benefit	Note
Subscriptions at medical clinic	all the employees	discount for family members
Health and accident insurance	all the employees	
Discounts at dental clinic	all the employees	
Discounts at tourism services	all the employees	
Discounts at on line stores	all the employees	
Discounts at SPA	Bucharest employees	
Discount at sports club	Bucharest employees	
Free optometric check up	HQ and Bucharest branches employees	
Free on site chair massage	HQ employees	150 persons/week

Another way of acknowledging our colleagues' performance is to provide preferential holidays in one of our three accommodation facilities. In 2011 we extended the opportunities for preferential holidays: both the

number of rooms and the length of stay was extended in Constanta. As a result, the number of employees benefiting almost doubled.

NUMBER OF EMPLOYEES BENEFITING FROM PREFERENTIAL HOLIDAYS	2010		2011	
	Branches	Head Office	Branches	Head Office
Constanta	18	26	53	30
Sovata	3	16	3	30
<b>Total</b>	<b>60</b>		<b>116</b>	

Excessive overtime mentioned in the previous report (that concerned IT and loan-processing directorates and our drivers) was tackled by paying supplementary hours

and granting free working days. In 2011 their overtime was reduced.

ABSENTEEISM DUE TO ILLNESS OR ACCIDENT	2009	2010	2011
Sick leave (number of working days)	22,570	33,867	29,489
Rate of absenteeism	9.1%	13.2%	11.6%

No accidents occurred in 2009 and 2010. There was one work related accident in 2011.

### Professional development

In accordance with our strategic OTP Mentor Program, training and development focused on the mentoring approach and consultative sales. We continued the pilot programme started in 2010: 15 groups and 193 persons were trained on professional selling skills.

Besides this, 30 branch managers took part in Management Academy trainings.

We finalised the new integration procedure for new entries with the involvement of a representative group of employees (that we established for this project). This way we expect the new integration procedure to have a bigger and better impact in the organisation. The

The aim of the **OTP Mentor Program** is to improve the relationship with our clients. We strive to know our clients better, explore their specific needs and to go beyond offering the appropriate products by providing comprehensive advice regarding financial questions. We train our staff to be able to identify the clients' proper needs in line with their life situation and to be able to provide professional advice.

procedure was approved in 2011, implementation is starting in 2012.

We continued our cooperation with universities (see page xx) and hosted students for their compulsory traineeship. Altogether (on top of the Iskola project) we hosted 35 interns. We also participated in several job fairs.

HOURS OF IN-CLASS TRAINING PER EMPLOYEE	IN-HOUSE			EXTERNAL		
	2009	2010	2011	2009	2010	2011
Senior management	24.0	21.7	20	82.0	73.3	60
Middle management	0.9	1.0	1.1	2.8	2.9	3.4
Non-executive	0.1	0.1	0.2	0.9	0.8	0.9
<b>Average</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>	<b>1.6</b>	<b>1.6</b>	<b>1.6</b>



### Internal communication

We are convinced of the importance of an open, accessible, informative and inclusive internal communication.

The main channels of internal communication are:

- Intranet (also covers all CSR-related activities and topics we are engaged in),
- Management letters in which the CEO informs our staff on the strategic directions and values of the bank,
- Monthly magazine with community news, sponsorship news, e.g. new events in the Right to Read programme.





In 2011 we organised a focus group discussion to find out how our colleagues use the intranet. We found that they used it daily for business-related activities mostly. Other functions, such as personal ads or forum were not as frequently used.

In the head office we organised a campaign for raising environmental awareness. We used stickers and posters on computers, printers, water disposals, elevators, as well as emails and articles on the internal channels to remind colleagues to switch off and use less. We were happy to see that visibly more of us started using the stairs instead of the elevators after the campaign.

## 2012 OBJECTIVES AND PLANS

Development and adjustment of the performance management system so that it works properly and is used properly.

Align trainings with strategic projects e.g. mentoring approach and

- increase management skills (e.g. team management, leadership impact) trainings for middle management,
- feedback sessions for those involved in trainings,
- link trainings with performance management system.

Mentor approach, consultative sales: training spread to all branches by end of 2012.

Measure organisational culture after performance management system implementation to find out what its impact is.

Review the job evaluation system and redesign the salary grid to maintain objective job compensation, as it was last done in 2008.



4

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# COMMUNITIES

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## Our principles

Our operation impacts different groups of the society – e.g. clients, citizens in the neighbourhood, employees, suppliers – and the environment. Our commitment to responsible corporate citizenship covers these effects by taking into consideration our stakeholder’s interests and their expectations.

We strive to work together and support the communities we are part of by

- volunteer work: volunteering is a way of help that provides mutual benefits for the recipients and the givers as well.
- sponsorship: through sponsorship of the particular events and initiatives we can express and strengthen our commitment to our determined values.

We focus on long term projects and cooperation.

We did not change our sponsorship policy, and fields of support remained the same, as well:

- Our Equal Opportunity Program aims to support disadvantaged groups, with a special focus on children, especially through our Right to Read campaign.
- OTP Community Building Program supports events, programs that reinforce communities and strengthen our relationship with the local authorities and groups, contribute to the preservation of cultural heritage and further cultural development.
- OTP Sport Program promotes sport activities and healthy lifestyle.

## Main achievements in 2011

45,600 books distributed by the Right to Read programme reaching 8,900 children

20,300 people like and follow the Right to Read programme on Facebook

300 employees participated in Christmas humanitarian action

11 scholarships granted and 35 students taken on internship

We maintained the level of sponsorship

### 2010 WE SAID

### 2011 WE DID

Continue the Right to Read programme

✔ The programme was continued with great success.

Take the recommendation of Facebook fans and campaign supporters when selecting schools to be supported by the Right to Read programme

✔ All schools were chosen based on input received on Facebook

✔ Implemented

➔ Implementation in progress

✘ Not fulfilled

## 4.1 Right to Read

Right to Read is our national CSR programme with which we aim to make a significant impact.

The Right to Read programme was started in 2009 as a book donation programme and was broadened in 2010. We continued the programme in 2011 with great results (see table).

We not only donated 10,000 books, we also involved the public by encouraging donations through the media (see below) collecting activity. We especially invited our clients and employees to participate.

Donated books were collected at OTP Bank Branches and Humanitas Bookstore.

In the framework of our continued cooperation with Humanitas we did:

- As an extension of the campaign OTP Bank and Humanitas Conferences took place in different Romanian cities, as famous Romanian writers such as Horia - Roman Patapievici, Andrei Plesu, Neagu Djuvara and Gabriel Liiceanu were invited.
- "Right to Read" was also present with a book stripe on the cover of the books in "The books that helped us grow" collection.
- As part of the partnership with Humanitas, Right to Read was present at the 2011 edition of Bookfest. People present at the book fair were invited to become a supporter of the campaign by donating books in the collection box.

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



RESULTS OF THE RIGHT TO READ PROGRAMME	2010	2011
Number of schools receiving books	53	57
Number of counties reached	18	28
Number of other libraries receiving books	33	33
Number of books donated by OTP Bank Romania	10,000	10,000
Number of additional books collected (donated by partners)	??	35,600
Total number of books distributed	30,000	45,600
Number of children who benefit	11,000	8,935
Number of Facebook supporters at the end of the year	13,000	20,300

### Further results:

- Awarded with Gold at EMEA Sabre Awards 2011 (Superior Achievement in Branding and Reputation Excellence, one of the most prestigious competition in the PR industry). The Gold Award received for the „Best Campaign in Balkans” emphasized the campaign’s impact on local communities.
- Right to Read was awarded with the Oskar prize by Capital magazine both in 2010 and 2011.
- Right to Read was declared “Campaign of the Week” by the online publication [www.wall-street.ro](http://www.wall-street.ro).
- At the end of the year, “Right to Read” Facebook page was ranked first by [www.responsabilitatesociala.ro](http://www.responsabilitatesociala.ro) in Top Companies in Romania involved in CSR.

To make the campaign far-reaching, we established a broad collaboration with the media and opinion leaders and we have been actively using our dedicated website and social media channels.

#### Involving the public – through social media

- Content (information regarding the campaign status, photos, movies and quotes from the books and lectures) was posted on the Facebook page at least once a week.
- The Facebook community of the programme was very active. We received lots of feedback and recommendations, so all schools supported were selected based on tips received via social media.
- More than 512 weekly total reach, 28.6% of the total number of fans are talking about Right to Read, each new post on the wall reached more than 2,000 people.
- The You Tube and Flickr accounts further increased the number of p.
- The movies contain the making-of the first 2 schools equipped, Marcel lures about the Right to Read, Marcel lures in the radio spot Right to Read, Edipresse media group joins the Right to Read campaign, interviews with writers taken by our team at Bookfest. 8 movies on YouTube were viewed 6,481 times.

- The Right to Read photostream on Flickr has been viewed 849 times and contains photos taken during the campaign.

#### Informing the public about the programme

- Our CSR website ([www.estedreptulmeu.ro](http://www.estedreptulmeu.ro)) was uploaded with articles regarding the campaign. Along with this, the website was uploaded with articles about other CSR projects developed by OTP Bank Romania, such as volunteering actions, environmental campaigns.
- The key point for promoting this project was the strategic partnership with Jurnalul National through which we joined the campaign „Biblioteca pentru Toti” (Library for Everyone). The well-known personalities involved in the „Biblioteca pentru Toti” campaign supported the Right to Read program through adapted messages, encouraging people to read and donate books. The partnership was presented in the printed media and on TV in the Spring months.
- Special partnerships were also established with
  - TV: Antena 1 and Antena 3
  - Written media: Jurnalul National, Felicia, Good Food, Top Gear, Financiarul, Saptamana Financiara
- The programme was also covered by:
  - Glossy media for women,
  - Social media,
  - General newspapers,
  - National TV,
  - Online media.



## 4.2 Volunteering

We involve our colleagues in different volunteer activities such as collecting donations (food or other primary goods, toys etc.), giving their time, practical help or money. We strive to support and implement our employees' own initiatives. The most significant programs implemented in 2011 were the following:

- In December we organised a humanitarian action for homeless children and their families. We held an auction among employees lasting one month. 300 employees participated by giving 100 objects. 5,200 RON and objects were donated as a result.
- 80 colleagues were involved in the "Let's do it, Romania!" project, aiming at the general cleaning of the country within a single day by collecting waste at public places and eliminating illegal waste disposals. Our team collected 360 bags of waste.
- 2011 was the fourth year for us to have organised regular blood donations. Three events were arranged in our headquarter buildings with the participation of 100 colleagues. We helped 300 people.
- We supported our colleagues or their close relatives suffering from severe health problems in three cases. In the joint efforts, funds raised by our employees were supplemented by the bank. We managed to provide 30,000 – 42,000 RON per case.
- We encouraged our employees to offer 2% of their due tax on their annual income for the community's benefit in 2010 as well. Besides drawing their attention to this opportunity, we also provided them the necessary forms and lists of the supportable NGOs.



### INFOPONT

- *We are proud that almost one third of our employees took part in one way or another in a voluntary activity.*



## 4.3 Further Community Involvement

### Collaboration with schools

We continued our wide-spread cooperation with schools and included new initiatives.

#### University Sapientia – Miercurea Ciuc

- We granted 3 scholarships for the university year 2011-2012.

- We sponsored the following events:
  - Project management camp,
  - League of case studies (together with University of Pecs and Corvinus University Budapest),
  - Methodology learning weekend,
  - Invitation of lecturers (Antal Iványi, László Juszt, Zoltán Fenyősi, Petra Votisky, Zoltán Vereczkey),
  - Case study contest, 6th edition, Miercurea Ciuc.

- In 2011 we introduced a new scholarship for freshmen who successfully finished their first year of study at the university. We granted this type of scholarship for two students.

#### Partium – Oradea

- We granted 3 scholarships for the university year 2011-2012.

- We sponsored the following events:
  - Partium University Days,
  - Partium Open Days,
  - "Knowledge and Sustainable Development" – international conference

- In 2011 we introduced a new scholarship for freshmen who successfully finished their first year of study at the university. We granted this type of scholarship for 3 students.

#### BBTE – Cluj-Napoca

- Within our traditional collaboration with Babes-Bolyai University we assured internship for more than 35 students in our network units.



- We sponsored the Global Entrepreneurship Monitor study elaborated by the UBB affiliated Asociatia Pro Economica.

### Sponsorship

We slightly decreased the budget of sponsorship in 2011. Art and culture and Education was gained more support: sponsorship for these doubled. The rate of support varies according to current needs and requests.

In 2011 the main projects and events we supported were:

- Education and research projects, institutions: we continued our cooperation with PRO Oeconomica regarding financial support of the Global Entrepreneurship Monitor; we also continued the collaboration with Sapientia and for Babes-Bolyai University; we sponsored a business competition of students at the Partium University; we supported the Economics through a Macrofying Glass project targeting young people.

- The well-being of children and youth: We provided support to the summer camp for children of the Agentia Nationala de Tineret David Ferenc; we provided scholarship for children living in poor material conditions through the Nyilas Misi Association; we sponsored the children show of Reduta Cultural Center in Brasov and the Children's Day event of CULTUR ART in Satu Mare.

- Sport events and clubs: We are traditionally the prime sponsor of the Miercurea Ciuc hockey team; we sponsored several clubs in Mures, Sf. Gheorghe etc.; we supported sport events such as the charity sport ball of Partium Sport Club, the national football championship event of Soimii Buzaau, equestrian days in Gheorgheni.

- Museums, theaters and cultural events: we continued to support Miko Ferenc Association & Muzeul Secuisc al Ciucului to exhibit the masterpieces of 19th century Hungarian Painting; we sponsored theatres in Timisoara



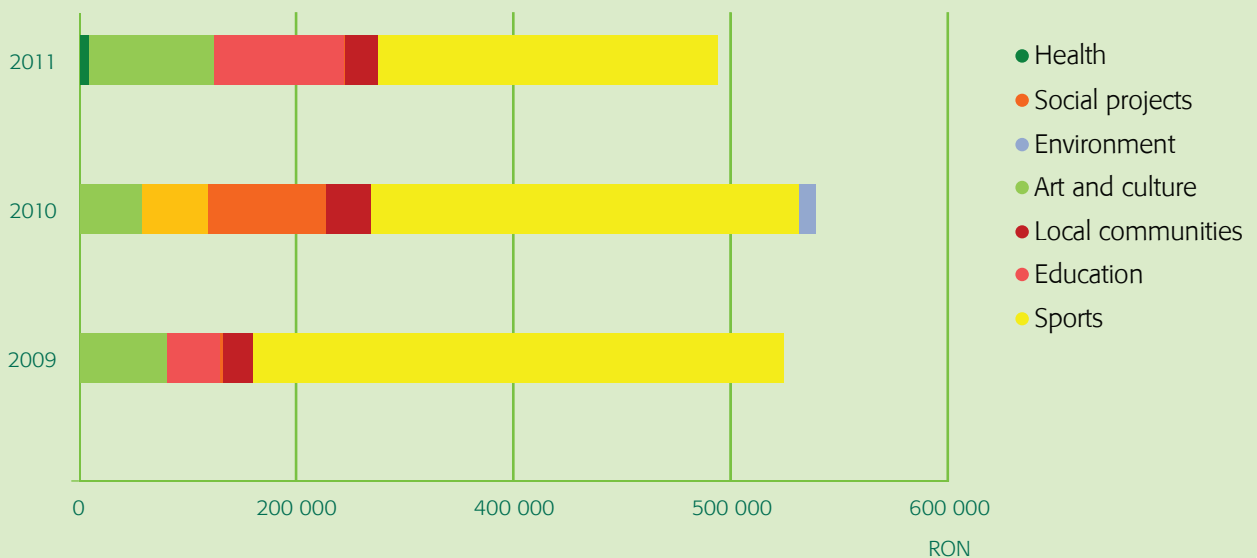
and Oradea; we provided financial support to the Hungarian Cultural Days in Cluj Napoca and to traditional cultural events in Salonta.

- Local events: we supported the local events of Bacau, Mures – Campu Cetatii and Covasna. We supported the Hungarian Ball of the Hungarian Embassy.
- Environmental projects: we supported events such as the Green Cities – ecological day in Targu Mures; the Green Days in Targu Secuiesc and the above-mentioned tree planting project of Viitor Plus.
- Business conferences: we provided support to the conference of the Association of Hungarian Business in Romania and the Hungarian Economists in Romania in Cluj-Napoca.

For the evaluation of our sponsorship activity, we ask for feedback from our branch network colleagues. Feedback is provided regarding the implementation of the goals (awareness raising, increasing brand image, sustaining sports, education etc.). We also require evidence of use of support to be provided by the supported organisations.



AMOUNT OF SPONSORSHIP BY CATEGORY, 2009-11





## Media

Besides using it to communicate the results and news of our CSR activities, we put less emphasis on our dedicated CSR homepage, [www.estedreptulmeu.ro](http://www.estedreptulmeu.ro) (launched in 2010).

We continued to sustain a good relationship with the media. We organised 10 informal meetings for journalists, where each time 10-15 journalists meet 3 of our top managers. The most frequent questions were about non-performing loans and the restart of lending activities.



The website and its logo, the dove stand as a reminder that everyone has a natural right to education, healthy climate and cleaner environment. The homepage provides both a structured overview of our CSR activities and detailed information regarding our projects.

## 2012 OBJECTIVES AND PLANS

Continue the Right to Read programme.

Increase participation of employees in volunteer activities in their spare time.

Continue cooperation with schools.

Continue blood donations.

Keep about the same level of sponsorship.





# ENVIRONMENT

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## Our principles

We care about the environment; we strive to operate our offices in an environmentally friendly way. Being an office-based business our focus is on energy consumption, the use of electronic devices and paper, and waste generation. Reducing our energy, water, paper consumption is also important for saving costs. We did not change our procurement policy in 2011. We relied on centralised purchase and the most determining factors when selecting a product or service were quality and cost.

For environmental initiatives in our core activities, please see Chapter 2.

### MAIN ACHIEVEMENTS IN 2011

We installed electronic timers and sensors to logos above the entrances of our bank buildings in order to switch them off when nobody can see them.

Night time backup light system installed in 5 branches, saves 3-4% electricity locally.

Number of printers was reduced by 12%.

All branches now participate in cartridge recycling.

40 colleagues participated in a short "how to recycle" training.

2010 WE SAID	2011 WE DID
Use electronic timers and sensors at bank logos	✔️ Completed in all buildings.
Separate the electricity circles in bank branches	➡️ Completed in 5 branches, further 5 planned
Reduce the number of printers and copiers within the bank	✔️ Reduced by 10%.
Set new video conference rooms	❌ Due to shortage of free rooms.
Internal campaign on selective collection of electronic waste	✔️ Completed, along with a short training.

✔️ Implemented
➡️ Implementation in progress
❌ Not fulfilled

### Energy

In all our branches we installed electronic timers and sensors to logos above the entrances of our bank buildings in order to switch them off in the night when nobody can see them.

Due to large investment needed, our plan to separate electricity circles in bank branches to be able to use only the – for security reasons – necessary light at night (setting up night time backup light system) goes slower than initially planned. In 2011 we completed this in 5 branches and further 5 are planned in 2012. The changes result in 3-4% electricity savings in the affected branches.

Business travel is a significant portion of our environmental impact. Due to lack of free rooms we did not manage to install new video conference facilities. Still, we strive to use the existing video conference infrastructure as frequently as possible. In spite of this, the number of flights increased by 40% compared to 2010, as well as the kilometres run by the vehicle fleet (by 12%, totalling 2.1 million km).

As in the previous years, most of the flights took place between Bucharest and Budapest, or within Romania.

### **i** INFO POINT

• The 50 small size PCs with reduced energy consumption, purchased in 2010 provided less than 1% reduction in electricity use.



ENERGY CONSUMPTION	TOTAL (1000 GJ)			PER EMPLOYEE (GJ)		
	2009	2010	2011	2009	2010	2011
Electricity	20.5	17.5	19.4	19.2	15.8	17.8
Natural gas	10.9	3.1	?	10.1	2.8	?
District heating	0.0	26.7	?	0.0	24.1	?
Wood for heating	0.0	0.3	?	0.0	0.3	?
Vehicle fuel	3.8	5.3	5.5	3.6	4.8	5.1

The chart shows an estimation of energy consumption. District heating was included into electrical energy and natural gas consumption in 2009. The significant difference between 2009 and 2010 derives mainly from the change of the methodology of estimation.

CO2 EMISSIONS, TONS		2009	2010	2011
Direct	Vehicle emissions	271	330	360
	Air travel related	106	91	120
	Resulting from electricity consumption	627	535	594
Indirect	Resulting from natural gas consumption	528	150	?
	Resulting from paper usage	33	50	?
	Resulting from district heating*	-	1346	?
Total		1565	2502	?
Per employee		1.43	2.26	?



## Printing and paper

The cooperation with Xerox (that aims to reduce the number of printers and copiers in the bank, thereby saving energy, cartridge and paper) was extended to all branches that now participate in cartridge recycling.

CO2 EMISSIONS, TONS	2010	2011	2010	2011
Paper (tons)	83*	90	2	?
Printer cartridges (pieces)	3140*	1730	475	?

\*Corrected data.

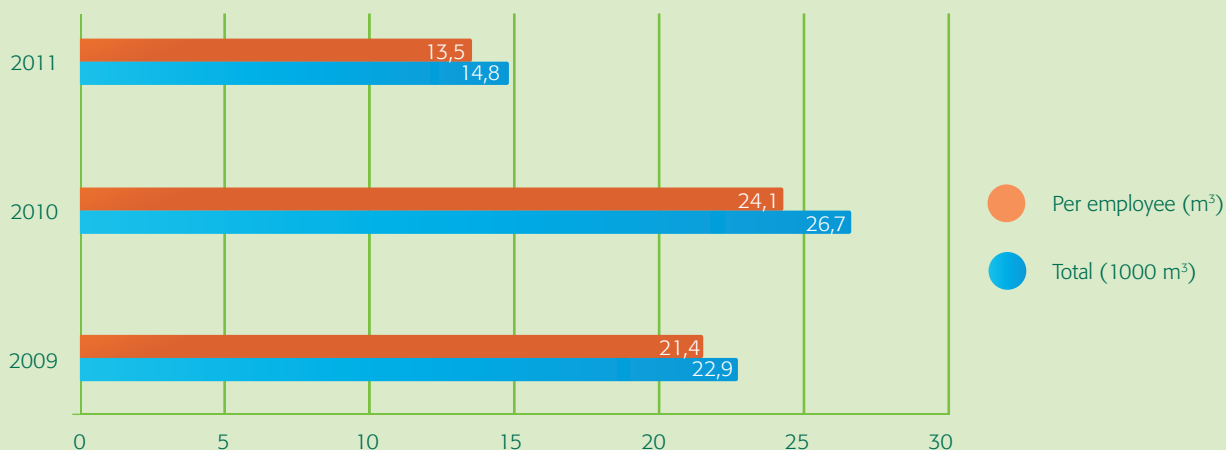


### INFOPONT

- In 2011 we reduced the number of our printers by 12%.
- The Managed Print Services project launched in 2010 resulted in 10% reduction of paper use. Paper orders are more exact thanks to stricter monitoring.

## Water

### WATER CONSUMPTION, 2009-2011





Water consumption is not very significant at OTP Bank Romania. The considerable decrease is mainly due to administrative reasons: in 2010 the invoice also included consumption for previous periods.

### Waste

Paper, electronic devices, PET bottles are sorted wherever possible. Cartridges are now recycled everywhere.

Our continuous cooperation with Greentronics allows us to collect electronic waste and used batteries throughout the bank sent to be recycled.

In 2011 we organised an internal campaign to encourage our employees in Bucharest to bring their used devices into the bank for collection. The campaign lasted for a month and about 20 kg of electronic waste was collected. To accompany this twice we held a one hour training on how to recycle. 40 of our colleagues participated.

## 2012 OBJECTIVES AND PLANS

[Install night time backup light system in further 5 branches.](#)



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GRI INDEX

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

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

The table below shows where information expected by the GRI G3.1 Guidelines can be found within the CSR report.



NR. OF INDICATOR	DESCRIPTION OF INDICATOR	PAGE	COMMENTS
<b>Strategy and Analysis</b>			
1.1	Statement from the most senior decision maker of the organisation about the relevance of sustainability to the organisation and its strategy	5	
1.2	Description of key impacts, risks, and opportunities.	5	
<b>Organisational Profile</b>			
2.1	Name of the organisation	back-cover	
2.2	Primary brands, products and/or services	website	www.otpbank.ro
2.3	Operational structure of the organisation, including main divisions	1.1, 12	
2.4	Location of organisation's headquarter	back-cover	
2.5	Number of countries where the organisation operates		Romania
2.6	Nature of ownership and legal form	11	
2.7	Market served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	website	See the Annual report @ <a href="http://www.otpbank.ro/export/sites/default/ro/despre-noi/otpbank-romania/raport-anual/raport-anual-2011-obr.pdf">http://www.otpbank.ro/export/sites/default/ro/despre-noi/otpbank-romania/raport-anual/raport-anual-2011-obr.pdf</a>
2.8	Scale of the reporting organisation	12	
2.9	Significant changes during the reporting period	website	See the Annual report (link above)
2.10	Awards received in the reporting period	37	
<b>Report Parameters</b>			
3.1	Reporting period for information provided		Calendar year 2011
3.2	Date of most recent previous report		We published our last report in 2010. <a href="http://www.otpbank.ro/export/sites/default/ro/despre-noi/responsabilitate-sociala/raport-CSR-2010.pdf">http://www.otpbank.ro/export/sites/default/ro/despre-noi/responsabilitate-sociala/raport-CSR-2010.pdf</a>
3.3	Reporting cycle		Annual
3.4	Contact point for questions regarding the report or its contents	9	
3.5	Process for defining report content	9	
3.6	Boundary of the report		OTP Bank Romania SA

NR. OF INDICATOR	DESCRIPTION OF INDICATOR	PAGE	COMMENTS
3.7	State any specific limitations on the scope or boundary of the report		No limitations within the boundary.
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations		No subsidiary is covered by the report.
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report	9	
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement		None.
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report		There was no change in the boundary.
3.12	Table identifying the location of the Standard Disclosures in the report.	50-56	We also use the table for disclosing information.
3.13	Policy and current practice with regard to seeking external assurance for the report		The report is not assured externally.
<b>Governance, Commitments, and Engagement</b>			
4.1	Governance structure of the organisation	website	<a href="http://www.otpbank.ro/en/about-us/otp-bank-romania/management/">http://www.otpbank.ro/en/about-us/otp-bank-romania/management/</a>
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	website	<a href="http://www.otpbank.ro/en/about-us/otp-bank-romania/management/">http://www.otpbank.ro/en/about-us/otp-bank-romania/management/</a>
4.3	For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members	website	<a href="http://www.otpbank.ro/en/about-us/otp-bank-romania/management/">http://www.otpbank.ro/en/about-us/otp-bank-romania/management/</a>
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	2.9, website	See the Annual Report. (link above)
4.5	Linkage between compensation for members of the highest governance body	website	See the Annual Report. (link above)
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided		Compliance with the Ethical Declaration.



NR. OF INDICATOR	DESCRIPTION OF INDICATOR	PAGE	COMMENTS
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental and social topics		No such strictly set criteria, primarily management and bank sector experience and qualification is required.
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation		Code of Conduct, Organisational and Operational Regulation, Group Management Regulation, Collective Bargaining Agreement
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles	13	
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	13	
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation	website	See CSR report 2009 @ <a href="http://www.otpbank.ro/export/sites/default/ro/despre-noi/responsabilitate-sociala/raport-CSR-otpgroup-2009.pdf">http://www.otpbank.ro/export/sites/default/ro/despre-noi/responsabilitate-sociala/raport-CSR-otpgroup-2009.pdf</a>
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses		There are no such initiatives.
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organisations		OTP Bank Romania is a member of professional – business and banking – associations and local chambers of commerce and industry.
4.14	List of stakeholder groups engaged by the organisation	website	See CSR Report 2009
4.15	Basis for identification and selection of stakeholders with whom to engage	website	See CSR report 2009 (link above)

NR. OF INDICATOR	DESCRIPTION OF INDICATOR	PAGE	COMMENTS
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	18, 21, 32-33, 39-42, website	See in the CSR report of 2009 (link above)
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting		
<b>Economic Performance indicators</b>			
Market Presence			
	Management Approach	website	See the Annual Report. (link above)
EC1	Direct economic value generated and distributed	13	
EC4	Significant financial assistance received from government		OTP Bank Romania has not received such assistance in the reporting period.
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	website	Equal opportunities are ensured by hiring without giving preference to locals. However most of the employees are from the local community. Information regarding the senior management can be found on our website. <a href="http://www.otpbank.ro/en/about-us/otp-bank-romania/management/">http://www.otpbank.ro/en/about-us/otp-bank-romania/management/</a>
<b>Environmental Performance Indicators</b>			
Management Approach			
		43	
Energy			
EN3	Direct energy consumption by primary energy source	45	
EN4	Indirect energy consumption by primary source	45	
Water			
EN8	Total water withdrawal by source	46	
Emissions, Effluents and Waste			
EN16	Total direct and indirect greenhouse gas emissions by weight	45	
EN21	Total water discharge by quality and destination		Same as EN8.



NR. OF INDICATOR	DESCRIPTION OF INDICATOR	PAGE	COMMENTS
<b>Labour Practices and Decent Work Performance Indicators</b>			
Management Approach		25	
Employment			
LA1	Total workforce by employment type, employment contract, and region	26	
LA2	Total number and rate of employee turnover by age group, gender, and region	28	
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations		There are no benefits that cannot be granted to temporary or part-time workers.
Labour/Management Relations			
LA4	Percentage of employees covered by collective bargaining agreements		100%
Occupational Health and Safety			
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region	1.2, 31	
LA8	Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	30-31	
Training and Education			
LA10	Average hours of training per year per employee by employee category	32	
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	31	In-house training courses, financial support for external education, provision of study leave with guaranteed retention of job, further training course for those who would like to continue working for longer, and a severance package taking into account the length of employment is provided.
Diversity and Equal Opportunity			

NR. OF INDICATOR	DESCRIPTION OF INDICATOR	PAGE	COMMENTS
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	27-28	
<b>Human Rights Performance Indicators</b>			
Management Approach		25	
Non-discrimination			
HR4	Total number of incidents of discrimination and actions taken		No such incidents have occurred.
Child Labour			
HR6	Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour		The bank does not use child labour.
HR7	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures taken to contribute to the elimination of forced or compulsory labour		The bank does not use forced labour.
<b>Society Performance indicators</b>			
Management Approach		35	
Public Policy			
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country		In accordance with our sponsorship policy we exclude political parties and organisations from sponsorship.
Anti-Competitive Behaviour			
SO7	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes		There was no such legal action against the bank.
Compliance			
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations		There was no such legal action against the bank.
<b>Product Responsibility Performance Indicators</b>			
Management Approach		15, 18	
Marketing Communications			
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes		No non-compliance occurred.



NR. OF INDICATOR	DESCRIPTION OF INDICATOR	PAGE	COMMENTS
Compliance			
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services		
<b>Financial Services Sector Supplementary Performance Indicators</b>			
FS2	Procedures for assessing and screening environmental and social risks in business lines	1.3, 19, website	For additional information see CSR report 2009 for details. (Link above)
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	20-21	Partial disclosure
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	1.4, 21	Partial disclosure





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