OTP BANK PLC.

DOCUMENTATION FOR THE COMPANY'S ANNUAL GENERAL MEETING

(ENGLISH TRANSLATION)

24 APRIL, 2009

THE AGENDA OF THE GENERAL MEETING

1. Financial Reports of the Company on 2008 in accordance with the accounting law (unconsolidated report of OTP Bank according to the Hungarian accounting standards and the IFRS-based consolidated report), a proposal for distribution of after tax profit of the Bank.
    - The 2008 Business Report of the Board of Directors
    - Financial Statements of OTP Bank on 2008

      (balance sheet, income statement and cash flow; HAR unconsolidated)
    - Proposal for the distribution of the 2008 profit after tax of OTP Bank and for dividend payment
    - Financial Statements of OTP Bank on 2008

      (balance sheet, income statement, cash flow and changes in shareholders' equity; IFRS consolidated)
    - Report of the Supervisory Board on 2008 Financial Reports and proposal for distribution of after tax profit of the Bank
    - Report of the Audit Committee on 2008 Financial Reports and proposal for distribution of after tax profit of the Bank
    - Report of the Auditor on the results of the audit of the 2008 Financial Reports
2. Decision on the approval of the report on Corporate Governance.
3. Evaluation of the activities of the management in the business year, decision on granting exemption in respect of further liability.
4. Report of the Board of Directors on the Bank's Business Policy for 2009.
5. Proposal for amendment of the By-Laws.
6. Proposal for modification of the rules of procedure of the Supervisory Board.
7. Election of the Company's auditor, approval of the appointment of official responsible for auditing, setting the remuneration.
8. Election of the member of the Supervisory Board and the Audit Committee.
9. Approving the remuneration guidelines of OTP Bank.
10. Establishing the remuneration of the members of the Board of Directors, the Supervisory Board and the Audit Committee.
11. Authorization by the Board of Directors to raise the capital.
12. Authorization of the Board of Directors to the acquisition of own shares.

THE 2008 BUSINESS REPORT OF THE BOARD OF DIRECTORS

THE 2008 BUSINESS REPORT OF OTP BANK'S BOARD OF DIRECTORS[1]

For OTP Bank Plc., 2008 was the most difficult year in its 60-year history. However, even in the midst of the deepening financial crisis and a recession that has taken on global proportions, it achieved profit growth that was almost in line with the original targets and exceeded analysts' expectations, while maintained a stable capital and liquidity position in 2008, accompanied by a marked expansion in business activity.

As at 31 December 2008 the Bank Group's **consolidated balance sheet total was HUF 9,379.4** billion – based on International Financial Reporting Standards (IFRS) – up by 10.8% or HUF 917.6 billion from a year earlier.

The 2008 **consolidated after-tax profit** of the Bank Group – based on IFRS – was HUF **241.1** billion, which is 15.6% higher than in the previous year. The **consolidated after-tax profit adjusted** for one-off items amounted to **HUF 218.7 billion**, which is 5.0% more than in 2007. In 2008 the Bank's consolidated **return on average assets** (ROAA) was **2.45%**, and its **consolidated return on average equity** (ROAE) was **22.5%** (in 2007: 2.68% and 24.7% respectively).

> The audited consolidated 2008 net income of HUF 241.1 billion is by HUF 62.4 billion less than the preliminary one published in "Summary of the full-year 2008 results". The additional HUF 57.8 billion goodwill impairment booked in relation to the Ukrainian and Serbian subsidiaries accounts for a major part of the difference. Since 2008 year-end, the crisis has deepened, led to further deteriorating of growth prospects of the mentioned subsidiaries. This, together with the anticipated higher risk- and funding costs resulted in the lower valuation of the companies, as a reason for the increase of goodwill impairment. From the total difference of HUF 62.4 billion, the rest amounting to HUF 4.6 billion is due to the review of other P&L items (total income: HUF -4.8 billion, provisions for possible loan losses and other provisions: HUF -1.3 billion, tax: HUF +1 billion).

In response to the unfavourable operating environment (the fall in the rate of economic growth, record losses at leading US and western-European banks, difficulties in procuring external funding, sharp declines in share prices, the weakening of exchange rates, overall crisis of confidence), the Bank Group has had to rethink its priorities, placing the emphasis on ensuring the stable capital position and liquidity needed for safe operation, and on adhering to a prudent provisioning policy.

The year 2008 was also a milestone in the Company's operation in the sense that, following the acquisitions of recent years, this was the first year in which a subsidiary was sold. OTP Bank sold its insurance arm to the French Groupama S.A. in a deal that also involved the conclusion of a long-term cooperation agreement with Groupama regarding the cross-selling of financial and insurance products. As a part of this transaction the Groupama Group purchased an 8.00% package of shares in OTP Bank, for which purpose the Bank did not issue any new shares. The sale of the 100% stake in OTP Garancia Insurance boosted the Group's profit and strengthened its capital position with a one-off revenue item of HUF 117.3 billion. No new acquisitions were made in 2008, but from May the Rostov-based subsidiary Donskoy Narodny Bank was included in the circle of fully consolidated subsidiaries.

The high standard of the Bank Group's professional work, and the innovative approach of its employees, once again earned it several international accolades: Global Finance and Euromoney again selected OTP as the "Best Bank in Hungary", while OTP was also awarded the title of "Best Private Bank" for the first time. The Ukrainian subsidiary was named by S&P as "Most Transparent Bank", while the local media named it "Most Professional Bank" and "Bank Providing the Best Service". For several consecutive years DSK Bank has been awarded the title of "Best Bank in Bulgaria" by Finance Central Europe, and its CEO was named "Banker of the Year" in 2008.

The negative sentiment towards financial institutions, the region and Hungary, coupled with an increased aversion to risk, placed the share prices of all banks, including OTP's, under a great deal of pressure, and following a 67.3% drop in value the Bank's shares were changing hands for HUF 2,785

[1] Based on OTP Bank Plc.'s audited financial statements of 2008. The business report contains the consolidated data of the OTP Group, and the data of the subsidiaries, in accordance with International Financial Reporting Standards (IFRS).

at the close of the year, despite the fact that OTP's fundamentals continue to be good and its indicators excellent. All bank stocks suffered similar or even greater corrections. The Bank's market value at the end of December 2008 was HUF 805 billion, or approximately EUR 3.0 billion, which represented 0.7 times the book value of the Bank Group's equity (P/BV), while the price-to-earnings ratio (P/E) was 3.7.

As the most important player in the Hungarian banking system, OTP Bank's credit rating corresponds to Hungary's rating for sovereign debt. In the course of 2008, due to the worsening macroeconomic environment both Moody's and Standard & Poor's downgraded Hungary, with the result that OTP Bank's credit rating also deteriorated. Moody's current rating for OTP is A3, while at S&P the Bank has a BBB rating, in both cases with a negative outlook.

THE FINANCIAL PERFORMANCE OF OTP BANK PLC. IN 2008

CONSOLIDATED FINANCIAL PERFORMANCE

CONSOLIDATED BALANCE SHEET

OTP Group's consolidated **balance sheet total** as at 31 December 2008 was HUF **9,379.4** billion, up by 10.8%, or HUF 917.6 billion, on a year earlier.

The Bank's **consolidated equity** was HUF **1,049.0** billion, representing an increase of HUF 153.4 billion, or 17.1%, over the previous year, and which was 35.8% higher than the Bank's non-consolidated equity. The ratio of consolidated equity to total assets increased from 10.6% at year-end 2007 to 11.2%. The book value of OTP shares (BVPS) was HUF 3,746 on 31 December 2008, which was HUF 548 higher than at the end of the previous year.

On the asset side, cash, due from banks and balances with the National Bank of Hungary were 1.2% lower than a year earlier. Placements with other banks fell by 9.4% from the end of December 2007, amounting to HUF 593.5 billion on 31 December 2008.

The fair value of financial assets, as recognised in the profit and loss account, fell by HUF 156.6 billion to HUF 129.3 billion by the end of the year.

The value of securities held for sale increased by 1.5%, or HUF 481.3 billion, over the course of the year.

Customer loans, net of allowances for loan losses, rose by 20.6%, i.e. from HUF 5,582.4 billion on 31 December 2007 to HUF 6,730.2 billion. Net loans represented 71.70% of total assets on 31 December 2008. The consolidated gross customer portfolio increased by 21.5% and amounted to HUF 7,000.9 billion at the end of 2008. The share of the foreign subsidiary banks within the consolidated loan portfolio as at 31 December 2008 was 43.8% (HUF 3,554.2 billion).
Of the total of loans, retail loans accounted for 60.7% (HUF 4,249.9 billion, annual change +31.6%), corporate loans 33.7% (HUF 2,361.9 billion, annual change +7.8%) and loans for vehicle financing accounted for 5.6% (HUF 390 billion, annual change +15.9%). Within retail loans, housing and mortgage loans represented HUF 2,707.4 billion (annual change +35.4%), and consumer loans represented HUF 1,148.0 billion (annual change +19.1%).[2]

The gross loan portfolio increased most dynamically at OBR in Romania (+50.5%), at the subsidiary in Serbia (+49.6%), and at the subsidiary in Ukraine (+43.9%). Of the total growth increment in the loan portfolio, the largest contributions came from OTP Bank's core operations (HUF +270.1 billion), the DSK Group (HUF +235.1 billion), and the Ukrainian CJSC (HUF +233.1 billion).

Though there was a dynamic increase in the loan portfolio, the quality of the portfolio deteriorated: the proportion of non-performing loans was 5.4% of the gross loan portfolio at the end of 2008, compared with 4.2% at the end of the previous year. 55.0% of the consolidated non-performing loan portfolio was recorded on the balance sheet of the bank's foreign subsidiaries.

IFRS **consolidated provisions/allowances for loan losses** were **HUF 270.7** billion, of which HUF 257.7 billion was related to the qualified portfolio; this resulted in a coverage ratio of 24.8%. Within this, HUF 242.1 billion had been set aside to cover a portfolio of HUF 379.2 billion of non-performing loans, which resulted in a coverage ratio of 63.8% (61.9% in the previous year).

The portfolio of held-to-maturity securities rose by 1.3% in 2008, with the total value of such securities reaching HUF 321.7 billion on 31 December. The securities portfolio of the Bank contained virtually no structured products or investments carrying a significant exchange rate risk.

[2] The breakdown of the credit- and deposit volumes according to product groups is not an audited figure, but rather reflects the circumstances described in the information material prepared on the results of 2008.

On the liabilities side, **deposits from customers** amounted to HUF **5,219.2** billion as at 31 December 2008, up by 3.6% (or HUF 180.9 billion) on a year earlier. The deposits collected by the Bank's foreign subsidiaries accounted for 38.2% of the consolidated deposit portfolio. Their customer deposit portfolio grew by 1.9%, reaching HUF 2,006.5 billion at the end of 2008.

Of total customer deposits, 73% came from retail customers, and 27% from corporate and municipality customers. The proportion of retail deposits within total customer deposits rose by 4 percentage points compared with 31 December 2007. The main contributors to the HUF 180.9 billion growth in deposits were OTP Core (+HUF 158.4 billion) and DSK (+HUF 72.6 billion), while the subsidiaries in Slovakia and Bulgaria experienced the most dynamic increase in deposits (+HUF 15.7 billion and +11.2% respectively). The deposit portfolio of the subsidiaries in Russia, Ukraine, Serbia and Montenegro shrank.

The portfolio of **issued securities** grew by 54.9% over the year, to HUF 1,526.6 billion. In 2008 OTP Bank issued mortgage bonds with a notional value of EUR 1 million and a maturity of 2 years and bonds with a notional value of EUR 500 million and a maturity of 3 years. Due to the drastic worsening of conditions in the capital market, from the second half of 2008 on, only domestic bond issuances were implemented. The value of subordinated and Tier 2 loan capital increased by 5.0%, to HUF 316.1 billion.

CONSOLIDATED RESULTS

OTP Bank's **audited** and **consolidated after-tax profit** for 2008 – based on IFRS – was **HUF 241.1** billion, up by 28.8 % or HUF 15.6% billion from a year earlier. The consolidated profit before tax grew more moderately, by 10.2%, in 2008, reaching HUF 274.4 billion.

A major contributor to the results was the one-off HUF 117.3 billion proceeds, net of costs and taxes, from the sale of OTP Garancia Insurance and HUF 93.6 billion in goodwill impairment recognised on the subsidiaries in Serbia and Ukraine. The **consolidated after-tax profit, adjusted[3] for** the above one-off items, for the HUF 4.7 billion in losses incurred on the Bank's strategic open position, for dividend received and for funds definitively accepted, was HUF **218.7** billion, which exceeded that of 2007 by 5.0%.

The net interest income adjusted by the non-interest type income from swap transactions was HUF **515.9** billion, which was 17.75% higher than in 2007. The interest margin on the average balance sheet total (HUF 8,920.7 billion) calculated on the basis of the end-of-the period data was 5.78% in 2008, or 15 basis points higher than in 2007.

Adjusted non-interest income was in total 14.0% higher than one year earlier, and amounted to HUF **217.5** billion. Net fees and commissions totalled HUF 140.6 billion, representing a 5.7% increase over 2007. The net result of securities trading without swap transactions was a loss of HUF 1.1 billion, as compared to a gain of HUF 5.1 billion in 2007. The net exchange rate gain without swap transactions amounted to HUF 44.4 billion, compared to a HUF 17.0 billion gain in 2007. The net profit on insurance transactions was HUF 13.3 billion in 2008. Other non-interest income was HUF 19.5 billion, which is 8.8% lower than in the previous year.

Provisions for loans and loan losses amounted to HUF 108.0 billion. The ratio of provisions to the average gross loan portfolio was 1.69% compared to 0.82% in 2007. The two-fold rise in risk-related costs were attributable to a cautious forward-looking provisioning policy warranted by a significantly unfavourable macro-economic environment and the devaluation of several local currencies. Other risk-related costs amounted to HUF 10.5 billion, compared to HUF 7.4 billion in 2007.

The total income of OTP Group, including net fees, net insurance premium revenues and other net income, but less the revenues from the release of provisions set aside before the acquisitions, was in total 16.4% higher than one year earlier, and amounted to **HUF 732.5 billion**. Non-interest income as a percentage of total income was 29.6% in 2008, down by 0.7 of a percentage point on a year earlier.

[3] For a detailed description of the adjustments, see the Notes.

Operating expenses, which amounted to HUF 363.7 billion, were 9.8% higher than in 2007. Within this, consolidated personnel expenses were 13.3% higher than a year earlier and amounted to HUF 167.5 billion. Depreciation rose by HUF 3.0 billion over the 2007 figure, to HUF 38.6 billion. Other non-interest expenses grew by 6.7%, to HUF 157.6 billion. In 2008, non-corporate taxes translated into HUF 30.0 billion in expenses, representing a 2.3% or HUF 0.7 billion decrease over 2007. Within this, HUF 5.7 billion in separate tax payable by credit institutions and financial enterprises ('special bank tax') was recognised as other expenses (in 2007: HUF 6.5 billion).

The Bank's **cost-to-income ratio was 49.6%**, 297 basis points lower than in 2007.

Consolidated return on average assets **(ROAA)** was **2.45%** (in 2007: 2.68%), while consolidated return on average equity **(ROAE)** was **22.5**%, which was 2.2 percentage points lower than in the previous year. Basic net earnings per ordinary share (**basic EPS**) were HUF 941 (in 2007: 797), while **diluted EPS** was HUF 938 (in 2007: HUF 795).

CONSOLIDATED CAPITAL ADEQUACY RATIO (UNDER BASEL 2)

The regulatory capital of OTP Bank Group under IFRS on 31 December 2008 was HUF 1,087 billion; its adjusted balance sheet total was HUF 6,092 billion. The solvency ratio accommodating market and operational risks was **15.4%** (+200 basis points). The **Tier 1** ratio calculated on the basis of the core capital net of goodwill and intangible assets was **11.3%** (+300 basis points). These ratios are high even by international standards, and exceed those of OTP Bank's major competitors. The increase in the ratios was due, in addition to the after-tax profit for 2008, to proceeds from the sale of OTP Garancia Insurance.

ASSET-LIABILITY MANAGEMENT

Asset-liability management of the OTP Group focused on two main areas in 2008:

- **maintaining the liquidity of the OTP Group at a secure level**
- **reducing the risks that can be assumed by the various business lines**

Maintaining the liquidity of the OTP Group at a secure level

The primary objective of the OTP Group in terms of asset-liability management has been to ensure that the Bank Group's liquidity is maintained at a secure level. Given that external sources of financing became significantly more expensive in the first half of 2008, while the available options shrank in the second half of the year, the various areas of business needed to adapt in order to ensure that a safe level of liquidity could be maintained. By restricting lending activity in good time, the Group managed to prevent the situation of inadequate financing leading to a deficit in liquidity. With external financing becoming limited, the Bank Group shifted to a course where growth in its balance sheet total was significantly slower than previously planned. Thanks to this, it managed – despite the economic crisis – to maintain a level of liquidity that provides adequate protection against even unanticipated shocks.

Reducing the risks that can be taken on in various areas of business

In the course of 2008, the Bank experienced increased volatility in all its instruments exposed to the major market risks. The Bank on several occasions reduced the level of risk that the individual lines of its business would be permitted to bear, lest these increased risks lead to losses of a magnitude that would be irreconcilable with the Bank's business policy. Responding to the changed market environment, the Bank also reduced the levels of interest-rate and foreign exchange risk that had been undertaken in furtherance of its strategic objectives in the course of asset-liability management.

LIQUIDITY AND MARKET RISK EXPOSURE OF THE OTP BANK GROUP

Under Government Decree 244/2000, the capital requirement for trading book positions, counterparty risks and forex risk must be consolidated for OTP Mortgage Bank Ltd., OTP Building Society Ltd., Merkantil Bank Ltd., OTP Banka Slovensko, DSK Bank, OTP Bank Romania, OTP banka Hrvatska, CJSC OTP Bank, OAO OTP Bank, OTP banka Srbija and CKB. By the end of 2008, the consolidated capital requirement was HUF 29.5 billion, which was due primarily to the forex position (HUF 24.6 billion).

Exposure of the various Group members' forex positions is restricted to individual and global net open position limits (overnight and intraday), and to stop-loss limits. Forex exposure at Group level was concentrated at OTP Bank, while the open positions of Group members abroad were negligible measured against either the balance sheet total or regulatory capital. The exposure arising at OTP Bank derived from holdings acquired in foreign subsidiaries, as well as from strategic positions opened as cover for forex-dependent revenues featuring in the Bank's profit projection.

In the first half of 2008, the liquidity requirement of the OTP Bank Group followed the dynamics of previous years, as the Group was able to draw on fresh resources of EUR 1.5 billion from the capital market. In the second half, opportunities for securing financing on the capital market narrowed, and consequently the Bank's various business units adapted rapidly to the changed environment, thus ensuring that the Group would close the year with operative liquid funds considerably in excess of its liabilities falling due in 2009. OTP Mortgage Bank raises the funds required for mortgage lending through issuing bonds, which are bought by the parent bank, institutional investors and retail clients. In 2008, the volume of issued mortgage bonds grew by HUF 330 billion.

In 2008, the OTP Bank Group's interest risk exposure was essentially determined by the positions of OTP Bank Plc., OTP Mortgage Bank Ltd., CJSC OTP Bank and DSK Bank.

Changes in the liquidity position of OTP Bank Plc.

The long-term liquidity position was influenced significantly by the issuing of mortgage bonds in the value of EUR 1 billion, as well as a further EUR 500 million in senior bonds, carried out during the first half of the year. Credit for purposes other than refinancing raised by OTP on the capital market totalled EUR 4.3 billion at the end of 2008. The Bank is able to generate US dollar and Swiss franc financing in the form of forex swap transactions using surplus forint and euro liquidity.

By the end of 2008, the volume of forex loans had grown by 28.75% compared to the end of 2007. A significant portion of these loans was provided by the Bank to its subsidiaries. Coverage for forex loans by forex client deposits was 16.5%, and 49% in the euro-based segment. In 2008, the value of client forex deposits increased by 17%.

The Bank proceeds more strictly than is stipulated by the applicable statutory regulations: while the latter define large deposits as those exceeding 15% of regulatory capital, the Bank classifies any deposits in excess of 6% of regulatory capital (i.e. greater than HUF 34.2 billion) as such. The ratio of these deposits to the balance sheet total was 2.1% at the end of 2008.

Based on interpretation of the "Dependence on Large Depositors" indicator applied by OTP Bank, the volume of liquid assets is 6.2 times the large depositors' portfolio. However, if we disregard the deposits in funds managed by OTP Fund Management, this ratio jumps to 14.3x, which is far higher than the limit of 2x stipulated in OTP Bank's regulations.

Interest-rate risk exposure of OTP Bank Plc.

By constantly gauging its exposure to interest risk, the Bank aims to minimize potential losses arising from unfavourable shifts in market interest rates, which might become apparent in declining net interest income or a fall in the market value of the portfolio. In all events, management will be informed of any overstepping of risk limits.

Without hedging transactions, the Bank has significant interest risk exposure in Hungarian forint, given that – taking into account the proportion of variable items subject to re-pricing – it has some HUF 600 billion more forint assets reacting to market yield fluctuations than it has liabilities. Due to its portfolio of off-balance-sheet forex swaps creating foreign currency liquidity from forint liquidity, the Bank's portfolio of variable-rate assets exceeds by some HUF 1,400 billion the volume of its variable-rate liabilities. In order to reduce risk, in the course of 2008 the Bank carried out interest-rate swaps for hedging purposes and purchased fixed-rate government bonds.

In the case of the EUR and USD portfolios, the Bank carried out fixed-rate EUR-USD forex swaps in order to significantly reduce its exposure to risk at Group level. The EUR exposure was due to the fact that the Bank finances a portion of its variable-rate and short-term fixed-rate euro placements with long-term, fixed-rate subordinated or auxiliary loan capital. The open USD position, on the other hand, is due to the floating-rate liabilities backing the fixed-rate mortgage loans extended by the foreign subsidiaries.

Foreign exchange risk exposure of OTP Bank Plc.

The Bank is an active player on international forex and derivatives markets. As a consequence of its foreign interests, OTP Bank Plc.'s average net open position was HUF 168.2 billion in 2008. The dealing room held an average net open position of HUF 3.3 billion.

In 2008, the forint weakened by 4.5% against the euro. The US dollar strengthened against the euro by 4%, and the forint thus weakened against the dollar by 8.5% in total. OTP Bank Plc. successfully exploited the opportunities offered by market movements, and its profit from forex trading activity thus considerably increased.

Capital requirement of OTP Bank Plc.'s market risk exposure

Since the second quarter of 2001, in line with Government Decree 244/2000, the Bank has been reporting to the Hungarian Financial Supervisory Authority on a daily basis on the capital required to cover the risk of its trading book positions, determined according to the 'standard' method. In addition, in accordance with regulatory changes from the first quarter of 2008, the Bank reports to the Supervisory Authority monthly on the capital requirement for its trading position risks, counterparty risks and forex risk, determined according to the Basel II method. From 28 November 2008, with the approval of the Bank's Board of Directors and the Supervisory Authority, the forex risk is determined according to the standard method. In 2008, the average total capital requirement was HUF 45.6 billion, of which a value equivalent to HUF 11.2 billion was required by the trading position risk, HUF 4.8 billion by the counterparty risk, and HUF 29.6 billion by the forex risk.

PERFORMANCE OF OTP BANK'S CORE OPERATIONS IN HUNGARY ("OTP CORE")

BALANCE SHEET

The **gross customer loan** portfolio extended as a part of the core operations of OTP Bank in Hungary was **3,349.0** billion on 31 December 2008, which represents a significant, HUF 270.1 billion, or 8.8%, growth. Of this total, loans to retail customers grew dynamically, by 26.2, to HUF 2,189.5 billion, while those to corporate customers – thanks to the Bank's consistent application of its business policy objectives – fell by 13.8%, to HUF 1,159.4 billion. Housing and mortgage loans accounted for 78.3% of the total retail loan portfolio, with the portfolio of such loans increasing by 23.9% over the course of 2008.

The quality of the portfolio deteriorated over the previous year in terms of the proportion of non-performing loans. 5.2% of the gross loan portfolio was non-performing as at the end of 2008, while in 2007 the comparative figure had been 3.8%. It was in the corporate segment that the deterioration in the loan portfolio occurred, with the main reason for this being the pursuit of strict rating and provisioning practices, though the rate of payment default also increased. Despite the substantial provisioning that took place, the coverage of non-performing loans with provisions fell from 71.6% in 2007 to 62.6%, which was due to the fact that the proportion of corporate loans rated as 'below average', which require lower provisions, grew within the portfolio. The ratio of provisioning to the average gross loan portfolio rose from 0.52% to 0.77%.

The Bank Group had a market share of 7.5% in corporate loans, 29.6% in housing loans, and 48.1% in municipality loans in Hungary at the end of 2008. The Hungarian credit institution members of the Bank Group had a share of 23.8% of the total assets of the banking sector at the end of 2008.

The total of **customer deposits** collected as part of the core operations of OTP Bank in Hungary was HUF **3,244.5** billion at the end of 2008, HUF 158.4 billion or 5.1% higher than in 2007. Of the total customer deposits, 74.6% came from the retail segment, with growth in retail deposits amounting to 10.0%. Declining by 7.0%, corporate deposits amounted to HUF 824.0 billion at the end of 2008. The Core loan-to-deposit ratio increased from 99.8% in 2007 to 103.2% in 2008.

The Bank Group had a 24.1% market share of Hungarian credit institution deposits, and within this total, it had a 30.4% share of household deposits, a 41% share of municipality deposits and a 13.2% share of corporate deposits.

RESULTS:

In order to provide a true and fair picture of business processes, we have presented the results of the Hungarian core operations based on the consolidated audited IFRS figures of OTP Bank, OTP Mortgage Bank, OTP Building Society and OTP Factoring, with the following adjustments[4]:

The net interest income has been stripped of the interest expense related to subordinated and Tier 2 loan capital as well as of the reported net interest income from the financing of subsidiaries.

Other non-interest income has been stripped of the exchange rate gain on the strategic open position and the non-interest income earned on the financing of subsidiaries.

The non-interest income from foreign currency swaps has been presented among net interest income. Other expenses have been stripped of other risk costs, which we have recorded as a separate item in the profit and loss account.

Non-interest income has been stripped of the revenue from the sale of Garancia Insurance, dividend received from the subsidiaries and liquid assets definitively transferred.

We have highlighted the impairment recognised on the subsidiaries OTP banka Srbija and CJSC OTP Bank from the profit and loss account, and presented it separately.

The annual **pre-tax profit** from core operations decreased by 12.0%, to HUF 146.1 billion, and the **after-tax profit** fell by 5.4%, to HUF **132.8** billion. The decline in profit was primarily attributable to a HUF 28.4 billion increase in lending costs and other risk expenses; total income grew by 4.3%, outstripping the growth in operating costs. The increase in recognised risk costs was partially offset by the fall in the tax burden, which was due to the fact that the profit according to Hungarian Accounting Standards (HAS) was significantly lower than that presented under IFRS.

Net interest income – as a result of the increasing competition in the retail market, the continuing repricing of subsidised housing loans, and intensive fundraising campaigns – rose, despite a 16-basis point decline in interest rate margin, by 3.7%, and amounted to HUF 270.9 billion. The net interest margin was 5.66%.

Of non-interest income, net commission income, which represents a decisive share of the total, increased by 7.0%, while other non-interest income fell by 1.9%.

[4] For a detailed description of the adjustments, see the Notes.

The risk cost of loans – as a result of the deteriorating economic outlook and the conservative rating practice – rose by HUF 10.0 billion, to HUF 24.9 billion. Other risk costs amounted to HUF 20.1 billion, a significant part of which consisted of provisions set aside for OTP Bank's guarantee undertakings related to loans.

Operating expenses associated with core activities were 3.7% higher than in 2007. Within this category, personnel expenses increased by 9.0%, while depreciation was 4.9% higher than in the previous year. Material expenses fell by 0.5%. The cost-to-income ratio decreased from 48.8% at year-end 2007 to 48.5%.

CAPITAL ADEQUACY (BASED ON THE CREDIT INSTITUTIONS ACT)[5]

As of 31 December 2008, the equity of OTP Bank according to HAS amounted to HUF 729.1 billion, representing a growth of 8.3% year on year. The HUF 56.1 billion increase was a net result of the HUF 5.4 billion growth in the general reserve, the HUF 110.7 billion increase in the profit reserve, the HUF 1.0 billion reduction in the allocated reserve and the balance sheet profit for the year of HUF 48.8 billion. Equity per share of nominal value HUF 100 was HUF 2,604 (at end-2007: HUF 2,404).

The portfolio of repurchased treasury shares amounted to HUF 53.8 billion at the end of 2008, i.e. HUF 0.5 billion lower than a year before.

The regulatory capital of the Bank on 31 December 2008 was HUF 485.8 billion; its adjusted balance sheet total was HUF 3,468.7 billion.

As of 31 December 2008, the solvency ratio calculated according to Hungarian regulations was 12.0%, which is 4 percentage points in excess of the 8% required by the Credit Institutions Act.

The Bank's non-consolidated 2008 pre-tax profit according to HAS was HUF 57.4 billion, 59.6% or HUF 84.6 billion lower than in 2007. With a decrease (from 15.6% to 5.5%) in the actual tax rate compared to 2007, the Bank's after-tax profit was HUF 54.2 billion, or 54.8% less than in 2007.

After the HUF 5.4 billion in general risk provisioning, the balance sheet profit of OTP Bank for the year 2008 amounted to HUF 48.8 billion (the Bank will not be paying dividends on its profits of 2008).

[5] According to HAS

RESULTS OF THE INSTITUTIONS AND DIVISIONS

KEY DEVELOPMENT PROJECTS OF 2008

In compliance with the SEPA (Single European Payment Area) standard, on 27 January 2008 – concurrently with SEPA's pan-European live launch – OTP Bank also commenced the receipt and sending of SEPA items.

The SafeWatch system represents an indispensable means of complying with anti-money laundering regulations and screening out suspected terrorist organisations in the course of international payment transactions (SWIFT messages). The Bank has made the centralised system accessible to the Slovakian (OBS) and Croatian (OBH) subsidiaries, while stand-alone SafeWatch systems have been installed in Bulgaria (DSK) and Romania (OBR), where they went live in 2008.

The year 2008 also saw the introduction of the "KANYAR" bond portfolio recording subledger system, for the liabilities-side recording of bonds issued by OTP. It manages bond events (issue, reissue, withdrawal, expiry), and sends data to the general ledger and reporting systems.

As a part of the IRIS project, within the corporate risk management system, support for credit controlling processes was implemented in respect of both the corporate and municipality banking segments. The Portfolio rating – data reporting (Port_Hos system) function went live.

Numerous IT projects, supporting retail-division product developments, were also implemented in 2008. The completed projects included: integration into the Prelak system of the low-instalment "Forrás" loan, and the "Világ" loan, which is bundled with repayment insurance; introduction of the option to set up direct debits from credit card accounts; establishment of the technical infrastructure for the launch of the "Profit" structured deposit product; and modernisation of the technology used to produce securities account statements. The development of OTP Bank's bank card systems enabled the launch of multifunctional 'cafeteria' cards, which led to a more transparent and easier handling of fringe benefits by the Bank's corporate clients.

At companies in the Merkantil Group introduction of the enterprise resource management system (OLGA) continued, and adaptation of the system for the Ukrainian leasing subsidiary began. In order to increase the volume of cross-selling, the range of products managed in the OLGA system was expanded with the addition of OTP Garancia Insurance's Integrated 'CASCO' comprehensive vehicle insurance product.

Standardisation of the central address database in the Transactional Data Warehouse has been completed. The range of input data has been expanded, with the loading of data pertaining to ATMs, third-party card transactions and same-day changes to customer data.

The developments aimed at boosting branch sales performance included the centralised diary management function implemented in the FIÓKÉRT system under the "Proactive Branch Sales Support" project, the introduction of personalised capacity-based and activity-based selling, the completion of the first phase of the new Network Performance Management System, and the launch of the Supercalculator, a tool that simplifies and accelerates the process of mortgage lending, which is accessible via the Bank's Intranet.

The Wealth Planning System (WPS) has both been introduced in the branch network and made available through the electronic channels. In addition to improving customer satisfaction this system will also assist in achieving the investment banking division's long-term business objectives. Besides the online wealth planning function, the Home Bank also offers customers an opportunity to fix deposits subject to conditions, with progressive, time-linked interest.

As a part of the SAP Travel Management project, a consistent and transparent travel request and settlement system has been developed.

Foreign subsidiaries

Use of the centralised SWIFT system (for international interbank payments) was extended to the Croatian subsidiary (OBH), in place of the local TurboSWIFT system.

Under the euro-adoption project, at the Slovak subsidiary OBS the technical infrastructure for the changeover to euro-based operation took place was developed, and could also form the basis for Hungary's future conversion to the euro.

The SAP system was introduced at several foreign and Hungarian subsidiaries, thus paving the way for standardised data reporting at Bank Group level.

Among the foreign subsidiaries, the Slovakian, Ukrainian and Romanian banks can now report data from the installed SAP R/3 modules through their own, specially developed portals.

The international version of the system providing CRM support for commercial banking, private banking and key SME accounts has been developed.

Among OTP Bank's foreign subsidiaries, following a similar project in Bulgaria, Transactional Data Warehouses were developed in Croatia and Ukraine in 2008.

At the Ukrainian subsidiary the OTPdirekt service was launched, and the IT infrastructure necessary for handling electronic company documents was put in place.

At DSK a central marketing system – for the generation of campaign management and sales reports – was introduced.

ENVIRONMENTAL POLICY, ENVIRONMENTAL PROJECTS

Taking an environmentally-aware approach entails recognising the environmental impacts of the Bank's operations, and reducing its environmental footprint. To this end, OTP Bank strives to minimise the environmental burden related to its activities, and to put in place the background infrastructure necessary to ensure the protection of the environment.

OTP Bank's objectives include the institutionalisation, as soon as possible, of environmentally sound practices, and their propagation within the Bank and among the other members of the Bank Group – endeavours in which significant progress has been made.

A substantial broadening of information-gathering activities in 2008 served to raise the overall level of environmental awareness and facilitate measurement of the results achieved in this area. Although the information-gathering performed at the Bank and the Bank Group in Hungary is not yet fully comprehensive, it represents a major advance in terms of our ability to determine the quantities of energy, natural resources and materials used.

In 2008 the Environmental Protection Guidelines were drafted and approved, with their introduction and propagation among the employees scheduled to take place in early 2009.

In the interests of reducing CO_2 emissions, the Bank has taken steps to reduce the amount of paper and natural gas used and kilometres travelled per employee. This latter objective was also served by completion of the video conferencing suite in 2008.

A reduction in paper consumption is assisted by the drafting of regulations on printing, and their dissemination among employees, the more widespread use of electronic banking channels (intranet, management information portal, shared directories, etc.), and efforts to encourage customers to request electronic bank statements instead of paper-based ones. Since 2008 the Bank has made payslips available to its employees in electronic form, which – in the case of almost 8,000 staff – has led to a substantial reduction in paper usage. As a result of these and other measures the average paper usage per head-office employee fell by 25% in 2008. In the case of printed marketing materials the Bank is phasing in the use of recycled paper. In the first stage of this process the larger publications (Annual Report and Corporate Social Responsibility Report), as well as greetings cards and packaging materials, were already being printed on this environmentally friendly medium in 2008. According to plans, in 2009 a substantial proportion of marketing publications will be made from recycled paper, while a longer-term objective is for other publications and forms to also be made from such material.

As in previous years, the selective disposal of waste paper continues to be the most widespread form of environmentally friendly waste management. Increasing the proportion of waste that is collected selectively and sent for recycling or energy production remains an ongoing objective for the Bank.

In the area of energy and water consumption, the measures implemented in previous years (operation of power factor correction equipment, the use of energy-saving appliances and energy-efficient light bulbs) ensure the Bank's efficient operation and rational resource usage.

When making procurements, during the supplier selection process particular emphasis is placed on enforcing environmental and ethical standards.

The Bank monitors technological and technical developments on an ongoing basis, and in its new investments and renovation projects endeavours to apply the most efficient solutions, taking environmental aspects into consideration and ensuring that they are complied with.

SALES NETWORK, CUSTOMER HEADCOUNT AT BANK GROUP LEVEL

As a result of the acquisitions carried out over the past years, the OTP Group now maintains a presence in nine countries across the region. Internationally, the number of customers served by the Bank Group as at 31 December 2008 exceeded 11.8 million. At the end of the year, the parent bank had a clientele numbering almost 4.8 million, of whom 4.6 million were retail banking customers. The total number of customers of the Bank Group's foreign subsidiaries continued to rise, approaching 7.1 million by the end of 2008. OTP's Ukrainian subsidiary, CJSC OTP Bank achieved a substantial – over 40% – increase in the number of its customers.

The Bank Group expanded its sales network substantially in 2008: by the end of the year nearly 1,600 branches (compared to 1,500 in 2007), almost 4,000 ATMs and nearly 48,000 POS terminals were in operation to ensure that customers were served as efficiently as possible. Besides these, the range of channels is also complemented by a call centre, mobile and internet banking services, business customer terminals and a network of sales agents.

In the regional network OTP Bank continues to operate the highest number of branches – 403 units – followed by DSK Bank with its network of 379 branches. The greatest expansion of the branch network was achieved by the Ukrainian subsidiary, which increased the number of its outlets by almost 45%, from 158 to 229, in the course of 2008. The number of units in the Russian network also rose considerably (+26 branches).

EMPLOYEE HEADCOUNT, EMPLOYMENT POLICY

A highly qualified team of dedicated and sale-oriented customer service operatives is the key to ensuring a high standard of service, which is why OTP Bank treats as a priority the ongoing training of its staff, and the retention of talented professionals. On 31 December 2008, the OTP Group's employee headcount approached 31,000, of which 9,000 were employed by OTP Bank and its subsidiaries in Hungary, while approximately 22,000 worked at foreign group members. The headcount of OTP Bank exceeded 8,000 at the end of 2008.

OPERATIONS OF GROUP MEMBERS IN HUNGARY

BASIC RETAIL SERVICES

OTP Bank continues to be the largest player in Hungary's retail banking market. At the end of 2008 the OTP Bank Group had a market share – in terms of the combined balance sheet total of financial institutions – of 30.4% in household deposits (OTP Bank: 28.0%), and a 29.6% share of household loans (OTP Bank: 7.9%).

ACCOUNT MANAGEMENT, BANKING TRANSACTIONS AND CHANNELS

On 31 December 2008, OTP Bank had close to 4.6 million retail banking customers, almost 2.9 million of whom held a forint current account. In order to provide a modern, quick and convenient banking service, OTP Bank is accessible to its customers via several, mutually reinforcing channels.

The Bank has succeeded in maintaining its dominant market position with respect to electronic channels. With regard to customers who use telephone-based customer services, the Bank commands approximately 30% of the market; in the case of those who bank over the internet its market share was an average of around 35% for the year, while it serves 46% of all customers that use mobile phone-based services.

The number of OTPdirekt customers rose by 10% in the course of 2008, to exceed 1.6 million persons by the end of the year. The number of customers with contracts for the use of telephone-based banking services only increased moderately – by 0.8% – in 2008, to almost 947,000, while the number of customers using mobile phone-based services continued to grow dynamically – by more than 13% – to exceed 1.2 million at the end of the year. The increase in the number of customers subscribing to internet banking services was 17%, with a total of over 787,000 active contracts in December 2008. The total number of SMS messages had grown 14% by the end of the year, to exceed 179 million, while the number of internet transactions rose by one-third in 2008, reaching a total for the year of 30.7 million by December.

OTPdirekt continues to offer the widest selection of services in the Hungarian e-banking market. As a result of its development projects, OTP Bank has introduced unique convenience e-services in Hungary, placing a greater emphasis on customisation and online sales in the e-channels and on its website.

The circle of e-bill service providers has recently expanded to include a third consolidator, as customers that are registered with Díjnet can now also settle their utility and other bills free of charge via the OTPdirekt internet bank. In the course of the year additional securities functions were introduced, creating the opportunity to reallocate and reinvest investment fund units via OTPdirekt.

OTP Bank is also making efforts to meet the growing demand for online micro-payments, and as the first step in achieving this it is now possible for customers to make secure purchases over the internet using the Abaqoos service. Customers can pay at 13 internet acceptance points using their Abaqoos purse, without the need to give their bank card details. The list of acceptance points is continuously being added to.

The Bank's Wealth Planning service is accessible both via the Bank's website and its internet banking portal. Using this calculator, customers can view charts that illustrate the expected performance of their savings, and if required can arrange an appointment to receive personalised investment advice.

By continuing to develop its website the Bank strives to satisfy its customer's requirements as fully as possible; and now customers who register for the service can also download their bank statements free of charge, using the specially designed user interface, with a few clicks of the mouse. The new improved loan calculator gives a more transparent overview of the terms of available loans.

In the course of the year the websites of several Hungarian subsidiaries were also standardised, bringing them into line with the OTP Group's corporate image.

Besides this, 2008 saw a continuation of the information Call Centre project, which has served to centralise the management of branch telephone calls, supporting more effective operations by easing the workload of the branches and increasing the quality of telephone services.

The issue of providing technical support to the foreign subsidiary banks is growing in importance, especially since an objective of the OTP Group is to make OTPdirekt an internationally recognised brand, representing a guarantee of uniform functionality and quality in all countries where OTP has a market presence.

Expansion and modernisation of the sales network continued apace. As a part of the branch refurbishment process commenced in 2005 under the Infrastructure and Network Optimisation Project, a total of 47 branches were renovated and modernised in 2008. In the course of the branch renovations the objective was to improve the branches' interior layout, level of equipment and efficiency of operation, with special attention paid to achieving the largest possible customer area and raising the level of comfort experienced by customers.

In 2008 the Bank opened two new branches in Budapest and five in the provinces, establishing a presence in regions that were not covered in previous rounds of branch openings, and in emerging urban districts, where the availability of banking services was below the national average. Besides these a training branch also commenced operation, designed specifically to provide staff at the beginning of their career with hands-on experience and training in a genuine work setting, thus helping to ensure a supply of high-quality employees for the branches.

In order to raise the efficiency with which the existing branch network is utilised, the services of the new divisions were made available at a growing number of branches. Uniquely in Hungary, we provide securities services in more than 350 branches, thereby broadening the range of savings and investment options available to our customers. In the OTP branches, due to the high standard of customer service, enhanced work management procedures and technical developments, waiting times have been further reduced and the quality of in-branch sales work has improved. In 2008 children's play areas were created in several more branches, and plasma TV screens were installed in order to improve customer communication.

Concurrently with the branch network expansion, the number of the Bank's contracted sales partners also rose further, to 2,054 at the end of the year. The majority of products sold through the network of agents – similarly to previous years – were home and mortgage loans. The share of agent sales within the total contracted portfolio exceeded 52%, and displayed a 36% increase in volume compared to 2007. The Bank's sales partners accounted for a more than 40% of the total sales of OTP Building Society contracts, and also brokered some three quarters of the volume of home leasing transactions. The share of this sales channel within lending to condominiums grew by more than 25%.

OTP Bank has always placed particular emphasis on expanding the range of products available through its network of agents. In this spirit, taking market requirements into consideration, the selection of products offered to micro and small enterprises via the agent network has been broadened with the addition of the "Lendület" (Momentum) Current Account Overdraft, Lombard Credit and the Electronic Ft Account Package, while condominiums can now also request the "Alap" (Basic) and "Mozaik" (Mosaic) account packages through this channel.

Bank card business

As of 31 December 2008 the number of cards issued by OTP Bank stood at 3,968,000.

The number of retail deposit and credit cards in circulation at the end of 2008 exceeded 3,822,000. Within this category, the number of retail debit cards stood at close to 3,507,000. The number of the highly popular Multipont (Multipoint) debit cards was close to 380,000, and the number of the dynamically growing retail FX cards – having achieved an increase of nearly 35% – reached 23,500 on 31 December 2008. OTP Bank's retail credit cards continue to be extremely popular. At the end of 2008 the number of these cards grew by 14.7%, reaching 315,000. Nearly two-thirds of the retail credit cards consist of the very popular Amex Blue card. The Amex Gold credit card, designed for affluent customers, has also grown continuously, with the number of such cards reaching 6,400 in December 2008.

On 31 December 2008, the number of business cards in circulation was 145,000. The number of Széchenyi Cards, similarly to previous years, continued to fall, and currently stands at 5,600.

As of December 2008, OTP Bank was operating a network of 1,987 ATMs for the convenience of its customers. In 2008, 79.3 million transactions were realised through the Bank's ATM network, in a total volume of HUF 2,575 billion. The Bank's customers performed nearly 69.5 million ATM transactions using cards issued by OTP Bank in 2008, in a total value of HUF 2,193.6 billion. The average value per transaction rose from HUF 31,300 to HUF 32,500.

In 2008, the number of POS terminals of OTP Bank located in commercial outlets increased by 4,155 compared to the previous year, reaching a total of 26,808. The number of POS terminals located in the Bank's branches stood at 3,686 at year-end. The number of purchase transactions performed on the Bank's own commercial POS terminals increased by 20%, to 125 million, while the value of the performed transactions also increased by 17%, to HUF 989.6 billion. The number of POS transactions performed with cards issued by OTP Bank was close to 87 million, while the value of the turnover stood at close to HUF 691 billion in 2008.

SAVINGS AND INVESTMENTS

OTP Bank continues to be the largest player in the Hungarian retail banking market. At the end of 2008 the OTP Bank Group's market share within the credit institution system – based on the combined balance sheet total of monetary institutions – was 30.4% of household deposits (OTP Bank: 28.0%). Within the group, Merkantil Bank and the OTP Building Society, in addition to OTP Bank, offer deposit products for households. In addition, OTP Fund Management, the OTP Funds, as well as OTP Bank itself offer a full range of savings products.

Bank savings

By year-end 2008, the retail deposits' volume of OTP Core reached HUF 2,168.6 billion. At the same time, the volume of retail deposits placed with OTP Bank reached HUF 2,027.4 billion, which represents an approximately 10% increase over the previous year's figure.

Within retail deposits, retail forint deposits grew by 8%, amounting to HUF 1,611.9 billion at the end of 2008. This gave OTP Bank a share of 26.6% in household forint deposits (OTP Group: 29.4%). Within retail deposits, the share of current account deposits was 80%, which represents a 11.5% increase since December 2007, and amounted to close to HUF 1,348.5 billion in December 2008. The Bank's share of demand deposits in the banking sector remained outstandingly high, at 42.0% in December 2008. The total value of passbook deposits continued to decrease – by a further 3.4% – within forint deposits, representing slightly more than 14% of the total portfolio in December 2008, and amounting to HUF 220.5 billion.

Foreign-currency deposits rose by HUF 63.9 billion, or by 18.2%, in 2008 compared to December 2007; thus the portfolio reached HUF 415.5 billion by the end of 2008. As a result, the share of FX deposits within the total portfolio of retail deposits was 20.5% in December 2008, representing a 1.4% increase over the previous year's figure. The share of OTP Bank in household FX deposits was 36.0% as of 31 December 2008.

OTP Building Society offers the widest range of products in the building society savings market. This product is especially useful for customers who are saving in order to pay for renovation or modernisation work, but it can also be sold in conjunction with OTP Bank's housing or multipurpose mortgage loans which in this way offer lower instalments for customers in the first years of the loan repayment period compared to facilities with evenly distributed repayment instalments.

As a combined result of deposit payments related to contracts that are in the savings phase and the payments made in respect of contracts in the redemption phase, the volume of OTP Building Society's deposits grew by 17.5% to 154 billion in 2008, 92% of which came from retail customers (HUF 141.6 billion). In the course of the year OTP Building Society concluded close to 100,000 contracts with a contract amount of HUF 174 billion, and its estimated market share, based on the deposit portfolio, is approximately 50%.

Investment funds, securities

The trends on the securities market in 2008 can be divided into two phases: in quarters one to three, the volume of investment funds and shares slightly fell while the volume of bond-type securities (government bonds and mortgage bonds) increased. However, as a result of the market events in the autumn, investors attempted to offload virtually all their investment assets, which sent the price of securities into freefall. Overall, shares and investment funds lost the most value, but bond-type securities also suffered considerable losses due to yield increases.

In the investment fund market, 2008 saw varying degrees of contraction in the individual customer segments (households: 25.8%, non-financial companies: 17.9% and municipalities: 19.3%) which, overall, resulted in a drastic reduction in the portfolios managed by the funds (HUF 552 billion). The decrease can be explained by the loss in value of the funds' portfolios, a reduction in realised returns and the subsequent considerable withdrawal of cash, especially from real estate funds, and liquidity and short bond funds that had not yet suffered capital losses.

The Bank's market share in the household investment fund market fell from 29.5% in 2007 to 27.0% at the end of 2008 (in 2006 it stood at 24.6%). In 2007 and partly at the beginning of 2008, due to the Hozamduó (Yield Duo) Savings Program the Bank considerably increased its portfolio; however, the changes that took place in the 4th quarter of 2008 had the greatest negative impact in terms of capital withdrawal on bond and real estate funds, in which instruments the Bank has a higher than average share. In respect of the entire customer base, the market share in 2008 fell slightly from 30.2% to 28.2%. In the securities fund market OTP Fund Manager's market share stood at 30.9% at the end of 2008, which represents a 1.5 percentage point change compared to 2007.

The securities portfolio of the Bank's customers in 2008 fell by 33.9%, to HUF 1,188 billion. At the same time, bond-type products classed as the Bank's own sources of funds also grew in absolute terms: the OTP's Own Bond and the OTP Mortgage Bond increased their combined portfolio by HUF 82 billion. The portfolio representing the Bank's entire volume of own funds increased from 26.3% at the end of 2007 to 44.7% at the end of 2008 within the securities customer portfolio. In a period when funds are typically difficult to come by this may be regarded as an excellent achievement, because these products, unlike deposits, represent a source of funds for the Bank Group not for just 2-3 months but for at least a year.

The number of securities accounts grew by 5.8%, to 326,000, in 2008. The best month was October, when 5,300 accounts, representing 30% of the annual growth, were opened. The promotion of self-help on the part of retail customers continues to be an important objective of the Bank Group, as clearly shown by the fact that the number of Pension Saving Scheme (NYESZ) accounts grew by 48%, to reach 28,600.

In 2008 OTP Bank successfully implemented the provisions of the EU Capital Markets Directive (MiFID), which has become an integral and daily part of the Bank's customer management activities.

At the end of 2007 OTP Bank launched its new Premium Wealth Planning Service in 63 branches across the country, the purpose of which is to help with the investment decisions of customers who are more active and have more savings than average. At the end of 2008, customers had access to one of the most important components of the Bank's increasingly expansive segmented customer management practices and premium services. The Premium Wealth Planning Service was very well received, as evidenced by the fact that it was used by more than 34,000 customers nationally in 2008, and indicates that in a highly competitive market environment, cultivating a long-term personal relationship between customers and the Bank based on consultation and counselling is especially important. In 2009 we will continue to focus on reaching active premium customers and offering high quality services to them, in addition to focusing on the "after sales" care of existing wealth planning customers and the review and adjustment of their portfolio.

In 2008, OTP Fund Manager launched a total of 15 new funds in the market. The most activity took place in the 2nd quarter, in which the fund manager launched 8, mainly yield and capital guaranteed funds.

It was in the second half of the year that the impact of the global money and capital market crisis came to be felt in the volume of managed funds. The net asset value of the investment funds managed by the Fund Manager fell from HUF 813.1 in 2007 to 641.1 by the end of 2008. The market share of OTP Fund Management in the securities fund market stood at 30.5% (compared to 32.4% at the end of 2007).

The Fund Manager's assets in the fund segment fell by 14.0%, to HUF 549.0 billion. Within the framework of other portfolio management activities, it managed HUF 184.5 billion in assets, which was 4.3% more than in the previous year.

In 2008 the Fund Manager achieved an after-tax profit of HUF 4,987.7 million according to IFRS, which resulted in return on average assets (ROAA) of 51.52% and a 74.5% return on average equity (ROAE). The Company's cost-to-income ratio in 2008 was 26.2%.

Pension and health fund services

The management of fund assets within the Bank Group is performed by OTP Fund Management, while the related administrative tasks and member recruitment activities are performed by OTP Funds Servicing and Consulting.

The OTP Funds continue to play a decisive role in the funds market both in terms of fund assets and the number of members. However, at the end of 2008, as was the case with the assets in the funds of the other market players, the aggregate assets of the OTP Funds fell – by 14.2%, to HUF 538.8 billion – due to a fall in the market value of the securities in their portfolios, a consequence of the financial crisis.

The assets of the OTP Private Pension Fund fell by 15.4%, to HUF 436.7 billion, while its membership grew from 805,000 to 835,000. In 2008 the assets of the OTP Voluntary Pension Fund fell from HUF 106.2 billion to HUF 95.4 billion – representing a decline of 10.4% – while it had close to 250,000 members – 7.9% fewer than in the previous year. The assets of the OTP Health Fund stood at HUF 6.8 billion, with the number of its members exceeding 134,000.

RETAIL LENDING

Retail loans

The consolidated retail loan portfolio of OTP Core[6], which comprises all core operations in Hungary, was HUF 2.189,5 billion at the end of 2008 (+26.2% compared to 2007).

Mortgage loans, residential property leasing

In the first three quarters of 2008 the trends of previous years continued in Hungary's real estate and mortgage market. In the autumn, the impact of the global financial crisis was felt in the Hungarian markets as well, especially in the credit markets, where a major change in trend occurred.

The volume of home construction – based on newly submitted building permit applications and the number of completed construction projects – stagnated throughout the year in 2008, and actually fell by 10% in the last two months of the year. The residential market experienced an even greater decline than this, with this decline also becoming more pronounced towards the end of the year.

The demand for housing loans and mortgage loans grew in the first three quarters of 2008 and exceeded, by more than 26%, the level in the same period of the previous year. As a result of the economic crisis, funds became more expensive and less readily available, which led to a fall in the supply of credit, a fact that, from November, began to be reflected in the contracted loan volumes. Sales in the last two moths of the year fell by 37% compared to the previous year. Increased interest rates and more stringent conditions, due to the lack of foreign currency funds as well as the considerable devaluation of the forint, led to a foreign currency credit crunch which caused a decrease

[6] Consolidated IFRS volums of OTP Bank, OTP Mortgage Bank, OTP Building Society and OTP Faktoring containing also the retail and micro and small enterprises, less the loans taken over from the foreign subsidiaries

in the disbursement of FX-based loans from 93% at the beginning of the year to 85% at the end of the year.

Trends in the market also determined the mortgage lending practices of the OTP Bank Group. In the first three quarters of the year, the contract volume of mortgage loans grew by 66% compared to the same period of 2007 while sales in the last two months of the year fell to one quarter. Overall, the Bank Group realised a 20% growth in new mortgage loan contracts, which represents double the rate of growth of the market, primarily as a result of the dynamic – 35% – growth in multipurpose mortgage loan volumes.

In 2008 the Bank continued the overhaul of its property-backed lending activities, implementing several developments to increase the efficiency and speed of the lending process and taking further measures to make its branch sales operations more customer-focused. The implementation will be completed in March 2009.

The outstanding product development achievement of the year was a real estate loan combined with the OTP Generation Credit life insurance, launched in August 2008, where the amount of the principal instalment is paid into the capital-protected endowment life insurance policy selected by the customer from a range of available options throughout the first 10 years of the term. The facility was acknowledged by the industry and received the “Retail Loan Product of the Year” award in the 2008 MasterCard competition. In 2008 the Bank launched housing and mortgage loans for non-resident customers as well.

The consolidated mortgage loan portfolio of the Hungarian OTP Core – which, in addition to housing loans, also contains multipurpose mortgage loans – stood at HUF 1,715.9 billion on 31 December 2008, 24.7% more than in the previous year. Within this category, the portfolio of housing loans grew by 12.4%, to HUF 1,326.2, at year-end, while the portfolio of multipurpose mortgage loans almost doubled to reach HUF 389.7 billion. Close to half of the portfolio consisted of FX-based loans.

The portfolio market share of mortgage loans at group level[7] fell by 4%, to 27.8%, by the end of 2008, despite the fact that the Group achieved a growth of 3.1% in its share of the multipurpose mortgage loan market; however, this was not sufficient to counterbalance the 4.3% loss in the housing loan portfolio, which fell to 32.3%.

Similarly to the growth seen in the retail mortgage-lending market, the residential property leasing market also grew dynamically up until October 2008. Despite the drastically negative changes in October, OTP Home Leasing increased its closing portfolio by close to 90% in 2008 and continues to be a major player in the two key market segments. By making use of the opportunities presented by lease-financing in the market for new-build residential properties intended for sale the Company offers its customers favourable home-leasing products, while in the market for used homes it is supplementing and expanding its range of mortgage lending products by leveraging the special advantages inherent in the market. Through an exceptionally successful sales drive, OTP Home Leasing maintained its outstanding market share, and secured close to 60% of new contracts in 2008 on the market where there are now 12 participants competing for business. Home leasing products are being sold in 300 branches of the Bank, and besides third-party agent sales, relations with property developers have also been extended further.

Consumer loans

OTP Core had a consumer loan portfolio[8] of HUF 391.4 billion at the end of 2008, 28.7% higher than at the end of 2007.

After housing loans, personal loan products now also offer instalment payment insurance with a monthly premium, which was well received by customers.

The Bank Group’s market share[9] in household consumer and other loans – including home equities – increased by 2 percentage points, and was 26.8% on 31 December 2008.

[8] OTP Bank, OTP Mortgage Bank, and OTP Building Society combined, based on Supervisory Balance Sheet, according to HAS, and based on credit institution housing loans
[8] Contains multipurpose mortgage loans, as mentioned under mortgage loans, due to the MNB classification
[9] Calculated

PRIVATE BANKING SERVICES

In 2008, the OTP Private Banking Division once again maintained the dynamic growth achieved in previous years in terms of customer acquisition, reaching a total of 15,000 private banking contracts by the end of the year, which, together with co-account holders, represents a private banking clientele of close to 23,000 individuals. In 2008 the number of private banking contracts grew by 1,207 (from 13,748 to 14,955) representing a growth of 8.8%. At the same time, the ratio of higher income bracket segments continued to increase within the customer base.

In the most difficult period, October 2008, a record number of new customers, exceeding twice the average number, became members of OTP Private Banking, which indicates the heightened value of relationship management.

The joint private banking/corporate "value offer" and the related service model were further enhanced, offering a unique opportunity on the market for a high-standard, one-stop solution for private and corporate banking transactions. Since the introduction in July 2006 of the SME Gold Account product, the number of contracts opened under the joint corporate/private banking offer – together with approximately 400 new members – exceeded 2,000 by the end of 2008.

The extraordinary market circumstances – the unparalleled market setbacks of 2008, involving virtually every investment asset class – had a marked impact on the assets managed by the Private Banking Division as well. The market-price decrease, which was most pronounced in the last quarter, resulted in close to HUF 65.7 billion in revaluation losses in the managed portfolio, yet by year-end the assets of the division had nonetheless reached HUF 452 billion. This represents a slight increase compared to the closing assets in 2007 despite strikingly unfavourable market influences – a result to which few asset managers could lay claim in 2008 – and which was due to a very dynamic growth in new assets. OTP Bank maintains a solid market leading position in this segment as well.

As a result of global market events and a decrease in risk appetite, money-market instruments came to the fore within the managed portfolio. Primarily as a result of a robust growth in the overall deposit portfolio, the portfolio that provides the Private Banking Division's own funds grew by HUF 82.1 billion (36.4%) in 2008, while the division's loan-to-deposit ratio fell significantly. OTP Private Banking also made a significant contribution to the further strengthening of the Bank's liquidity position. With respect to profitability, the division's contribution to profits is solid despite the unfavourable market events, and its interest and non-interest revenues grew by 6.6% compared to 2007.

As further indication of the quality of the division, OTP Bank Private Banking, based on a thorough analysis of several quantitative and qualitative factors in 2008, has been awarded the coveted and internationally recognised title of Best Private Banking Service Provider in Hungary in 2009 by Euromoney magazine.

COMMERCIAL BANKING SERVICES

Corporate services

The volume of OTP Bank's deposits from corporate clients accounted for 12.9% of the national total as of 31 December 2008, and its corporate loan portfolio for 7.0%.

OTP Core's corporate deposit portfolio[10] fell by 5.6%, to HUF 828.2 billion, while the corporate loan portfolio fell by 10.1%, to reach HUF 1,047.2 billion at the end of 2008.

In order to meet the challenges of the financial and economic crisis which began in 2008 and has since steadily deepened, and to mitigate and evade the negative effects of the crisis, a change of strategy was implemented in the commercial banking division.

[10] Sum of MSE and MLE volumes

The division's focus in terms of target customers shifted to small and medium-sized enterprises, the borrowing requirements of which pose a more moderate burden in terms of the Bank's own funds, which accept priced-in banking costs, and which use several banking products, while the previous loan-oriented policy in respect of large corporations and municipalities gave way to a service-intensive and cross-selling-oriented business policy.

The corporate, syndicated, project and international trade finance activity, which provides low returns, is credit intensive and poses concentrated risk, was scaled back.

While in previous years and in the first half of 2008 new loan placements grew steadily, in the second half, as the financial crisis unfolded, resource management and pricing became predominant considerations – concerns that reflected the change in the money markets and the rise in the cost of funding. Increasing the net interest margin meant scaling back and eliminating low-margin placements while taking greater account of individual customer profitability.

At the same time, the use of refinanced funds became more prevalent. Loans from refinanced (mainly MFB) funds can be used for virtually all investment and development loan purposes and are well suited for EU tenders, which are of key importance for the division, and this meant that customers' needs could be met even though the funds available to the Bank decreased. In addition, refinanced working capital loan facilities also became available in 2008, but only in the agricultural sector.

Accordingly, product development efforts focused on refinancing loans and on facilities aimed at stimulating deposit collection:

- OTP Bank increased its placements through the programs that had been announced by Magyar Fejlesztési Bank (Hungarian Development Bank) previously, and it also joined new ones,
- the division prepared a complex business offer for new medium-sized corporate customers ("Contact" business package), and for agricultural customers ("Terra" account package),
- flexible, customised time deposit conditions were offered with regard to larger deposits.

2008 also saw the development and enhancement of services and products for the Bank's micro and small-enterprise (MSE) customers. The Standard DevizaPlusz (FX Plus) and E-devizaPlusz (e-FX Plus) account packages were introduced for small enterprises which, in addition to a forint current account and the related services, also offer an FX account. At the beginning of September 2008 the Bank launched the Takaros ("Thrifty") account package, which is an economical account management solution for condominiums and residential cooperatives that execute only a small number of transactions per month. In addition, the division launched its first account package designed exclusively for non-profit companies which, in addition to providing electronic services, also offers preferential monthly account management fees provided the closing savings balance is of a predetermined level.

In the course of the year the Bank launched several deposit promotion campaigns, which offered competitive interest rates, in many cases the best in the market, on new forint and foreign-currency funds brought into the Bank. In order to protect the deposit portfolio collected in the course of the campaign, two additional time deposit facilities with interest rates that were better than the standard deposit interest rates were offered to customers. Only companies with an "e-account" package and non-profit companies can fix their free funds electronically in the two-month "NET" deposit, while the Pyramid Deposit, which has a term of eight months and consists of two-month interest periods where interest is calculated in progressive temporal bands, was designed primarily to suit the saving patterns of condominiums and non-profit customers, although it is also available to corporate customers.

Also introduced was the OTP Ambition Enterprise Development Loan, which enables several investment loan objectives of more than a year to be implemented in a standard process, without having to submit a business plan, and which requires no real estate collateral if it is used for purchasing machines and equipment.

OTP Bank joined the Széchenyi Card 2 credit program, with the key new feature here being the elimination of the quarterly top-up obligation.

In November 2008, OTP Bank indicated to Magyar Vállalkozásfinanszírozási Zrt. (Hungary Enterprise Finance) its intention to join the partially refinanced New Hungary Microcredit program, which as a result has also been available to customers at OTP Bank since January 2009.

In response to the financial crisis, the terms and conditions of lending to small enterprises were reviewed. In order to facilitate the repayment in instalments – over a period of as much as three years – of overdraft liabilities that are excessive relative to a customer's current account turnover, or that otherwise prove difficult for the customer to pay back, the Bank developed, and in February 2009 launched, the OTP Balance Loan.

All the above products are 80% backed by an unconditional guarantee from Garantiqa Hitelgarancia Zrt. (except for the OTP Balance Loan, if the original transaction being refinanced was not guaranteed under a surety undertaking from Garantiqa Hitelgarancia Zrt.).

By simplifying the internal processes involved in lending to condominiums and by revising the associated risk conditions, sales were significantly increased. Most placements were made in respect of the renovation of prefabricated high-rises.

At the end of 2008, the number of OTP Bank's medium and large corporate customers stood at 15,000, and the number of corporate, non-profit, condominium and residential housing-cooperative customers managed by the SME division exceeded 177,000.

The Bank once again succeeded in retaining its leading role in municipality banking in 2008. By the end of 2008, 67% of the client base, 2,143 municipalities and their institutions, were having their current accounts managed at OTP Bank which, amid conditions of fierce competition, represented a fall in market share of 3% over 2007. At the end of 2008, the total volume of municipality deposits was HUF 247.7 billion, which was 2.2% more than at the end of 2007, while the portfolio municipality loans was nearly 16.8% lower, at HUF 194.4 billion. Due to the intensive efforts of the competitors to gain market share, the Bank's market share decreased both in terms of deposits and lending (from 53.1% to 41.0%, and from 55.0% to 48.1% respectively).

Leasing

The Bank Group offers its corporate leasing services through the Merkantil Group. The total vehicle and production-equipment leasing portfolio in Merkantil Car's books rose from HUF 20.2 billion in 2007 to HUF 27.0 billion.

The Bank Group is present on the real estate leasing market through Merkantil Real Estate Leasing Ltd. (MIL Ltd.). At the end of 2008 the balance sheet total of MIL Ltd. stood at HUF 8.1 billion, and its receivables from real estate leasing reached HUF 7.8 billion. Nearly half of the real estate leasing contract portfolio is accounted for in the books of project companies, and the aggregate leasing receivables portfolio of MIL Ltd. and the project companies reached HUF 15.6 billion, representing a 2.2% decrease compared to the end of the previous year.

Project finance

As at 31 December 2008, the value of the project finance portfolio was HUF 358.6 billion. The combined amount of net interest and commission income reached HUF 7.1 billion, which represents an increase of 56.0% compared to the previous year.

The contracts concluded in the first half of the year were the result of negotiations that had been initiated earlier. Perhaps most notable among them are the transactions that are being financed in Bulgaria, such as the Sandrose Holidays project and the shopping centres in Varna.

As a result of the economic crisis, for reasons of liquidity management no opportunities presented themselves for entering into new transactions in the second half of 2008, while the already existing projects are being re-priced and financing is being abandoned. Consequently, several large repayments and prepayments were made in respect of several projects such as, for example, in the case of the loans extended to finance SCD Holding, Bankcenter, Mátra Power Plant and Csepeli Áramtermelő.

Loan and capital market operations

On the international credit market, on 28 April 2008 OTP Bank drew down a EUR 75 million, 10-year loan from the EIB in CHF at a very favourable premium of less than 10 bp over the CHF LIBOR interest rate. Within the framework of its EMTN program launched to raise funds from foreign capital markets, OTP Bank issued a 3-year bond with fixed interest rate for EUR 500 million, with a 19 bps premium over the 3-month EURIBOR with a value date of 16 May 2008, with the participation of DZ and Morgan Stanley as arrangers and distributors. At the time of issuance the interest rate corresponded to a very favourable 140 bp premium over the 3 year midswap rate.

Due to the general international credit crisis and the negative economic trends caused by the subprime mortgage crisis in the summer of 2007, opportunities for raising funds on the capital markets fell to virtually zero. A significant increase in CDS premiums, the lack of a Hungarian benchmark issue and the effective 'dumping' of state-guaranteed international AAA bonds prevented OTP from entering the international capital market.

Municipal bond issuances continued in 2008, although at a slower pace than during the upswing of 2007. OTP Bank took part in the bond issuance programs of a total of 18 municipalities and companies owned by municipalities as arranger, executor and underwriter in a total nominal value of nearly HUF 23 billion.

International syndication and commercial financing

In the second half of 2008, after the global economic crisis took hold, a significant change occurred in the syndicated loans market. Both the primary and the secondary market gradually contracted, the abundance of liquidity seen in previous years disappeared, and risk premiums grew dramatically. As a result, there were no more new syndicated transactions in the primary market, and buyers disappeared from the secondary market. The situation became especially critical by the end of the year. Banks adopted a wait-and-see attitude and attempted to restructure and strengthen their portfolios and focus on monitoring activity.

In response to the change in the economy, OTP Bank also rethought its market strategy and its previous objectives, and its focus on growth was replaced by active portfolio management. Within the framework of active portfolio management, the Bank successfully sold a considerable portion of its assets, and a portion of the remaining assets were re-priced in keeping with the changed market conditions. A key objective of the Bank was to preserve the quality of the portfolio, and therefore monitoring activity was strengthened. Thanks to prudent lending and investment policies, the quality of the portfolio did not deteriorate significantly despite the widening economic crisis, and there were no non-performing or insolvent transactions in the portfolio by the end of the year.

OPERATIONS OF THE FOREIGN SUBSIDIARIES

DSK GROUP

DSK Bank remains one of the market-leading banks in Bulgaria in terms of total assets. The DSK Group's balance sheet total based on IFRS on 31 December 2008 stood at HUF 1,171.6 billion, of which deposits from customers accounted for 62%, or HUF 722.9 billion. This portfolio grew by 11.2% on a year-on-year basis. The gross customer loan portfolio (including SPVs) increased by 30.1% year on year, and reached HUF 1,014.9 billion, representing approximately 87% of the balance sheet total. The share of retail loans (including SME loans) in the gross loan portfolio was 80%.

The consolidated pre-tax profit of the DSK Group (corrected for SPVs) was HUF 34.5 billion, while its after-tax profit was HUF 31.0 billion, which represented a 17.5% increase on a year-on-year basis. The close to HUF 84.0 billion in interest income realised in 2008 and the nearly HUF 30.9 billion interest expense together resulted in net interest income of nearly HUF 53.1 billion. The Group's non-interest revenues rose by 22.4%, coming close to HUF 17 billion.

In 2008 DSK's net interest margin to average balance sheet total was 4.82%.

In 2008, the Group's cost-to-income ratio was 36.7%; the Group achieved ROAA of 2.82% and ROAE of 21.5%.

At the end of December 2008, the Bank's market share based on total assets was 12.7%. Its share of retail deposits was 19.9%. The Bank's share of the home loans market was 28.4%, and its share of retail customer loans was 33.5%.

At the end of 2008, the Bank had a total of 850 ATMs, 3,481 POS terminals and 379 branch offices. The number of employees at DKS Group was 4,279 on 31 December 2008.

OTP BANK RUSSIA

The acquisition of the Russian Investsberbank (ISB) was completed on 30 October 2006 and the Bank was fully consolidated in 2007. The name of Investsberbank was changed to OAO OTP Bank in the first quarter of 2008. We assessed the operation of the Russian subsidiary on the basis of OAO OTP Bank's financial statements in the first quarter of 2008. From the second quarter of 2008 onward, evaluation was based on the combined financial statements of OAO OTP Bank and the newly acquired Donskoy Narodny Bank (jointly referred to as OTP Bank Russia).

On 31 December 2008 OTP Bank Russia's balance sheet total was HUF 529 billion, 72.4% of which was gross loans. Within the HUF 383.1 billion gross loan portfolio corporate loans dropped further, to 29.6%, while retail loans and SME loans rose to 70.4%. Within retail and SME loans, mortgage-backed loans accounted for 26.3%. Consumer loans continue to account for a predominant, 72.3% share. Customer deposits accounted for 42.4% of the total liabilities; within this total, retail deposits amounting to HUF 137.3 billion represented 61.2%, and corporate deposits amounting to HUF 86.9 billion accounted for 38.8%. At year-end OTP Bank Russia's equity stood at over HUF 60.7 billion. In 2008 the Russian subsidiary generated HUF 11.7 billion in pre-tax profit and slightly over HUF 8.9 billion in after-tax profit, which, net of one-off items, translates into an annual 26% growth. The Bank's cost-to-income ratio was 59.5%.

The market share of the Bank is not significant in the Russian market, and is above 1% only with regard to consumer loans.

As of the end of 2008 the Bank operated 128 branches and 192 ATMs, and had a staff of 7,862 employees.

CJSC OTP BANK

On 31 December 2008 CJSC OTP Bank was the 9th largest bank in Ukraine based on its balance sheet total, with a market share of 3.8% based on total assets. On 31 December 2008 the Bank's balance sheet total according to IFRS was HUF 847.0 billion; 90.2% of the assets consisted of receivables from customers and 7.5% consisted of receivables from credit institutions. In contrast with an outstanding, 43.9%, growth over the year in loans to customers, customer deposits declined by 1.4%, due to a significant withdrawal of deposits that occurred in the final quarter of 2008, as a result of which they accounted for 20.1% of the Bank's balance sheet total at the end of 2008.

The close to HUF 89.0 billion in interest income realised in 2008 and the nearly HUF 39.9 billion interest expense together resulted in net interest income of nearly HUF 49.1 billion, which translates into a noteworthy 67% increase on a year-on-year basis. In 2008 the Bank's net interest margin to average balance sheet total improved further, to 6.67%. Due to its conservative provisioning policy, CJSC OTP Bank generated HUF 26.4% in risk provisions in 2008, as against a HUF 60 million release in 2007.

In 2008 the Ukrainian subsidiary generated HUF 23.1 billion in pre-tax profit and HUF 16.4 billion in after-tax profit, which translates into a 16.5% growth on a year-on-basis. The adjusted cost-to-income improved from 45.6% in 2007 to 35.1%, thanks to tight cost controls.

CJSC OTP Bank's share of retail deposits was 1.3%, within which it had a 1.9% share in foreign-currency deposits. The Bank's market share in respect of retail loans was 4.6%.

The Bank increased the number of its branches from 158 to 229 in 2008, and operated a total of 208 ATMs and POS terminals as of 31 December 2008. The number of its employees was 4,392 at the end of 2008.

The Bank's ROAE was 22.5%, and its ROAA was 2.23%.

OTP BANK ROMANIA S.A.

The balance sheet total of OTP Bank Romania (OBR), including the retail and corporate receivables sold to OTP Bank, exceeded HUF 367.5 billion on 31 December 2008, which represented a 23.5% rise compared to the year-end figure of 2007. The Bank's market share based on total assets was 1.2% at the end of 2008. Its equity was HUF 23.2 billion on 31 December 2008.

The Bank's gross loans rose by 50.5%, to HUF 316.8 billion, in 2008. Customer deposits rose by 2.1%, to HUF 72.2 billion, with the Bank's loan-to-deposit ratio reaching 439%. Non-performing loans as a proportion of the total credit portfolio fell from 8.1% in 2007 to 6.9% in 2008. The Bank increased its market share of retail loans from 2.2% at the end of 2007 to 2.8%, while in the area of corporate loans its market share stood at 2.0%. On the housing and mortgage loans market the Bank had a 4.1% share, while in terms of retail deposits its share was 0.7% at the end of 2008.

OTP Bank Romania closed 2008 as its first successful business year: it realised close to HUF 241 million in profit net of one-off items, dividends and definitive transfers of funds. OBR's income grew dynamically, by 65.6%, while there was only a minor increase, of 7.8%, in operating costs due to tight cost control, as a result of which the cost-to-income ratio improved significantly, from 120.7% to 78.5%. Credit risk costs increased from HUF 0.8 billion to HUF 3.0 billion.

The number of the Bank's customers grew from 140,000 to 178,000 over the course of 2008, and the number of issued bankcards increased more than 1.5 times over the previous year, reaching 116,000. The number of retail current accounts managed by the Bank came close to 144,000 at year-end, while the number of corporate accounts surpassed 17,000.

The Bank did not expand its branch network significantly. It only opened 1 new branch in 2008 and was operating a total of 105 branches at year-end. In contrast, the number of the Bank's ATMs and POS terminals rose substantially, reaching 132 and 681 respectively by the end of the year. The number of employees stood at 1,096 at year-end 2008, which was 98 more than a year earlier.

OTP BANKA HRVATSKA D.D.

On 31 December 2008 the consolidated balance sheet total of OTP banka Hrvatska (OBH) was HUF 463 billion, as a result of which the Bank's share of the Croatian market was 3.5%. The Bank's gross loans grew by 24.4%, amounting to HUF 309.6 billion at the end of 2008, giving it a year-end market share of 3.6%. Deposits from customers reached HUF 315.3 billion at the end of 2008, corresponding to a market share of 4.1%. The Bank's cost-to-income ratio was 62.9%.

The Bank increased its market share of retail loans from 4.1% at the end of 2007 to 4.4%, while in respect of corporate loans its market share was 3.1%. In the home loans market the Bank had a share of 5.1% at the end of 2008, while its share of the consumer loans segment was 4.0%, of the retail loans market, 5.3%, and of corporate loans, 1.7%.

At the end of 2008 OTP banka Hrvatska had more than 447,000 customers for whom it was managing close to 422,000 retail accounts and 24,000 corporate accounts. The number of bankcards issued in 2008 grew by 10.5%, to 357,000. Within this, the number of credit cards grew by close to 28.8% during the year, to over 47,000.

OBH's after-tax profit in 2008 was HUF 5,0 billion, up by 41.8% over the previous year. This growth was attributable to a 17.4% increase in interest income, a 14.7% increase in commission fees, a 206% rise in other non-interest revenues and a strict cost control policy.

The Bank's sales network was expanded further in 2008. The program that was aimed at expanding and developing the network of branches and ATMs, which had been launched in 2007, continued in 2008, and as a part of this, 5 new branches were opened and 44 ATMs were installed during the year. As a result, OBH had 105 branches, 163 ATMs and 1,172 POS terminals at the end of 2008. The Group's headcount was 1,047 at the end of 2008, which was 31 persons more than at the end of 2007.

OBS's ROAA was 10.6% at the end of 2008, and its ROAA was 1.14%.

OTP BANKA SLOVENSKO, A.S.

On 1 January 2009, second from among the former socialist countries, Slovakia joined the euro area as its 16th member. The European Union's ministers of finance set the conversion rate of the Slovak currency at a parity of SEK 30.125 to EUR 1, effective from the second half of 2008 onward.

The balance sheet total of OTP Banka Slovensko, a.s. (OBS) was HUF 429.1 billion as at year-end 2008, which represents a 16.6% rise compared to year-end 2007, and which secured it a 2.7% share of the banking market in Slovakia. The Bank's shareholders' equity rose by 29.5%, to HUF 30.6 billion, in the reporting period. OBS's after-tax profit for 2008 (adjusted for one-off items) amounted to HUF 1,431 million, which translates into a HUF 1,169 million decrease compared to the profit of the previous year. The Bank's ROAA at the end of 2008 was 0.39%, its ROAE was 5.7%, and its cost-to-income ratio was 72.3%.

At the end of 2008, due to an increase of 35.4%, OBS's credit portfolio amounted to HUF 314.4 billion, which enabled it to retain its 4.0% market share. Its deposit portfolio rose by 15.7%, to HUF 262.8 billion, in 2008, and its market share was 2.6% as of 31 December 2008.

During the course of 2008 the number of the Bank's customers increased by 19,000, to 188,000. Within this, the number of retail customers was nearly 170,000 and that of corporate customers more than 18,000.

The number of bankcards issued by OBS was nearly 120,000 at the end of 2008, which represents a 12.1% increase compared to the end of 2007. The number of retail cards grew by more than 12,000, to 107,000, and the number of corporate cards grew to nearly 13,000. The Bank's ATMs numbered 119 and the number of proprietary POS terminals was 602 at the end of the year.

The Slovak bank was serving customers through a total of 89 branches at the end of 2008. The Bank's staff headcount was 839 on 31 December 2008.

OTP BANKA SRBIJA

At the end of 2008, OTP Banka Srbija's balance sheet total of HUF 143 billion represented a 2.5% market share on the Serbian market. The loan portfolio amounted to HUF 94.7 billion, representing a 50% increase on a year-on-year basis, which secured the Bank a 2.8% market share. Within total loans, the share of corporate loans increased further, to 73.8%. The Bank's HUF 33.9 billion deposit portfolio meant an 11% decrease compared to 2007, securing it a market share of 1.4% in deposits at the end of 2008.

The Bank achieved HUF 1.7 billion in after-tax profit in 2008 as compared with HUF 594 million in 2007, which was due, in part, to one-off items. The cost-to-income ratio rose by 3.7 percentage points, to 85.4%.

At the end of 2008 the number of the Bank's customers exceeded 362,000, of whom 337,000 were retail customers. The number of bankcards was 94,200 at the end of December, and within this, the number of credit cards exceeded 32,000. The Bank installed 33 new ATMs in 2008, and thus their total number rose to 204. The number of POS terminals was 3,356 at the end of the year. At year-end 2008 the Bank had 95 branches, 5 offices fewer than at the end of 2007. The Bank employed 1,183 people at the end of 2008.

CRNOGORSKA KOMERCIJALNA BANKA AD

As of 31 December 2008, the Bank's balance sheet total was HUF 308.1 billion. Of the gross customer loan portfolio, 30.3% consisted of retail loans, 32% of MSE loans, 34.5% of corporate loans, and 3.2% of municipal loans. Customer deposits amounted to HUF 205.4 billion, nearly half of which, 45.6%, were retail deposits. Customer deposits made up 67% of the balance sheet total and the loan-to-deposit ratio reached 124%. The Montenegrin subsidiary realised HUF 3.12 billion in pre-tax profit and HUF 2.95 billion in after-tax profit in 2008. The cost-to-income ratio was 49.4% in 2008, with a 1.0% return on average assets (ROAA) and a 20.5% return on average equity (ROAE).

At the end of 2006 the Bank had 40 branches and operated 105 ATMs. The number of its customers exceeded 303,000. The number of its employees was 483 at the end of 2008.

IMPORTANT EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

- On 9 February 2009 the Bank's Board of Directors approved implementation of the UAH 800 million (USD 100 million) capital increase at the Ukrainian subsidiary, CJSC OTP Bank.

- OTP Bank Plc. and the Hungarian State agreed that the Hungarian State would grant a loan of EUR 1.4 billion to OTP Bank Plc., through the State Debt Management Agency, in accordance with the relevant provisions of Act XXXVIII of 1992 on Public Finance. The loan will be provided from the funds lent to Hungary recently by inter-governmental organisations. The loan will be disbursed in two instalments, on 1 April and 30 June 2009, and will mature on 11 November 2012. Repayment of the full amount – following a grace period lasting until November 2010 – will be due in equal quarterly instalments over two years.

  The loan is being provided at market terms; the interest payable by OTP Bank is 245-250 basis points over the prevailing benchmark rate.

  The purpose of the loan agreement is to give Hungarian enterprises access to credit, to mitigate the negative impacts of the economic crisis and stabilise the financial system.

  In order to contribute effectively to stimulating the economy, the Bank primarily intends to make the excess funds available to domestic corporate customers.

  As a part of the agreement, and to facilitate monitoring to verify that the loan is being utilised for its intended purpose, at its General Meeting on 24 April 2009, OTP Bank will propose that its shareholders approve the appointment of an observer, delegated by the State, to the Supervisory Board and Audit Committee.

STATEMENT ON CORPORATE GOVERNANCE PRACTICE

Corporate governance practice

OTP Bank Plc., as a Hungarian-registered company, has a corporate governance system that accords with the provisions of the Hungarian Act on Companies. Due to the nature of its banking operations, it also complies with the statutory regulations pertaining to credit institutions.
Beyond fulfilling the statutory requirements, as a company listed on the Budapest Stock Exchange (BSE), it makes an annual declaration on its compliance with the BSE's Corporate Governance Recommendations, which, following approval by the General Meeting, it publishes on the websites of both the Stock Exchange (www.bet.hu) and the Bank (www.otpbank.hu).

Internal control system

OTP Bank Plc., as a provider of financial and investment services, operates a closely regulated and state-supervised system of internal controls.

The Company has detailed risk management regulations applicable to all types of risks, which are in compliance with the legal regulations on prudent banking operations. Our risk management system extends to cover the identification of risks, the assessment and analysis of their impact, elaboration of the required action plans and the monitoring of their effectiveness and results.

To ensure effective internal auditing, the Company's internal control system is structured along both vertical and horizontal lines. The system of internal checks and balances comprises a combination of process-integrated, management and independent internal audit functions. The independent internal audit organisation promotes the use of safe, well-considered business procedures, efficient operation and the minimising of risks, besides monitoring compliance with the statutory provisions. It regularly prepares objective and impartial reports on risk management operations, internal control mechanisms and corporate governance functions, for the executive boards and management.

In keeping with the regulations of the European Union and the applicable Hungarian laws, the Bank has established an independent organisational unit with the task of identifying and managing compliance risks.

General Meeting

The General Meeting is OTP Bank Plc.'s supreme governing body. The regulations pertaining to its operation are set forth in the Company's Bylaws, and comply fully both with general and special statutory requirements. Information regarding the General Meeting is published in the Corporate Governance Report.

Committees

Members of the Board of Directors
Dr. Sándor Csányi – Chairman
Dr. Antal Pongrácz
Dr. László Urbán
Dr. László Utassy
Mihály Baumstark
Dr. Tibor Bíró
Péter Braun
Dr. István Kocsis
Dr. Sándor Pintér
Dr. György Szapáry
Dr. József Vörös

Members of the Supervisory Board
Tibor Tolnay – Chairman
Dr. Gábor Horváth
Jean-Francois Lemoux
Antal Kovács
András Michnai

Members of the Audit Committee
Dr. Gábor Horváth – Chairman
Tibor Tolnay
Jean-Francois Lemoux

The résumés of the committee and board members are contained in the Corporate Governance Report/Annual Report.

Operation of the executive boards

OTP Bank Plc. has a dual governance structure, in which the Board of Directors is the Company's executive body, while the Supervisory Board performs oversight tasks. Through their work, the Audit Committee and the Supervisory Board promote effective operation. To assist it in the performance of its governance functions the Board of Directors has created, as permanent committees, the Executive Committee and the Subsidiary Integration Committee. To ensure effective operation the Bank also has a number of permanent and special committees. The Bank gives an account of the activities of the executive boards and the committees every year in its Corporate Governance Declaration.

Consolidated balance sheet of OTP Bank

	31/12/2007 HUF mn	31/12/2008 HUF mn	Change HUF mn	%
Cash, due from banks and balances with the NBH	353,243	348,849	-4,394	-1.2%
Placements with other banks, net of allowance for placement losses	654,788	593,542	-61,246	-9.4%
Financial assets at fair value through statements of operation	285,895	129,332	-156,563	-54.8%
Securities available-for-sale	473,925	481,257	7,332	1.5%
Gross loan	**5,761,095**	**6,996,562**	**1,235,467**	**21.4%**
Allowance for loan losses	-178,658	-270,680	-92,022	51.5%
Loans, net of allowance for loan losses	5,582,437	6,725,882	1,143,445	20.5%
Accrued interest receivable	63,459	87,793	24,334	38.3%
Equity investments	9,892	10,467	575	5.8%
Securities held-to-maturity	317,557	321,733	4,176	1.3%
Premises, equipment and intangible assets, net	541,909	469,701	-72,208	-13.3%
Other assets	178,769	206,592	27,823	15.6%
Total assets	**8,461,874**	**9,379,436**	**917,562**	**10.8%**
Due to banks and deposits from the NBH and other banks	798,154	842,867	44,713	5.6%
Deposits from customers	**5,038,372**	**5,219,226**	**180,854**	**3.6%**
Liabilities from issued securities	985,265	1,526,639	541,374	54.9%
Accrued interest payable	60,153	99,141	38,988	64.8%
Other liabilities	383,189	326,444	-56,745	-14.8%
Subordinated bonds and loans	301,164	316,148	14,984	5.0%
TOTAL LIABILITIES	**7,566,297**	**8,330,465**	**764,168**	**10.1%**
TOTAL SHAREHOLDERS' EQUITY	**895,577**	**1,048,971**	**153,394**	**17.1%**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**8,461,874**	**9,379,436**	**917,562**	**10.8%**

Consolidated, adjusted IFRS Profit and Loss Statement of OTP Group

Main components of P&L account	2007 Audited HUF mn	2008 Audited HUF mn	Change HUF mn	Change %
Consolidated after tax profit	**208,548**	**241,068**	**32,520**	**15.6%**
Dividends and net cash transfers (after tax)	879	2,380	1,501	170.7%
Profit of the strategic open FX position (after tax)	-479	-4,720	-4,241	885.7%
Pre tax result of strategic open FX position	-598	-5,899	-5,301	885.7%
Income taxes	120	1,180	1,060	885.7%
Profit of the sale of OTP Garancia Group (after tax)	0	117,346	117,346	
Goodwill impairment charges (after tax)	0	-92,629	-92,629	
Consolidated after tax profit without the result of strategic open FX position, consolidated dividend and net cash transfers, the result of the sale of OTP Garancia Group and goodwill impairment charges	**208,147**	**218,691**	**10,544**	**5.1%**
Before tax profit (adj)	**248,671**	**250,293**	**1,622**	**0.7%**
Total income (adj)	**629,242**	**732,538**	**103,296**	**16.4%**
Net interest income (adj)	**438,436**	**515,900**	**77,464**	**17.7%**
Net fees and commissions	**133,009**	**140,623**	**7,614**	**5.7%**
Other non-interest income (with net insurance result and net other, other non-interest result) (adj)	**57,797**	**76,015**	**18,218**	**31.5%**
Foreign exchange gains, net (without the result of FX swaps and strategic open position) (adj)	16,992	44,393	27,401	161.3%
Gain on securities, net (adj)	5,085	-1,096	-6,181	-121.5%
Net insurance result	14,387	13,255	-1,132	-7.9%
Net other non-interest result (adj)	21,333	19,462	-1,871	-8.8%
Provision for possible loan losses (adj)	**-42,085**	**-108,043**	**-65,958**	**156.7%**
Other provisions	**-7,397**	**-10,538**	**-3,141**	**42.5%**
Operating cost	**-331,089**	**-363,664**	**-32,575**	**9.8%**
Personnel expenses	-147,830	-167,461	-19,631	13.3%
Depreciation (adj)	**-35,627**	**-38,609**	**-2,982**	**8.4%**
Other non-interest expenses	**-147,632**	**-157,594**	**-9,962**	**6.7%**
from this: contribution tax/special banking tax	**-6,525**	**-5,711**	**814**	**-12.5%**
Income taxes (adj)	-40,524	-31,602	8,922	-22.0%

ANNEX

EXPLANATION OF THE ADJUSTED LINES OF THE IFRS PROFIT AND LOSS STATEMENTS CONTAINED IN THE BUSINESS REPORT

To ensure that the OTP Group's performance is presented in a form that faithfully reflects the underlying processes, we have performed the following structural corrections to the consolidated and individual profit and loss statements contained in the business report. The following is an explanation of the adjustments.

Adjustments:

The received dividends together with liquid assets definitely transferred and received, as well as the after-tax profit arising from strategic open FX positions, the after-tax profit from the sale of the Garancia Group in the third quarter of 2008, and the goodwill impairment recognised in respect of the Serbian OTP banka Srbija and the Ukrainian CJSC OTP Bank in the fourth quarter of 2008 have been taken out of the profit and loss hierarchy, and analysed separately from the other taxed profits arising from the operations of the Group and the individual group members.

In the case of FX swaps, the exchange rate result arising from the revaluation of the swaps' spot rate is presented as a part of the net interest result.

Securities price gain/loss in relation to FX swaps has also been reported as a part of the net interest result.

At OTP Mortgage Bank, the effective interest accrual methodology related to agent commissions was changed in the fourth quarter of 2008. To ensure comparability of the data between time periods, we have reported the interest accrual related to the agent commissions for the fourth quarter of 2008 in accordance with the previous methodology (both at consolidated and OTP Core level).

Insurance premium revenues are presented as a net figure, less expenses, among other net non-interest income items.

The other non-interest revenues arising from the release of provisions set aside prior to acquisitions in the reporting period are not reported as other revenues, but among the risk costs related to loans, which are reduced by the sum of released pre-acquisition provisions.

Other revenues are combined with the profit/loss from real estate transaction lines, from which the aforementioned released pre-acquisition provisions, as well as the definitively received liquid assets have been removed; however the other expenses related to non-financial operations are reported in the adjusted net other revenues line, thereby presenting the result of non-financial operations as a net figure within adjusted net other revenues.

From among the other expenses we have removed the other risk costs, which are reported as a separate item in the corrected profit and loss statement. Other risk costs in the IFRS profit and loss statement are comprised of the following items: the risk costs of contingent and future liabilities, and litigation, the risk costs of asset holdings and securities, and provisioning for other assets. In a similar manner, we removed all definitively transferred funds with the exception of film-industry sponsorship, which are incurred as a quasi marketing expense but recorded as a definitive liquid-assets transfer, and also removed the expenses related to the aforementioned other non-financial operations. The resulting corrected other expenses line effectively only contains purely material costs.

The other risk cost accruals booked in parallel with the interest revenue accruals of the loans of OAO OTP Bank (Russia) are reported as a part of the net interest result in both the consolidated statement and the individual statement of OAO OTP Bank.

In the first quarter of 2008, the definitive liquid-assets transfer executed by OTP Core as the result of completion of a legal transaction, and the release of other provisions performed simultaneously in the same amount in the other risk costs line, are presented as a net figure in both the consolidated and the OTP Core profit and loss statement. (The transaction had a neutral impact on the result in the first quarter of 2008.)

The cost/income ratio, the net interest margin and the risk cost/gross loan portfolio ratio, as well as the ROA and ROE, were calculated from the profit and loss statement with the corrected structure, excluding the received dividend, net definitive liquid-assets transfer/receipt and the result of strategic open positions. In the case of the C/I ratio, the expenses do not include other risk costs.

BALANCE SHEET,
INCOME STATEMENT AND CASH FLOW

HAR UNCONSOLIDATED

OTP BANK PLC. **31 December 2008**

ASSETS

Figures in million HUF

	Name of the item	31 December 2007	Reclassification of 2007	31 December 2008
1.	**Liquid assets**	**229,644**	-	**157,437**
2.	**Treasury bills and similar securities**	**339,281**	-	**434,736**
	a) held for trading	180,038	-	230,036
	b) held as financial fixed assets	159,243	-	204,700
2/A.	Valuation difference on treasury bills	-	-	-
3.	**Loans and advances to credit institutions**	**858,210**	-	**928,335**
	a) repayable on demand	13,227	-	16,386
	b) other loans and advances in connection with financial services	844,328	-	911,409
	ba) with remaining maturity of less than one year	443,986	-	537,619
	Showing separately: - to affiliated companies	381,929	-	364,448
	- to other companies linked by virtue of participating interests	-	-	15,000
	- to the NBH	-	-	-
	- to clearing houses	-	-	-
	bb) with a remaining maturity of more than one year	400,342	-	373,790
	Showing separately: - to affiliated companies	362,988	-	358,545
	- to other companies linked by virtue of participating interests	-	-	-
	- to the NBH	-	-	-
	- to clearing houses	-	-	-
	c) in connection with investment services	655	-	540
	Showing separately: - to affiliated companies	-	-	-
	- to other companies linked by virtue of participating interests	-	-	-
	- to clearing houses	-	-	-
3/A.	Valuation difference on loans and advances to credit institutions	-	-	-
4.	**Loans and advances to customers**	**2,217,074**	**-311**	**2,714,969**
	a) in connection with financial services	2,215,855	-311	2,714,268
	aa) with a remaining maturity of less than one year	554,691	-16	629,636
	Showing separately: - to affiliated companies	65,579	-	154,286
	- to other companies linked by virtue of participating interests	992	-	45
	ab) with a remaining maturity of more than one year	1,661,164	-295	2,084,632
	Showing separately: - to affiliated companies	456,642	-	848,013
	- to other companies linked by virtue of participating interests	4,465	-	0
	b) in connection with investment services	1,219	-	701
	Showing separately: - to affiliated companies	-	-	-
	- to other companies linked by virtue of participating interests	-	-	-
	ba) receivables in connection with investment services on the exchange markets	-	-	-
	bb) receivables in connection with investment services outside the exchange markets	-	-	-
	bc) receivables from customers in connection with investment services	1,219	-	701
	bd) claims from clearing corporations	-	-	-
	be) receivables in connection with other investment services	-	-	-
4/A.	Valuation difference on loans and advances to customers	-	-	-
5.	**Debt securities, including fixed-income securities**	**559,756**	-	**621,201**
	a) issued by local governments and other public bodies	55,741	-	85,887
	(not including treasury bills and similar securities)	-	-	-
	aa) held for trading	359	-	853
	ab) held as financial fixed assets	55,382	-	85,034
	b) securities issued by other borrowers	504,015	-	535,314
	ba) held for trading	146,057	-	93,197
	Showing separately: - issued by affiliated companies	142,040	-	77,947
	- issued by other companies linked by virtue of participating interests	-	-	-
	- own shares repurchased	-	-	8,026
	bb) held as financial fixed assets	357,958	-	442,117
	Showing separately: - issued by affiliated companies	309,439	-	404,742
	- issued by other companies linked by virtue of participating interests	-	-	-
5/A.	Valuation difference on debt securities	-	-	-
6.	**Shares and other variable-yield securities**	**210,241**	-	**152,935**
	a) shares and participations in corporations held for trading	202,197	-	145,423
	Showing separately: - issued by affiliated companies	-	-	-
	- issued by other companies linked by virtue of participating interests	-	-	-
	b) variable-yield securities	8,044	-	7,512
	ba) held for trading	-	-	-
	bb) held as financial fixed assets	8,044	-	7,512
6/A.	Valuation difference on shares and other variable-yield securities	-	-	-

	Name of the item	31 December 2007	Reclassification of 2007	31 December 2008
7.	**Shares and participations in corporations held as financial fixed assets**	**892**	**-**	**942**
	a) shares and participations in corporations held as financial fixed assets	892	-	942
	Showing separately: - participating interests in credit institutions	-	-	-
	b) adjusted value of shares and participations in corporations held as financial fixed assets	-	-	-
	Showing separately: - participating interests in credit institutions	-	-	-
7/A.	Valuation difference on shares and participations in corporations held as financial fixed assets	-	-	-
8.	**8) Shares and participating interests in affiliated companies**	**321,156**	**-**	**398,672**
	a) shares and participations in corporations held as financial fixed assets	321,156	-	398,672
	Showing separately: - participating interests in credit institutions	245,610	-	299,729
	b) adjusted value of shares and participations in corporations held as financial fixed assets	-	-	-
	Showing separately: - participating interests in credit institutions	-	-	-
9.	**Intangible assets**	**259,413**	**29**	**166,983**
	a) intangible assets	259,413	29	166,983
	b) adjusted value of intangible assets	-	-	-
10.	**Tangible assets**	**72,052**	**-107**	**71,036**
	a) tangible assets for financial and investment services	69,083	-102	68,060
	aa) land and buildings	43,195	1	45,074
	ab) machinery, equipment, fittings, fixtures and vehicles	21,203	-103	19,518
	ac) tangible assets in course of construction	4,685	-	3,468
	ad) payments on account	-	-	-
	b) tangible assets not directly used for financial and investment services	2,969	-5	2,976
	ba) land and buildings	2,696	-	2,696
	bb) machinery, equipment, fittings, fixtures and vehicles	222	-5	228
	bc) tangible assets in course of construction	51	-	52
	bd) payments on account	-	-	-
	c) adjusted value of tangible assets	-	-	-
11.	**Own shares**	**54,208**	**-**	**53,750**
12.	**Other assets**	**46,244**	**114**	**47,328**
	a) stocks	487	2	604
	b) other receivables	45,757	112	46,724
	Showing separately: - from affiliated companies	26,202	-50	14,347
	- from other companies linked by virtue of participating interests	-	-	-
12/A.	Valuation difference on other receivables	-	-	-
12/B.	Positive valuation difference on derivatives	-	-	-
13.	**Prepayments and accrued income**	**108,207**	**-37**	**119,168**
	a) accrued income	107,620	-37	118,195
	b) accrued costs and expenses	587	-	973
	c) deferred charges	-	-	-
	Total assets	**5,276,378**	**-312**	**5,867,492**
	Showing separately:	-	-	-
	- CURRENT ASSETS	*1,872,525*	98	*1,912,906*
	(1+2/a+3/a+3/ba+3/c+4/aa+4/b+5/aa+5/ba+6/a+6/ba+11+12+			
	+a 2/A, 3/A, 4/A, 5/A, 6/A, 12/A and 12/B as pertaining to the			
	previous items)			
	- FIXED ASSETS	*3,295,646*	*-373*	*3,835,418*
	(2/b+3/bb+4/ab+5/ab+5/bb+6/bb+7+8+9+10+ a 2/A, 3/A, 4/A, 5/A, 6/A, 7/A,			
	12/A and 12/B as pertaining to the previous item)]			

OTP BANK PLC.
LIABILITIES

Figures in million HUF

	Name of the item	31 December 2007	Reclassification of 2007	31 December 2008
1.	**Amounts owed to credit institutions**	**565,719**	**-**	**705,808**
	a) repayable on demand	30,504	-	25,903
	b) with agreed maturity dates or periods of notice in connection with financial services	535,104	-	679,662
	ba) with remaining maturity of less than one year	242,273	-	535,420
	Showing separately: - to affiliated companies	85,736	-	142,457
	- to other companies linked by virtue of participating interests	26,441	-	-
	- to the NBH	-	-	114,998
	- to clearing houses	-	-	-
	bb) with remaining maturity of more than one year	292,831	-	144,242
	Showing separately: - to affiliated companies	-	-	-
	- to other companies linked by virtue of participating interests	-	-	-
	- to the NBH	-	-	-
	- to clearing houses	-	-	-
	c) in connection with investment services	111	-	243
	Showing separately: - to affiliated companies	-	-	-
	- to other companies linked by virtue of participating interests	-	-	-
	- to clearing houses	-	-	-
1/A.	Valuation difference on amounts owed to credit institutions	-	-	-
2.	**Amounts owed to customers**	**3,159,732**	**18**	**3,243,056**
	a) savings deposits	249,566	-	214,680
	aa) repayable on demand	129,487	-	123,722
	ab) with remaining maturity of less than one year	120,079	-	90,958
	ac) with remaining maturity of more than one year	-	-	-
	b) other liabilities in connection with financial services	2,908,698	18	3,027,518
	ba) repayable on demand	1,013,458	16	926,589
	Showing separately: - to affiliated companies	4,895	-	31,157
	- to other companies linked by virtue of participating interests	153	-	37
	bb) with remaining maturity of less than one year	1,892,858	2	2,079,497
	Showing separately: - to affiliated companies	17,025	-	8,444
	- to other companies linked by virtue of participating interests	2,106	-	730
	bc) with remaining maturity of more than one year	2,382	-	21,432
	Showing separately: - to affiliated companies	-	-	-
	- to other companies linked by virtue of participating interests	-	-	-
	c) in connection with investment services	1,468	-	858
	Showing separately: - to affiliated companies	-	-	-
	- to other companies linked by virtue of participating interests	-	-	-
	ca) liabilities in connection with investment services on the stock exchange markets	-	-	-
	cb) liabilities in connection with investment services outside the stock exchange markets	-	-	-
	cc) liabilities to customers in connection with investment services	1,468	-	858
	cd) liabilities to clearing corporations	-	-	-
	ce) liabilities in connection with other investment services	-	-	-
2/A.	Valuation difference on amounts owed to customers	-	-	-
3.	**Debts evidenced by certificates**	**414,459**	**-**	**619,185**
	a) debt securities in issue	394,087	-	603,242
	aa) with remaining maturity of less than one year	1	-	256,712
	Showing separately: - to affiliated companies	-	-	-
	- to other companies linked by virtue of participating interests	-	-	-
	ab) with remaining maturity of more than one year	394,086	-	346,530
	Showing separately: - to affiliated companies	-	-	-
	- to other companies linked by virtue of participating interests	-	-	-
	b) other debt securities issued	244	-	241
	ba) with remaining maturity of less than one year	244	-	241
	Showing separately: - to affiliated companies	-	-	-
	- to other companies linked by virtue of participating interests	-	-	-
	bb) with remaining maturity of more than one year	-	-	-
	Showing separately: - to affiliated companies	-	-	-
	- to other companies linked by virtue of participating interests	-	-	-

	Name of the item	31 December 2007	Reclassification of 2007	31 December 2008
	c) debt instruments treated as securities for accounting purposes, which are not	20,128	-	15,702
	recognized as debt securities under the Capital Markets Act	-	-	-
	ca) with remaining maturity of less than one year	11,265	-	8,788
	Showing separately: - to affiliated companies	-	-	-
	- to other companies linked by virtue of participating interests	-	-	-
	cb) with remaining maturity of more than one year	8,863	-	6,914
	Showing separately: - to affiliated companies	-	-	-
	- to other companies linked by virtue of participating interests	-	-	-
4.	**Other liabilities**	**45,652**	**124**	**39,246**
	a) with remaining maturity of less than one year	45,652	124	39,246
	Showing separately: - to affiliated companies	5,088	12	858
	- to other companies linked by virtue of participating interests	49	-	171
	b) with remaining maturity of more than one year	-	-	-
	Showing separately: - to affiliated companies	-	-	-
	- to other companies linked by virtue of participating interests	-	-	-
4/A.	Negative valuation difference on derivatives	-	-	-
5.	**Accruals and deferred income**	46,374	-3,521	141,761
	a) deferred income	338	-	749
	b) deferred costs and expenses	46,036	-3,521	141,012
	c) deferred income	-	-	0
6.	**Provisions for liabilities and charges**	72,174	2	86,471
	a) provisions for pension and severance pay	-	-	1,000
	b) provisions for contingent liabilities and for (future) commitments	9,369	2	26,962
	c) general risk provisions	43,270	-	43,344
	d) other provisions	19,535	-	15,165
7.	**Subordinated liabilities**	299,231	-	302,878
	a) subordinated loan capital	172,556	-	170,488
	Showing separately: - to affiliated companies	-	-	-
	- to other companies linked by virtue of participating interests	-	-	-
	b) other contributions received from members in respect of co-operative credit institutions	-	-	-
	c) other subordinated liabilities	126,675	-	132,390
	Showing separately: - to affiliated companies	-	-	-
	- to other companies linked by virtue of participating interests	-	-	-
8.	**Subscribed capital**	28,000	-	28,000
	Showing separately: - own shares repurchased on nominal value	610	-	1,742
9.	**Subscribed capital called but unpaid (-)**	-	-	-
10.	**Capital reserve**	52	-	52
	a) difference between the par value and the purchase price of shares and securities (premium)	-	-	-
	b) other	52	-	52
11.	**General reserve**	96,249	-	101,670
12.	**Profit reserve (±)**	384,521	-	495,270
13.	**Tied-up reserves**	56,320	-	55,305
14.	**Revaluation reserve**	-	-	-
	a) revaluation reserve on value adjustments	-	-	-
	b) fair value reserve	-	-	-
15.	**Profit or loss for the financial year (±)**	107,895	3,065	48,790
		-	-	-
	Total liabilities	5,276,378	-312	5,867,492
	Showing separately:			
	- SHORT-TERM LIABILITIES	3,487,400	142	4,088,177
	(1/a+1/ba+1/c+1/A+2/aa+2/ab+2/ba+2/bb+2/c+2/A+3/aa+	-	-	-
	+3/ba+3/ca+4/a+4/A)	-	-	-
	- LONG-TERM LIABILITIES	997,393	-	821,996
	(1/bb+2/ac+2/bc+3/ab+3/bb+3/cb+4/b+7)	-	-	-
	- EQUITY CAPITAL (8-9+10+11+12+13+14+15)	673,037	3,065	729,087

OTP BANK PLC.
PROFIT AND LOSS ACCOUNT

31 December 2008

Figures in million HUF

	Name of item	2007	Reclassification of 2007	2008
1.	Interest received and similar income	401,014	-264	544,491
	a) interest received and similar income from fixed-income securities	79,957	-	70,596
	Showing separately: - from affiliated companies	44,617	-	36,923
	- from other companies linked by virtue of participating interests	-	-	-
	b) other interest received and similar income	321,057	-264	473,895
	Showing separately: - from affiliated companies	48,071	-	79,769
	- from other companies linked by virtue of participating interests	1,088	-	846
2.	Interest paid and similar charges	214,556	-222	351,130
	Showing separately: - to affiliated companies	13,057	-	22,402
	- to other companies linked by virtue of participating interests	685	-	1,139
	BALANCE (1-2)	**186,458**	**-42**	**193,361**
3.	Income from securities	18,920	-	138,264
	a) income held for trading from shares and participations in corporations (dividends and profit-sharing)	9	-	135
	b) income from participating interests in affiliated companies (dividends and profit-sharing)	18,496	-	137,121
	c) income from other securities (dividends and profit-sharing)	415	-	1,008
4.	Commissions and fees received or due	153,346	458	156,658
	a) in connection with other financial services	143,205	455	144,904
	Showing separately: - from affiliated companies	54,287	159	49,747
	- from other companies linked by virtue of participating interests	12	-	13
	b) in connection with investment services (not including trading operations)	10,141	3	11,754
	Showing separately: - from affiliated companies	6,114	-	7,807
	- from other companies linked by virtue of participating interests	-	-	-
5.	Commissions and fees paid or payable	25,260	-264	28,096
	a) in connection with other financial services	24,670	-245	27,440
	Showing separately: - to affiliated companies	5,335	19	4,909
	- to other companies linked by virtue of participating interests	1,299	-	1,455
	b) in connection with investment services (not including trading operations)	590	-19	656
	Showing separately: - to affiliated companies	23	-	22
	- to other companies linked by virtue of participating interests	13	-	9
6.	Net profit or net loss on financial operations [6.a)-6.b)+6.c)-6.d)]	-676	-105	-112,649
	a) in connection with other financial services	20,047	5	36,669
	Showing separately: - from affiliated companies	1,686	-	939
	- from other companies linked by virtue of participating interests	1,383	-	2,979
	- valuation difference	-	-	-
	b) in connection with other financial services	23,866	29	60,235
	Showing separately: - from affiliated companies	44,907	7	-133,145
	- from other companies linked by virtue of participating interests	-164	-	777
	- valuation difference	-	-	-
	c) in connection with investment services (income from trading operations)	39,349	-76	53,040
	Showing separately: - from affiliated companies	509	-	7,094
	- from other companies linked by virtue of participating interests	-	-	-
	- value readjustments of transferable securities held for trading	-	-	-
	- valuation difference	-	-	-
	d) in connection with investment services (expenses on trading operations)	36,206	5	142,123
	Showing separately: - to affiliated companies	190	-	6,682
	- to other companies linked by virtue of participating interests	104	-	-
	- value adjustments in respect of securities held for trading	-	-	-
	- valuation difference	-	-	-

Figures in million HUF

	Name of item	2007	Reclassification of 2007	2008
7.	Other operating income	409,212	-34	133,611
	a) income from operations other than financial and investment services	10,584	-5	10,191
	Showing separately: - from affiliated companies	4,935	-	4,388
	- from other companies linked by virtue of participating interests	126	-	-
	b) other income	398,628	-29	123,420
	Showing separately: - from affiliated companies	385,012	-53	65,977
	- from other companies linked by virtue of participating interests	-	-	-
	- value readjustments in respect of stocks	-	-	-
8.	General administrative expenses	117,697	-2,958	135,783
	a) staff costs	66,600	-2,983	80,309
	aa) wages and salaries	40,999	-40	53,160
	ab) other employee benefits	7,743	40	8,369
	Showing separately: - social security costs	4,556	-	3,674
	= costs relating to pensions	2,842	-	2,716
	ac) contributions on wages and salaries	17,858	-2,983	18,780
	Showing separately: - social security costs	15,647	-2,734	16,255
	= costs relating to pensions	11,114	-2,271	13,197
	b) other administrative expenses (materials and supplies)	51,097	25	55,474
9.	Depreciation	20,984	96	20,448
10.	Other operating charges	448,027	-432	250,892
	a) charges on operations other than financial and investment services	8,263	21	8,587
	Showing separately: - to affiliated companies	1,214	-	1,102
	- to other companies linked by virtue of participating interests	66	-	405
	b) other charges	439,764	-453	242,305
	Showing separately: - to affiliated companies	187	14	92,985
	- to other companies linked by virtue of participating interests	-	-	-
	- value adjustments in respect of stocks	-	-	1
11.	Value adjustments in respect of loans and advances and risk provisions for contingent liabilities and for (future) commitments	23,623	59	60,024
	a) value adjustments in respect of loans and advances	18,385	57	37,164
	b) risk provisions for contingent liabilities and for (future) commitments	5,238	2	22,860
12.	Value readjustments in respect of loans and advances and risk provisions for contingent liabilities and for (future) commitments	26,636	-	24,182
	a) value readjustments in respect of loans and advances	20,077	-	18,081
	b) risk provisions for contingent liabilities and for (future) commitments	6,559	-	6,101
12/A.	Difference between formation and utilization of general risk provisions	-9,095	-	-74
13	Value adjustments in respect of transferable debt securities held as financial fixed assets, shares and participations in affiliated companies and in other companies linked by virtue of participating interests	5,161	-	4,722
14.	Value readjustments in respect of transferable debt securities held as financial fixed assets, shares and participations in affiliated companies and in other companies linked by virtue of participating interests	3	-	7,180

OTP BANK PLC.
PROFIT AND LOSS ACCOUNT

31 December 2008

Figures in million HUF

	Name of item	2007	Reclassification of 2007	2008
15.	**Profit or loss on ordinary activities**	**144,052**	**3,776**	**40,568**
	Showing separately: - PROFIT OR LOSS ON FINANCIAL AND INVESTMENT SERVICES [1-2+3+4-5+6+7.b)-8-9- 10.b)-11+12-13+14]	141,731	3,802	38,964
	- PROFIT OR LOSS ON OPERATIONS OTHER THAN FINANCIAL AND INVESTMENT SERVICES [7.a)-10.a)]	2,321	-26	1,604
16.	Extraordinary income	24,217	-	29,050
17.	Extraordinary charges	26,226	-	12,224
18.	Extraordinary profit or loss (16-17)	-2,009	-	16,826
19.	**Profit or loss before tax (+15+18)**	**142,043**	**3,776**	**57,394**
20.	Taxes on income	22,160	711	3,183
21.	**Profit or loss after tax (+19-20)**	**119,883**	**3,065**	**54,211**
22.	General reserve (±)	-11,988	-	-5,421
23.	Profit reserves used for dividends and profit-sharing			
24.	Dividend and profit-sharing payable			0
	Showing separately: - to affiliated companies			
	- to other companies linked by virtue of participating interests			
25.	**Profit or loss for the financial year (+21-/+22+23-24)**	**107,895**	**3,065**	**48,790**

Mandantory layout of the cash flow statement

Figures in million HUF

		2007	2008
1.	Interest income	401,014	544,491
2.	+ Income from other financial services (except value adjustments in respect of securities and the positive valuation difference of receivables)	162,664	181,097
3.	+ Other income (except value readjustments in respect of provisions, value adjustments in respect of stocks and readjustments in respect of extraordinary depreciation)	390,482	108,200
4.	+ Income from other investmentfinancial services (except value adjustments in respect of securities and positive valuation difference)	49,490	64,794
5.	+ Income from operations other than financial and investment services	10,584	10,191
6.	+ Dividend income	18,920	138,264
7.	+ Extraordinary income	82	39
8.	- Interest charges	-214,556	-351,130
9.	+ Charges on other financial services (except value adjustments in respect of securities and the negative valuation difference of receivables)	-48,333	-85,565
10.	- Other charges (except provisions, value adjustments in respect of stocks, and extraordinary depreciation)	-430,651	-200,939
11.	+ Charges on investment services (except value adjustments in respect of securities and negative valuation difference)	-36,796	-142,779
12.	- Charges on operations other than financial and investment services	-8,263	-8,587
13.	- General administrative expenses	-117,697	-135,783
14.	- Extraordinary charges (not including corporate tax payable for the financial year)	-1,927	-3,452
15.	- Corporate tax payable for the financial year	-22,160	-3,183
16.	- Dividends paid	-40,150	-57
17.	**Operating cash flow**	**112,703**	**115,601**
18.	± Variation in liabilities (increase (+), decrease (-))	709,577	425,294
19.	± Variation in receivables (increase (-), decrease (+))	-661,761	-586,022
20.	± Variation in stocks (increase (-), decrease (+))	-77	-115
21.	± Variation in securities shown under current assets (increase (-), decrease (+))	-344,789	36,271
22.	± Variation in securities shown under fixed assets (increase (-), decrease (+))	37,759	-210,220
23.	± Variation in tangible assets in course of construction (including payments on account) (increase (-), decrease (+))	783	1,216
24.	± Variation in intangible assets (increase (-), decrease (+))	-10,439	48,891
25.	± Variation in tangible assets (except tangible assets in course of construction and payments on account) (increase (-), decrease (+))	-13,726	10,194
26.	± Variation in prepayments and accrued income (increase (-), decrease (+))	-36,969	-10,999
27.	± Variation in accruals and deferred income (increase (+), decrease (-))	7,258	98,908
28.	+ Issue of shares at par value	0	0
29.	+ Non-repayable funds received by virtue of legal regulation	0	0
30.	- Non-repayable funds transferred by virtue of legal regulation	0	-1,226
31.	- Nominal value of shares and share certificates withdrawn	0	0
32.	**Net cash flow**	**-199,681**	**-72,207**
	showing separately:		
33.	- variation in cash in hand (HUF and foreign currencies, checks)	5,112	20,575
34.	'- variation in account balances (HUF and foreign currency accounts placed with the NBH, deposit accounts with	-204,793	-92,782

PROPOSAL FOR THE DISTRIBUTION OF THE 2008 PROFIT AFTER TAX OF OTP BANK AND FOR DIVIDEND PAYMENT

PROPOSAL FOR THE DISTRIBUTION OF THE 2008 PROFIT AFTER TAX OF OTP BANK AND FOR DIVIDEND PAYMENT

	HUF million
PROFIT BEFORE TAX	57,394
TAX PAYMENT LIABILITY	3,183
PROFIT AFTER TAX	54,211
GENERAL RESERVES	5,421
USE OF ACCUMULATED RETAINED EARNINGS FOR DIVIDENDS OR PARTICIPATION	0
DIVIDEND	0
BALANCE SHEET PROFIT FOR THE FINANCIAL YEAR	48,790

The AGM accepts the balance sheet of the Bank with total assets of HUF 5,867,492 million and the after tax profit of HUF 54,211 million and states the distribution of the profit as follows: HUF 5,421 for general reserves and HUF 48,790 million for the balance sheet profit.

BALANCE SHEET,
INCOME STATEMENT, CASH FLOW AND CHANGES IN SHAREHOLDERS' EQUITY OF OTP BANK

IFRS CONSOLIDATED

OTP BANK PLC.
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2008
(in HUF mn)

	Note	2008	2007
Cash, amounts due from banks and balances with the National Bank of Hungary	4	348,849	353,243
Placements with other banks, net of allowance for placement losses	5	593,542	654,788
Financial assets at fair value through profit or loss	6	129,332	285,895
Securities available-for-sale	7	481,257	473,925
Loans, net of allowance for loan losses	8	6,730,170	5,582,437
Accrued interest		87,793	63,459
Associates and other investments	9	10,467	9,892
Securities held-to-maturity	10	321,733	317,557
Property and equipment	11	200,359	188,486
Intangible assets	11	269,342	353,423
Other assets	12	206,592	178,769
TOTAL ASSETS		**9,379,436**	**8,461,874**
Amounts due to banks and deposits from the National Bank of Hungary and other banks	13	842,867	798,154
Deposits from customers	14	5,219,226	5,038,372
Liabilities from issued securities	15	1,526,639	985,265
Accrued interest payable		99,141	60,153
Fair value of derivative financial instruments designated as held for trading		125,487	12,920
Other liabilities	16	200,957	370,269
Subordinated bonds and loans	17	316,148	301,164
TOTAL LIABILITIES		**8,330,465**	**7,566,297**
Share capital	18	28,000	28,000
Retained earnings and reserves	19	1,160,935	976,225
Treasury shares	20	(146,749)	(114,001)
Minority interest	21	6,785	5,353
TOTAL SHAREHOLDERS' EQUITY		**1,048,971**	**895,577**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**9,379,436**	**8,461,874**

Budapest, 20 March 2009

OTP BANK Nyrt.

dr. Sándor Csányi
Chairman and Chief Executive Officer

CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEAR ENDED 31 DECEMBER 2008
(in HUF mn)

	Note	2008	2007
Interest Income:			
Loans		720,650	586,883
Placements with other banks		172,586	95,793
Amounts due from banks and balances with the National Bank of Hungary		16,161	12,824
Securities held for trading		7,029	7,272
Securities available-for-sale		32,402	34,145
Securities held-to-maturity		26,624	29,938
Total Interest Income		*975,452*	*766,855*
Interest Expense:			
Amounts due to banks and deposits from the National Bank of Hungary and other banks		226,809	76,147
Deposits from customers		221,607	172,506
Liabilities from issued securities		72,750	50,197
Subordinated bonds and loans		17,009	16,438
Total Interest Expense		*538,175*	*315,288*
NET INTEREST INCOME		**437,277**	**451,567**
Provision for impairment on loan and placement losses	5, 8	111,449	58,184
NET INTEREST INCOME AFTER PROVISION FOR LOAN AND PLACEMENT LOSSES		**325,828**	**393,383**
Non-Interest Income:			
Fees and commissions		181,765	168,913
Foreign exchange gains, net		130,527	8,399
(Losses)/gains on securities, net		(1,096)	5,085
Gains on real estate transactions		1,807	1,371
Dividend income and gains and losses of associated companies		2,466	993
Insurance premiums		60,432	83,591
Gain on sale of insurance business line	40	121,186	-
Other		27,801	40,067
Total Non-Interest Income		524,888	308,419
Non-Interest Expenses:			
Fees and commissions		46,534	35,903
Personnel expenses		167,461	147,831
Depreciation and amortization	11	132,201	35,627
Insurance expenses		47,178	69,204
Administration expenses		116,783	106,484
Other	22	66,192	57,801
Total Non-Interest Expense		576,349	452,850
PROFIT BEFORE INCOME TAX		**274,367**	**248,952**
Income tax	23	(33,299)	(40,404)
NET PROFIT FOR THE YEAR		**241,068**	**208,548**
From this, attributable to:			
Minority interest		**596**	**340**
Equity holders		**240,472**	**208,208**
Consolidated earnings per share (in HUF)			
Basic	36	**938**	**796**
Diluted	36	**935**	**794**

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2008 (in HUF mn)

	Note	2008	2007
OPERATING ACTIVITIES			
Profit before income tax		**274,367**	**248,952**
Income tax paid		(35,475)	(45,005)
Goodwill impairment	11	93,592	-
Depreciation and amortization	11	38,609	35,627
Provision for impairment on loan and placement losses	5,8	111,449	58,184
Provision for impairment on permanent diminution in value of equity investments	9	463	131
Provision for impairment on other assets	22	11,290	8,386
Provision for impairment on off-balance sheet commitments and contingent liabilities	16	4,731	4,018
Net (decrease)/increase in insurance reserves		(183,211)	20,604
Share-based payment	2,26	28	5,123
Changes in fair value adjustment of securities held for trading		(5,010)	695
Unrealised gains/(losses) on fair value adjustment of derivative financial instruments		78,937	(44,522)
Changes in financial assets at fair value through profit or loss		168,518	(32,298)
Increase in accrued interest		(24,259)	(8,338)
Increase in other assets, excluding advances for investments and before provisions for losses		(37,808)	(18,649)
Increase in accrued interest payable		38,886	14,021
(Decrease)/increase in other liabilities		(66,897)	4,072
Net Cash Provided by Operating Activities		**468,210**	**251,001**
INVESTING ACTIVITIES			
Net decrease in placement with other banks before provision for placements losses		61,922	16,315
Net increase in securities available-for-sale		(31,827)	(94,121)
Net (increase)/decrease in equity investments, before provision		(990)	61,133
Net cash outflow from acquisition of subsidiaries	29	(4,806)	(58,303)
Net increase in securities held-to-maturity		(4,169)	(47,990)
Net (increase)/decrease in advances for investments, included in other assets		(246)	254
Net increase in loans, net of allowance for loan losses		(1,175,078)	(1,179,630)
Net additions to property, equipment and intangible assets		(53,126)	(66,744)
Net Cash Provided by Investing Activities		**(1,208,320)**	**(1,369,086)**

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2008 (in HUF mn) [continued]

	Note	2008	2007
FINANCING ACTIVITIES			
Net increase in amounts due to banks and deposits from the National Bank of Hungary and other banks		44,713	118,469
Net increase in deposits from customers		160,449	671,271
Net increase in liabilities from issued securities		591,307	203,950
Increase in subordinated bonds and loans		14,723	50,438
Increase of minority interest		1,432	127
Foreign currency translation losses		(21,978)	(5,579)
Effect on ICES – exchangeable bond transaction recognised through equity		(11,202)	(5,640)
Effect of Treasury share transactions		(7,499)	-
Net change in Treasury shares		(36,172)	(54,182)
Net decrease/(increase) in compulsory reserves at National Bank of Hungary	4	87,857	(22,416)
Dividends paid		(57)	(40,151)
Net Cash Provided by Financing Activities		**823,573**	**916,287**
Net Increase in Cash and cash equivalents		**83,463**	**(201,798)**
Cash and cash equivalents as at 1 January		194,860	396,658
Cash and cash equivalents as at 31 December		**278,323**	**194,860**

Analysis of cash and cash equivalents opening and closing balance

Cash, amounts due from banks and balances with the National Bank of Hungary	353,243	532,625
Compulsory reserve established by the National Bank of Hungary	(158,383)	(135,967)
Cash and cash equivalents as at 1 January	**194,860**	**396,658**
Cash, amounts due from banks and balances with the National Bank of Hungary	348,849	353,243
Compulsory reserve established by the National Bank of Hungary	(70,526)	(158,383)
Cash and cash equivalents as at 31 December	**278,323**	**194,860**

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2008 (in HUF mn)

	Note	Share Capital	Retained Earnings and Reserves	Treasury shares	Minority interest	Total
Balance as at 1 January 2007		**28,000**	**820,819**	**(63,716)**	**3,110**	**788,213**
Net profit for the year		-	208,548	-	(340)	208,208
Fair value adjustment of securities available-for-sale recognised directly through equity		-	(858)	-	-	(858)
Fair value adjustment of derivatives on equity instruments recognised through equity		-	(387)	-	-	(387)
Share-based payment	26	-	5,123	-	-	5,123
Dividend for the year 2006		-	(40,320)	-	-	(40,320)
Loss on sale of Treasury shares		-	(3,897)	-	-	(3,897)
Acquisition of Treasury shares		-	-	(50,285)	-	(50,285)
Derivative financial instruments designated as cash flow hedge		-	(1,196)	-	-	(1,196)
Dividend on equity instrument (ICES)	19	-	(5,640)	-	-	(5,640)
Foreign currency translation gain		-	(5,627)	-	-	(5,627)
Minority interest		-	(340)	-	2,583	2,243
Balance as at 31 December 2007		**28,000**	**976,225**	**(114,001)**	**5,353**	**895,577**
Net profit for the year		-	241,068	-	(596)	240,472
Fair value adjustment of securities available-for-sale recognised directly through equity		-	(12,862)	-	-	(12,862)
Fair value adjustment of derivatives on equity instruments recognised through equity		-	387	-	-	387
Share-based payment	26	-	28	-	-	28
Effect of Treasury shares transaction		-	(7,499)	-	-	(7,499)
Loss on sale of Treasury shares		-	(3,424)	-	-	(3,424)
Change in carrying value of Treasury shares		-	-	(32,748)	-	(32,748)
Derivative financial instruments designated as cash flow hedge		-	788	-	-	788
Dividend on equity instrument (ICES)	19	-	(11,202)	-	-	(11,202)
Foreign currency translation gain		-	(21,978)	-	-	(21,978)
Minority interest		-	(596)	-	2,028	1,432
Balance as at 31 December 2008		**28,000**	**1,160,935**	**(146,749)**	**6,785**	**1,048,971**

REPORT OF THE SUPERVISORY BOARD ON 2008 FINANCIAL REPORTS AND PROPOSAL FOR DISTRIBUTION OF AFTER TAX PROFIT OF THE BANK

THE SUPERVISORY BOARD CONDUCTED ITS ACTIVITIES AND PERFORMED ITS TASKS IN 2008 IN ACCORDANCE WITH THE PROVISIONS OF THE AMENDED ACT CXII OF 1996 ON CREDIT INSTITUTIONS AND FINANCIAL ENTERPRISES AND ACT IV OF 2006 ON COMPANIES.

The Supervisory Board continued to perform its **controlling function** in 2008, protecting the assets of the credit institution and of its clients, as well as its shareholders' interests.

The Supervisory Board met and passed resolutions on a total of eight occasions last year, in accordance with its approved work schedule, and ensured that its body was represented at meetings of the Bank's Board of Directors.

The Supervisory Board regularly:

- monitored the business operations of OTP Bank Plc.,
- called upon management to submit reports, and
- requested information regarding current issues related to the Bank's operation.

Based on the reports, it monitored:

- the development of results based on the quarterly reports prepared for the stock exchange and investors
- compliance with the provisions of the Act on Credit Institutions and Financial Enterprises
- the volume and composition of the qualified receivables portfolio, and fulfilment of the requirements in respect of accounting for impairment and the setting aside of risk provisions, and
- the control activity of the members of the Bank Group that are included in its scope of supervisory control
- the fulfilment of the resolutions passed by the Supervisory Board.

The Supervisory Board was briefed regarding

- the results of the Bank's business operations in 2007, and
- the business-policy plans of OTP Bank and the Bank Group with respect to the year 2008
- the current status of the implementation of the action plan prepared on the basis of the findings of the Resolutions closing the group-level targeted audit conducted by the Hungarian Financial Supervisory Authority in 2006 and the audits conducted in 2008;
- the necessity of changes to be introduced in the Bank's Bylaws
- the Audit Committee's annual report for the year 2007 and its proposal for the use of the after-tax profit
- the practice of responsible corporate governance
- the modification of the management incentive scheme for the years 2006 through 2010
- the sale of OTP Garancia Insurance Ltd.
- the regulations pertaining to insider trading and the related individual obligations and prohibitions, as well as conflicts of interest,
- the review of the compliance activity of OTP Bank Plc. and the Group members, the Compliance program for the year 2008, and the amendment of the Code of Ethics;
- the status of the group-level implementation of the Unified Internal Control system and the improvement of the system;
- the lessons learnt from customer complaints regarding the Bank's services
- the review of the regulations pertaining to market risk management at group level, and
- the review of the limits established for professional clients in the money and capital market.

The Supervisory Board evaluated the performance of the senior office-holders during the business year and made a proposal – to the General Meeting – on whether to grant the senior office-holders exemption from any further liability.

Prior to the General Meeting, the Supervisory Board reviewed all key business policy reports on the agenda of the General Meeting, as well as all proposals that relate to matters falling within the exclusive competence of the company's supreme body. The Supervisory Board studied the audited annual report and consolidated annual report, and was briefed by the auditor.

The Supervisory Board performed its **governance role** in accordance with the provisions of the Act on Credit Institutions, through the audits performed by the internal control organisation (Internal Audit Department), which is subject to the Supervisory Board's direct professional supervision.

After giving its opinion on the **annual audit plan** of the Internal Audit Department, the Supervisory Board approved the plan that was compiled primarily on the basis of the Bank's major strategic and business policy objectives, its management and board resolutions, and the various banking activities and the risk levels of the organisations.

Based on its annual audit schedule for the year 2008 and other extraordinary assignments, the Internal Audit Department carried out **174 audits**, was involved in the work of **8 projects, made 1,204 accepted proposals** in connection with audits, caused **74 employees to be held personally accountable**, and reviewed the **draft versions of 354 internal regulations**.

The Supervisory Board requested **quarterly reports** on the audits conducted by the Internal Audit Department. In these reports, the Department described

- the findings and recommendations made during its audits
- personal accountability, as well as
- the implementation of tasks undertaken in action plans prepared by the various audited areas.

The audited units accepted Internal Audit's findings and proposals, and took the necessary measures to correct errors and eliminate deficiencies, and those measures were still in the process of being implemented as of the last day of the year.

Pursuant to the Act on Credit Institutions and Financial Enterprises, the Bank's Supervisory Board **is obliged to ensure** the appropriate functioning of the internal audit organisation in credit institutions, financial enterprises and investment companies that are under the credit institution's **consolidated supervision.**

The Unified Internal Control System was implemented at OTP Bank Plc. and the circle of subsidiaries included under its scope of supervisory control on 1 January 2008. The Hungarian and foreign subsidiaries and sub-subsidiaries were included in the scope of direct or indirect supervisory control based on the provisions of the Credit Institutions Act and the risk levels of the companies' operations at bank-group level.

As a result of the functioning of the system, the methodology documents prepared by the audit organisation, which are in line with international best practice and the adoption of which is mandatory, have been implemented at bank-group level. It is through the bank group-level quarterly and annual reports that the audit organisation summarises, for the Supervisory Board of OTP – in addition to the Executive Bodies of the Bank – the internal audit activities performed within the group.

As part of the Unified Internal Control System, in 2008, under the coordination and with the participation of the audit organisation, three specific-theme audits were designated and implemented at bank-group level. The audits were targeted at the Compliance and Treasury areas, as well as at checking the identification and reporting of operational risks and extraordinary events, and the degree to which business continuity is assured. The theme audits were conducted at all of the foreign subsidiary banks and the selected domestic group members, and the findings of these audits were presented in separate summary reports.

In order to ensure compliance with the law, the internal audit departments of the subsidiaries included in the scope of consolidated supervision sent

- their annual report prepared in respect of their annual activities and their operating conditions related to 2007, and
- their audit plan for 2008

to the Bank's Supervisory Board for review.

The Supervisory Board of OTP Bank Plc. **discussed and evaluated** the proposals regarding **theme audits deemed to be of particular importance,** as well as the **annual plans and reports**. The Supervisory Board provided its **evaluation**, findings and recommendations to the **committee supervising the internal audit organisations of the subsidiaries** concerned. From then onward, the Supervisory Board monitored the implementation of the recommendations of the reports that had been accepted.

On the basis of the summary reports and regular proposals received from the Internal Audit Department, the Supervisory Board monitored

- the implementation of tasks defined in the action plans based on the **audits conducted** and resolutions and findings made **by external organisations**, and
- the fulfilment of the **Resolutions of the Supervisory Board**.

In February 2008 the State Financial Supervisory Authority (PSZÁF) conducted a targeted audit of limited breadth and depth and of non-comprehensive scope at OTP Bank Plc. in order to assess the quality of medium and long-term liquidity management at the Bank and the bank group, the degree of harmony between the business plans and the related risk levels, and compliance with the requirements resulting from the fierce competition characteristic of the sector, and also in order to explore the status of the implementation of MiFID.

The audit conducted by the Supervisory Authority did not reveal any risks seriously endangering the Bank's operations and therefore the targeted audit was closed without the application of any supervisory measures.

Also in February 2008 the State Financial Supervisory Authority conducted an off-site, risk-based theme audit of limited breadth and depth and of non-comprehensive scope at OTP Bank Plc. aimed at "An examination of the deposit requirement associated with forward transactions, and of the observation of the statutory regulations pertaining to the protection of customer receivables related to this." Following the audit the Supervisory Authority issued certain warnings and made statements of mandatory force, and ordered the payment of HUF 6,500,000 in penalties, and also made further recommendations. It prescribed the submission of an internal auditor's report – to be discussed and approved by the Board of Directors and the Supervisory Authority – on the corrective actions taken in order to eliminate the deficiencies revealed by the audit.

In August 2008 the State Financial Supervisory Authority conducted a theme audit of limited breadth and depth and of non-comprehensive scope regarding the role and significance of financial intermediaries, and the audit was closed without the application of any supervisory measures.

Based on the documentation made available to it, the Supervisory Board has concluded that OTP Bank Plc. prepared its **annual report** in accordance with the provisions of Act CXII of 1996 on Credit Institutions and Financial Enterprises, Act C of 2000 on Accounting, and Government Decree 250/2000. (XII. 24.) on the characteristics of credit institutions' and financial enterprises' obligation with respect to the preparation of annual financial statements and bookkeeping.

The Bank accounted for impairment and set aside risk provisions in accordance with the provisions of the government decree on the specific requirements to be met by credit institutions and financial enterprises in respect of the preparation of annual reports and bookkeeping, as well as with the Bank's Accounting Policy, by applying the regulations, agreed with its auditor, on rating and measurement, impairment and provisioning. The Bank also set aside general risk provisions in line with the provisions of the Act on Credit Institutions and Financial Enterprises.

On the basis of the documentation made available to the Supervisory Board in respect of the **consolidated annual report** of OTP Bank Plc., the Supervisory Board has ascertained that the consolidated annual report prepared by the Bank is in accordance with the provisions of Act C of 2000 on Accounting and the international financial reporting standards approved by the European Union.

The Supervisory Board of OTP Bank Plc. judges that the operations of OTP Bank Plc. were legally compliant and reflected the interests of shareholders, and that, despite the impact of the current economic crisis, the business results were favourable and in accordance with the profit expectations of the management.

The Supervisory Board of OTP Bank Plc., in agreement with the contents of the report of the auditor, approves:

the unconsolidated report on the 2008 business year, prepared in accordance with Hungarian Accounting Standards (HAS),

with a ***balance sheet total of HUF 5,867 billion 492 million*,** and

the consolidated annual report, prepared in accordance with International Financial Reporting Standards,

with a ***balance sheet total of HUF 9,379 billion 436 million***, as well as

the proposal in respect of the distribution of the after-tax profit under HAS of ***HUF 54 billion 211 million***,

and, having approved the business report of the Board of Directors, submits the above for the approval of the Company's General Meeting.

The Supervisory Board agrees with the proposal of the Board of Directors that no dividends be paid from the after-tax profit of 2008.

REPORT OF THE AUDIT COMMITEE ON 2008 FINANCIAL REPORTS

AND PROPOSAL FOR DISTRIBUTION OF AFTER TAX PROFIT OF THE BANK

In 2008 the **Audit Committee performed** its activities and conducted its audits in accordance with the stipulations of Act IV of 2006 on Companies and with the Rules of Procedure approved by the Bank's Supervisory Board.

The Audit Committee met on a total of four occasions, in accordance with its Procedural Rules and approved work schedule.

In the course of the year the Audit Committee, which was elected by the Annual General Meeting,

- re-elected its chairman from among the Committee members, and
- accepted the work plan that determines the schedule and objectives of its operation.

In support of the work of the Bank's Supervisory Board, and as part of a close working relationship between the various committees, the Audit Committee, in addition to what was discussed at the meetings of the Supervisory Board, also heard a briefing on:

- the Bank's results in the 1^{st} half of 2008, approved by the auditor,
- the Bank's non-consolidated report prepared in accordance with the International Financial Reporting Standards (IFRS) in respect of the 1^{st} half of 2008,
- the Bank's results in the 3^{rd} quarter of 2008, approved by the auditor.

The Audit Committee continuously monitored

- changes in the size and composition of the qualified portfolio, the recognition of impairment and in risk provisioning,
- compliance with the indicators set out in the Credit Institutions Act, and
- developments in the results of the Bank and the Bank Group.

The Audit Committee prepared, and presented to the General Meeting for approval, its report on the annual financial statements and its proposal for the use of the after-tax profit, as well as its proposals for the election of the Company's audit organisation, the appointment of a person to be in charge of auditing and the approval of the remuneration of such person.

The Audit Committee found that the Bank consistently met its **obligation to provide data** as prescribed by the Act on Credit Institutions and Financial Enterprises as well as by the State Financial Supervisory Authority.

In 2008 the Audit Committee met the provisions of Section 311 (2) d of Act IV of 2006 on Companies; that is, it monitored compliance with the auditor's professional requirements and the implementation of conflict-of-interest provisions.

Prior to the General Meeting the Audit Committee examined and evaluated the audited annual report and the consolidated annual report and heard the auditor's statement.

Based on the documentation made available to it, the Audit Committee has concluded that OTP Bank Plc. prepared its **annual report** in accordance with the provisions of Act CXII of 1996 on Credit Institutions and Financial Enterprises, Act C of 2000 on Accounting, and Government Decree 250/2000. (XII. 24.) on the specific characteristics of credit institutions' and financial enterprises' annual report preparation and bookkeeping obligations.

The Bank accounted for impairment and set aside risk provisions in accordance with the stipulations of the Act on Credit Institutions and Financial Enterprises, the government decree on the specific requirements to be met by credit institutions and financial enterprises in respect of the preparation of annual reports and bookkeeping, as well as with the Bank's Accounting Policy, by applying the regulations, agreed with its auditor, on rating and measurement, impairment and provisioning, and set aside general risk provisions in line with the provisions of the Act on Credit Institutions and Financial Enterprises.

The Bank accounted for impairment and set aside risk provisions in accordance with the provisions of Ministry of Finance Decree 14/2001. (III. 9.), as well as with its regulations on rating and measurement, impairment and provisioning, and set aside general risk provisions in accordance with the stipulations of the Act on Credit Institutions and Financial Enterprises.

On the basis of the documentation made available to the Audit Committee in respect of the **consolidated annual report** of OTP Bank Plc., the Audit Committee has ascertained that the consolidated annual report prepared by the Bank is in compliance with the provisions of Act C of 2000 on Accounting and with the international financial reporting standards approved by the European Union.

The Audit Committee, based on the reports it has read and evaluated, and in agreement with the auditor, finds that the Bank's Board of Directors may submit for approval to the General Meeting:
the unconsolidated report on the business year 2008, prepared in accordance with Hungarian Accounting Standards (HAS),

with **a balance sheet total of HUF 5,867 billion 492 million,** and

the consolidated annual report on the 2007 business year, prepared in accordance with International Financial Reporting Standards

with **a balance sheet total of HUF 9,379 billion 436 million**, and

the proposal in respect of the distribution of the **after-tax profit under HAS of HUF 54 billion 211 million**.

OTP Bank Plc.'s Audit Committee agrees with the proposal of the Board of Directors that no dividends be paid from the after-tax profit of the year 2008.

REPORTS OF THE AUDITOR ON THE RESULTS OF THE AUDIT OF THE 2008 FINANCIAL REPORTS

FREE TRANSLATION OF THE HUNGARIAN ORIGINAL

Translation of the Hungarian original

INDEPENDENT AUDITORS' REPORT

on the financial statements submitted for the forthcoming General Meeting of OTP Bank Plc.

To the Shareholders and the Board of Directors of OTP Bank Plc.,

We have audited the accompanying financial statements of OTP Bank Plc. (the "Bank"), which comprise the balance sheet as at December 31, 2008 - which shows total assets of 5,867,492 million HUF and a retained profit for the year of 48,790 million HUF - and the related profit and loss account for the year then ended and the supplement comprising a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

The Bank's management is responsible for the preparation and fair presentation of these financial statements in accordance with Accounting Act and generally accepted accounting principles in Hungary. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. In addition, it is our responsibility to assess whether the accounting information in the Business Report is consistent with that contained in the financial statements.

We also audited the financial statements as of and for the year ended December 31, 2007 and issued an unqualified opinion. Reference is made to our report dated March 17, 2008.

We conducted our audit in accordance with Hungarian Standards on Auditing and applicable laws and regulations in Hungary. Those standards require that we comply with certain ethical requirements and that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. The purpose of making those risk assessments regarding the financial statements is not to express an opinion on the effectiveness of the entity's internal control.

The audit also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. Our work with respect to the Business Report was limited to checking it within the aforementioned scope, and did not include a review of any information other than that drawn from the audited accounting records of the Bank. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Clause

We have audited the financial statements of OTP Bank Plc., including its sections and items and the supporting accounting records and certificates thereof, in accordance with the applicable National Standards on Auditing and have obtained reasonable assurance that the financial statements have been prepared pursuant to the Accounting Act and generally accepted accounting principles.

In our opinion, the financial statements give a true and fair view of the financial position of OTP Bank Plc. as at December 31, 2008. The Business Report corresponds to the figures included in the financial statements.

Budapest, March 20, 2009

The original Hungarian version has been signed.

Gion Gábor	Nagyváradiné Szépfalvi Zsuzsanna
Deloitte Auditing and Consulting Ltd. 1068 Budapest, Dózsa György út 84/C.	registered auditor 005313
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INDEPENDENT AUDITORS' REPORT

To the Shareholders and Board of Directors of OTP Bank Plc.

We have audited the accompanying consolidated financial statements of OTP Bank Plc. and its subsidiaries, which comprise the consolidated balance sheet as at December 31, 2008, and the related consolidated income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Audit . Tax . Consulting . Financial Advisory.

Member of
Deloitte Touche Tohmatsu

Registered by the Budapest Court of Registration
Company Reg. No.: 01-09-071057

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of OTP Bank Plc. and its subsidiaries as of December 31, 2008, and of its consolidated financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Budapest, March 20, 2009

Gion Gábor	Nagyváradiné Szépfalvi Zsuzsanna
Deloitte Auditing and Consulting Ltd.	Registered Auditor
1068 Budapest, Dózsa György út 84/C	005313
000083	

DECISION ON THE APPROVAL OF THE REPORT ON CORPORATE GOVERNANCE

Corporate Governance Report

Introduction

OTP Bank Plc. treats the development and maintenance of an **advanced corporate governance system**, conforming to Hungarian and international standards, as a key priority. A reliable governance system, accurate financial planning, responsible management and the appropriate control mechanisms are what form the basis for efficient and profitable operation. To this end, OTP Bank Plc. is continuously reviewing and developing its corporate governance practices.

Our corporate governance practice is an important means of ensuring the **fulfilment of our strategic objectives**. Accordingly, within the effective statutory frameworks, we have developed a corporate governance system that simultaneously ensures the confidence and satisfaction of our customers, growth in shareholder value, and our socially responsible corporate conduct. There is no perfect, universally applicable corporate governance solution through which every goal can be achieved as efficiently as possible. For this reason we continuously monitor our governance practices, identifying any deficiencies arising as the result of external and internal changes, and effect those modifications that best serve the fulfilment of our objectives.

The resulting governance structure, optimised to suit our objectives, takes into account the special characteristics of our operations as well as the statutory, supervisory and stock-market requirements that apply to the Bank; besides which it also aims to comply with the related Budapest Stock Exchange (BSE) guidelines. The purpose of the BSE's corporate governance guidelines is for the governance and operating structures of stock exchange-listed companies to be **transparent, and comparable** based on a uniform set of criteria. This enables investors, taking into consideration the special characteristics of a given company's operations, the complexity of its activities, and the statutory requirements related to its risk management and financial reporting, to make a well-founded judgement regarding the extent to which the given corporate governance practice ensures reliable and profitable operation.

Like all organisations that provide financial and investment services, the operations of OTP Bank Plc. are, to a high degree, regulated in statutory provisions. As a consequence, not only certain business activities, but our operations as a whole are regulated in detail and monitored by the authorities on a continuous basis. The individual internal control functions (risk management, compliance, and internal audit) have to conform to strict standards, and their effectiveness must be attested not only within the internal corporate governance system, but also to the satisfaction of the external supervisory authorities. All these factors guarantee purposeful, comprehensive and verified risk management procedures, as well as reliable and appropriately supervised data reporting. Therefore, our status as a financial and investment service provider requires us to implement complex and effective corporate governance practices that simultaneously ensure **responsible conduct towards clients and shareholders, reliable operation, and long-term profitability**.

In order to meet in full the diverse objectives and expectations, in 2008 we once again reviewed our corporate governance practices, **proposing new developments** in several areas, including the establishment of a Remuneration Committee, the publication of Disclosure Guidelines setting forth the procedures for disclosing information, the publication of a set of Independence Guidelines, and several other changes aimed at raising the effectiveness and transparency of corporate practices, thereby further contributing to the growth in shareholder value. The results of these modifications will be described in the 2009 Report on Corporate Government Practice.

1.) Statement on Corporate Governance Practice

OTP Bank Plc.'s operation fully complies with the provisions of the relevant statutory regulations, the decrees of the supervisory authorities and the regulations of the Budapest Stock Exchange (BSE). The structure and operating conditions of the Company are contained in the Bylaws, which are approved by the General Meeting.

1.1. Governing bodies

Board of Directors

The Company's management body is the Board of Directors. In its objectives and activities, particular emphasis is placed on increasing shareholder value, profitability and efficiency, and on managing risks and complying fully with external requirements – in other words on ensuring the most effective enforcement of business, ethical and internal control policies.

The scope of its authority is defined in the effective statutory provisions, the Company's Bylaws, General Meeting resolutions, and the Procedural Rules of the Board of Directors. The procedural rules set out the structure of the Board of Directors, the tasks relating to the preparation, implementation and drafting of resolutions of its meetings, as well as all other issues relating to the operation of the Board of Directors.

The members of the Board of Directors are elected by the General Meeting for a term of five years. All the obligations and prohibitions specified for executive officers under Act CXII of 1996 on Credit Institutions and Financial Enterprises (Credit Institutions Act) apply to the members of the Board of Directors.

In view of the Board of Directors' executive role in the governance of the Bank it is appropriate, and conducive to successful operation, that the members of the Board of Directors also have a personal interest in ensuring the Company's profitable operation. Therefore the members of the Board of Directors also participate in the share option scheme approved by the General Meeting. However, this prevents them from comprehensively fulfilling the statutory criteria for independence. Nonetheless, in view of the fact that the Board of Directors also has an important role in overseeing the work of management, it is consequential that **the Board of Directors, by principle, has a majority of non-executive members**. The makeup of the Board of Directors ensures that professional expertise, experience, and a degree of impartiality that exceeds the above-mentioned independence requirement, are brought to bear in equal measure in the decision-making processes.

The employer's rights towards the executive officers of the Company are exercised by the Board of Directors through the Chairman & CEO, with the proviso that the Board of Directors must be notified in advance for the appointment or withdrawal of appointment of deputy CEOs. The Chairman & CEO is empowered to decide in all matters that do not, pursuant to the Bylaws, fall within the scope of authority of the General Meeting or the Board of Directors.

Members of the Board of Directors of OTP Bank Plc:

Executive members:

Dr. Sándor Csányi
Chairman & CEO
Dr. Sándor Csányi (56) graduated from the College of Finance and Accounting in 1974 with a bachelor's degree in business administration and in 1980 from the Budapest University of Economics with a degree in economics. He is an economist with a specialisation in finance, and is also a qualified pricing specialist and certified auditor. After graduation he worked at the Revenue Directorate and then at the Secretariat of the Ministry of Finance, after which he was Head of Department at the Ministry of Agriculture and Food Industry between 1983 and 1986. Between 1986 and 1989 he worked as Head of Department at Magyar Hitel Bank Rt. He was deputy CEO of K&H Bank from 1989-92. Since 1992 he has been Chairman & CEO of OTP Bank, where he is responsible for the Bank's

strategy and overall operation. He is a member of the Board of Directors for Europe of MasterCard, one of the largest international card companies, and is also a Board member and co-chairman of the Hungarian oil and gas company MOL, and co-chairman of the National Association of Entrepreneurs and Employers (VOSZ).
As of 31 December 2008 he owned 200,000 ordinary OTP shares (while the total number of OTP shares held by him directly and indirectly was 3,302,000).

Dr. Antal Pongrácz
Deputy CAO
Staff Division
Dr. Antal Pongrácz (63) graduated from the Budapest University of Economics and earned a Ph.D. in 1971. From 1969 he worked as an analyst at the Petrochemical Investment Company, then as a group manager at the Revenue Directorate until 1975. From 1976 he worked in various management positions at the Ministry of Finance. From 1986 to 1987 he was the first Deputy Chairman of the State Office for Youth and Sports. Between 1988 and 1990 he was the first Deputy CEO of OTP Bank. Between 1991 and 1994 he was the CEO, and then Chairman & CEO, of the European Commercial Bank Rt. Between 1994 and 1998 he was the Chairman & CEO of Szerencsejáték Rt., then in 1998-99 he served as CEO of Hungarian flagship carrier, Malév. Since 2001 he has worked as the managing director of OTP Bank's Central Management Division and more recently as Deputy CEO. He has been a member of OTP Bank Plc's Board of Directors since 2002.
As of 31 December 2008 he held 230,000 ordinary OTP shares.

Dr. Urbán László
Deputy CEO
Strategic and Financial Division
Dr. László Urbán (50), economist, graduated from the Budapest University of Economics with a specialisation in finance in 1982. He has worked in the financial sector since 1995. He worked in Washington D.C. for the World Bank, and then served as ABN-AMRO Bank's director for planning and controlling. Between 1998 and 2000 he was Deputy CEO of Business Affairs at Postabank, and from 2000-2005 he was a manager at Citigroup New York, responsible for global product development. From 2005 he served as the director of the Hungarian National Bank. Since 15 January 2007 he has been OTP Bank's Deputy CEO, and head of the Strategy and Finance Division.
From 25 April 2008 he is a member of OTP Bank's Board of Directors.
As of 31 December 2008 he held 1,549 ordinary OTP shares.

Dr. László Utassy
Adviser to the Chairman
OTP Bank
Dr. László Utassy (57) graduated from the Law Faculty of ELTE in 1978, and earned a further degree in economics, with a specialisation in insurance, from the Budapest University of Economics in 1995. He held various positions at the State Insurance Company and then at ÁB-AEGON Rt. between 1978 and 1995. From 1996 to 2008 he was the CEO, and later Chairman & CEO, of OTP Garancia Insurance. He has been a member of OTP Bank's Board of Directors since 2001, and a member of OTP Bank's Board of Directors since 2008.
As of 31 December 2008 he held 250,000 ordinary OTP shares.

<u>Non-executive members:</u>

Mihály Baumstark
Chairman & CEO
Csányi Vinery Ltd.
Mihály Baumstark (60) holds degrees in agricultural engineering and agricultural economics. He was employed by the Ministry of Agriculture and Food Industry between 1978 and 1989. Prior to leaving the Ministry he worked as deputy head of the Accounting Department. He went on to join Hubertus Rt. as its managing director, and from 1999 he was the deputy CEO, and then Chairman & CEO, of Villányi Vinery Ltd. (now Csányi Vinery Ltd.). Between 1992 and 1999 he was a non-executive member of OTP Bank's Supervisory Committee, and since 1999 a non-executive member of its Board of Directors.
As of 31 December 2008 he held 50,000 ordinary OTP shares.

Dr. Tibor Bíró
Head of Department
Budapest College of Business

Dr. Tibor Bíró (57) graduated from the Budapest University of Economics with a degree in business administration. He was the Head of the Financial Department of the City Council of Tatabánya from 1978 to 1982. He began teaching at the College of Finance and Accounting in 1982 and has been head of department since 1992. He is a chartered public accountant and a registered auditor. He is a member of the Budapest Directorate of the Hungarian Chamber of Auditors. He has been a non-executive member of OTP Bank's Board of Directors since 1999.
As of 31 December 2008 he held 47,000 ordinary OTP shares.

Péter Braun
Electrical Engineer
Former Deputy CEO
OTP Bank

Péter Braun (73) earned a degree in electrical engineering from the Budapest Technical University. Between 1954 and 1989 he worked for the Research Institute for Electrical Energy, with his last position there being Head of Department. After that, he was the managing director of K&H Bank Rt., working in its Computer and Information Centre. He is a member of GIRO Rt.'s Board of Directors, and was Deputy CEO of OTP Bank Ltd. from 1993 until his retirement in 2001. He has been a member of OTP Bank's Board of Directors since 1997.
As of 31 December 2008 he held 587,905 ordinary OTP shares.

Dr. István Kocsis
CEO
BKV Zrt.

Dr. István Kocsis (56) graduated from the Budapest Technical University as a mechanical engineer, and earned his PhD from the same institution in 1985. Career highlights: 1976-1978 Budapest University of Technology, Faculty of Mechanical Engineering, Mechanical Components Department, Assistant Lecturer; 1978-1979 VEGYTERV, chief planner; 1979-1991 Budapest University of Technology, Faculty of Mechanical Engineering, Department of Structural Mechanics, Assistant Professor, 1985-1991 Faculty of Mechanical Engineering, Kármán Tódor Campus, director (part-time); 1991 FÉG Machine Factory, chief engineer; 1991-1993 Ministry of Trade and Industry, Head of Department and later Undersecretary of State; 1993-1997 State Holding Company/State Privatisation and Holding Co. (ÁV Rt/ÁPV Rt.), Deputy CEO, CEO; 1998-2000 RWE Energie, Head of Department (Germany); 2000-2001 ÉMÁSZ Rt., General Director; 2001-2002 RWE-EnBW Magyarország Kft., Director; 2002-2005 Paks Atomic Power Plant, CEO; 2005-2008 Hungarian Power Companies Ltd., CEO; from 1 September 2008 CEO of the Budapest Public Transport Company (BKV Zrt.); a non-executive member of OTP Bank's Board of Directors since 1997. As of 31 December 2008 he held 103,500 ordinary OTP shares.

Dr. Sándor Pintér
Chairman & CEO
CIVIL Security Service Ltd.

Dr. Sándor Pintér (61) graduated from the Police Academy in 1978 and earned a degree in law from the Law Faculty of Eötvös Loránd University of Arts and Sciences (ELTE) in 1986. From 1970 he held various positions at the Ministry of the Interior, and in December 1996 he retired as National Police Chief. Between 1998 and 2002 he was Hungary's Minister of Internal Affairs. Between 29 April 1997 and 7 July 1998 he was a member of OTP Bank's Board of Directors. Between 2003 and 2006 he was a member of OTP Bank's Supervisory Board, and since 28 April 2006 he has been a member of OTP Bank's Board of Directors.
As of 31 December 2008 he held 101,350 ordinary OTP shares.

Dr. György Szapáry
Professor
Central European University
Department of Economic Science
Dr. György Szapáry (70) is an economist, who graduated from the Louvain Catholic University (Belgium) in 1961, earning his PhD in economic sciences from the same institution in 1966. Between 1965 and 1966 he worked at the European Commission. From 1966 to 1990 he was an analyst, chief analyst and finally deputy-CEO at the International Monetary Fund in Washington, and then until 1993 he was the IMF's representative in Hungary. Between 1993 and 2007, except for a brief interval when he acted as advisor to the chairman of the National Bank of Hungary, he was deputy chairman of the National Bank of Hungary, and a member of the Monetary Council. He is currently a guest professor of the Department of Economic Science at the Central European University. He has published a book, and numerous essays in economic journals.
From 25 April 2008 he is a member of OTP Bank's Board of Directors.
As of 31 December 2008 he held no ordinary OTP shares.

Dr. József Vörös
Professor,
Chairman of the Economic Council of the University of Pécs
Dr. József Vörös (58) graduated from the Budapest University of Economics in 1974. In 1984 he earned a masters degree and in 1993 a Ph.D. in economics from the Hungarian Academy of Sciences. Between 1990 and 1993 he was dean of the Faculty of Business and Economics of Janus Pannonius University (JPTE). In 1993 he attended a course in management for senior executives at Harvard University. From 1994 he was a professor at JPTE, and from 2003 until 2007 he was general Deputy Rector of Pécs University. He has been a non-executive member of OTP Bank's Board of Directors since 1992.
As of 31 December 2008 he held 117,200 ordinary OTP shares.

The Board of Directors meets as many times as necessary, but at least eight times a year.

The Chairman & CEO must convene a meeting of the Board of Directors if

- a resolution has been passed by the Board of Directors to hold an extraordinary meeting of the Board;
- At least three Board members requests a meeting in writing by designating the reason and the purpose, and the items of the agenda, and by submitting a written proposal in respect of the decision to be made;
- The Supervisory Board or the auditor initiates such a meeting in writing;
- The Supervisory Board requires it;
- Under the law, a decision must be made about whether to convene an extraordinary General Meeting.

Minutes must be taken of the meetings of the Board of Directors, and its resolutions must be documented.

The table below provides a brief overview of the number of Board of Directors meetings held in 2008, and of the attendance at these meetings:

Board of Directors meetings
2008

Date	Present	Absent
11/2	9	-
10/3	9	-
31/3	9	-
26/5*	11	-
16/9	10	1
7/10	9	2
31/10	9	2
15/12	11	-

Note:
In 2008 the Board of Directors met on a total of 8 occasions.
*With effect from 25 April 2008 (the occasion of the annual General Meeting), the number of the members of the Board of Directors changed from 9 to 11.

The items on the agenda of the Board of Directors included, among other things, the tasks stipulated by law, such as making a decision on convening, and specifying the agenda of, the General Meeting, the acceptance of the documents submitted to the annual ordinary General Meeting, preparing a proposal concerning the annual report prepared in accordance with the Accounting Act and the use of the after-tax profit, preparation of the report on the management, on the Company's asset/liability position and on its business policy, as well as measures taken to ensure the appropriate management of the Bank's trading books.

Additional, strategic tasks are, for example, the approval and annual review of the Bank's strategy, determination of its business plan, a review of the Bank's asset/liability position based on the quick reports, review of the Bank's liquidity situation, evaluation of changes in the qualified receivables portfolio, approval and review of the regulations that fall within the Board of Director's scope of authority (collateral evaluation, risk assumption, customer rating, etc.), regular review of compliance with the Credit Institutions Act and the Capital Markets Act, compliance, and customer complaints management. Furthermore, the Board of Directors is informed of any undertaking of obligations in excess of HUF 3 billion.

In addition, as part of its operative duties, the Board of Directors may make case-by-case decisions in respect of transactions that exceed the threshold value limit.

Supervisory Board

At the Bank, in line with the two-tier governance structure, the Supervisory Board performs the oversight of the Company's management and business activity. For this reason – and in accordance with the legal provisions – the principle of a majority of independent (non-executive) members is fully enforced in respect of the composition of the Supervisory Board.

Supervisory Board members are elected by the General Meeting for a term of three years. The ratio of *independent* (non-executive) Supervisory Board members (3 persons) to the total number of Supervisory Board members (5 persons) is 60%.

In order to avoid conflicts of interest, the General Meeting may not appoint the members of the Board of Directors and their close relatives to the Supervisory Board. The rules pertaining to the election and recall of the employee member of the Board of Directors is determined by the Workers' Council operating at the Company, and this member is not considered to be independent by the Company.
The Supervisory Board establishes its own procedural rules, which are approved by the General Meeting.

The Company's internal audit organisation is governed by the Supervisory Board, in keeping with the provisions specified in the Credit Institutions Act. The Supervisory Board exercises the right of prior approval in respect of the establishment, termination and remuneration of the managers and employees of the internal audit organisation.

Members of OTP Bank Plc's Supervisory Board:

Tibor Tolnay
Chairman of the Supervisory Board
Chairman & CEO
Magyar Építők Zrt.
Tibor Tolnay (58) graduated from the Budapest University of Technology with a degree in architecture and received a second degree from the Budapest University of Economics. In 1992 he was appointed CEO of Magyar Építők Rt. He has been Chairman of OTP Bank's Supervisory Board since 1992. He has been a member of the Audit Committee since 27 April 2007. As of 31 December 2008 he held 80,580 ordinary OTP shares.

Dr. Gábor Horváth
Lawyer
Dr. Gábor Horváth (53) earned a degree in law in Budapest from ELTE. From 1983 he worked for the Hungarian State Development Bank. He has been a lawyer since 1986, and since 1990 has run his own law firm, which specialises in corporate financing and corporate governance. He has been member of the Board of Directors of MOL since 1999, and a member of OTP Bank's Supervisory Board since 1995. From 27 April 2007 he is deputy chairman of OTP Bank's Supervisory Board, and chairman of the Audit Committee. As of 31 December 2008 he held 10,000 ordinary OTP shares.

Jean-Francois Lemoux
Head
Groupama International SA
Jean-Francois Lemoux (61), after graduating from the 'Hautes Etudes Commerciales' (HEC) college, began his career in 1971 at the Via Assurances Group, working first as Marketing Director, later as Management Controller, and finally as Director of Sales and Life Insurance. In 1988 he moved to the Athena Group, where he first worked as CEO of the group's life insurance subsidiary, and then from 1990 to 1998 held the post of CEO at PFA Vie, as well as becoming a member of the Group's governing comittee. In 1998, when Groupama acquired GAB, he was appointed to the Management Board of GAN SA, with the task of coordinating life and non-life insurance operations performed through agents and brokers. In September 2000, in keeping with Groupama-Gan's new corporate structure, he also took control of the non-life insurance divisions and the sales networks.
Since his appointment in 2003 Mr. Lemoux has worked as CEO of Groupama International.
From 25 April 2008 he is a member of OTP Bank's Supervisory Board. As of 31 December 2008 he held no ordinary OTP shares.

Kovács Antal
Member of the Supervisory Board, Deputy CEO
Retail Division
OTP Bank Plc
Antal Kovács (56) graduated from the Budapest University of Economics with a degree in economics in 1985. He started his professional career in 1990 at the Nagyatád branch of K&H Bank where he worked as a branch manager between 1993 and 1995. From 1995 he started working for OTP Bank Ltd., first as a county director and from 1998 as the managing director of OTP Bank's South Transdanubian Region. He received additional training at the International Bankers' School and the World Trade Institute. He has been a member of OTP Bank's Supervisory Board since 2004.
As of 31 December 2008 he held 33,000 ordinary OTP shares.

András Michnai
Director
Independent Compliance Department
OTP Bank Plc
András Michnai (54), who represents the employees of OTP Bank, graduated from the College of Finance and Accounting.
He has been an employee of the Bank since 1974, and until 1981 held a variety of posts in the branch network. From 1981 he worked as an instructor in the central network coordination department, before being appointed district deputy director and later director in the branch network. From 1994, as deputy management director, he participated in the central coordination of the branch network. Since 2005 he has headed the Bank's independent Compliance Department. He further expanded his professional skills, earning a masters degree at the College of Finance and Accounting, and is a registered tax advisor.
From 25 April 2008 he is a member of OTP Bank's Supervisory Board.
As of 31 December 2008 he held 15,600 ordinary OTP shares.

The Supervisory Board meets on at least *six* occasions each year.
A meeting must also be convened if a member of the Supervisory Board or at least two members of the Board of Directors, or the auditor, requests it in writing, indicating the objectives and reasons for the meeting.
Minutes are taken of the meetings of the Supervisory Board and its resolutions are documented.

The table below provides a brief overview of the number of Supervisory Board meetings held in 2008, and of the attendance at these meetings:

Supervisory Board Meetings
2008

Date	Present	Absent
15/2	5	-
17/3	5	-
31/3	5	-
25/4*	4	1
2/6	5	-
23/9	4	1
20/11	4	1
15/12	4	1

<u>Note:</u>
In 2008 the Supervisory Board met on a total of 8 occasions.
*OTP Bank Plc's General Meeting held on 25 April 2008 elected the Supervisory Board, consisting of 5 members, for a term of 3 years.

The main function of the Supervisory Board is to see to it that the Bank has a comprehensive and effectively operating system of oversight and control. The agendas of the meetings included, among other things, the review of documents to be submitted to the annual ordinary General Meeting, a report on the annual financial statements and on the proposal concerning the use of the after-tax profit, the review of the Bank's annual and interim financial reports, and the proposal to the General Meeting regarding the auditor to be elected as well as his/her remuneration.

The tasks concerning the management of the internal audit unit includes the acceptance of the audit plan at the bank-group level, and the discussion of the report at the bank-group level of the audits performed by the internal audit units and of the performance of the audit tasks at the bank-group level. Additional agenda items include compliance with the provisions of the Credit Institutions Act, the situation in terms of implementation at group level of the Unified Internal Audit System and the further development of the system, a review of the implementation of the resolutions that close the audits performed by the authorities, a review of the volume and composition of the qualified receivables portfolio, changes in impairment and the risk provisioning obligations, report on compliance activity, etc.

<u>Audit Committee</u>

The Audit Committee is a body that supports the work of OTP Bank Plc.'s Supervisory Board by formulating opinions, making evaluations and making recommendations. The scope of the Audit Committee's authority is determined by the effective statutory regulations, the Bank's Bylaws, the resolutions of the General Meeting and its rules of procedure. Its main duties are as follows:

- Commenting on the report prepared in accordance with the Accounting Act;
- Drawing up the contract to be concluded with the auditor, and maintaining contact with the auditor, including monitoring that all professional requirements and conflict of interest provisions in respect of the auditor are observed;
- If necessary, making recommendations for action to be taken by the Supervisory Board;
- Assisting the Supervisory Board in ensuring adequate control of the financial reporting system, including evaluating the operation of the financial reporting system, and recommending any measures that need to be taken.

In accordance with the regulations on financial institutions, certain functions and tasks of the Audit Committee are performed by the Supervisory Board or by the independent internal audit apparatus that is relegated to its scope of authority by the Credit Institutions Act. The tasks of the other committees are performed by committees that have been or may be set up in accordance with the Company's Organisational and Operational Regulations.

The Audit Committee consists of three persons, with its members having been elected by the General Meeting from among the **independent** members of the Supervisory Board. The Audit Committee elects a chairman from among its members.

The Audit Committee meets as many times as necessary, but at least four times a year. The meeting of the Audit Committee is convened by the chairman of the committee by specifying the reason and the purpose for the meeting, and any member of the committee may ask that the committee be convened in a written request submitted to the chairman.

Members of OTP Bank Plc's Audit Committee:

Dr. Gábor Horváth – chairman of the Audit Committee
Tibor Tolnay
Jean-Francois Lemoux
(For a summary of their CVs, see the section entitled Members of OTP Bank Plc.'s Supervisory Board)

The table below provides a brief overview of the number of Audit Committee meetings held in 2008, and of the attendance at these meetings:

Audit Committee Meetings
2008

Date	Present	Absent
3/31	3	-
4/25*	2	1
9/23	3	-
12/15	2	-

Note:
In 2008 the Audit Committee met on a total of 4 occasions.
*The General Meeting of OTP Bank Plc held on 25 April 2008 elected the Audit Committee, consisting of 3 members, for a term of 3 years.

The agenda of the Audit Committee meetings included, among other things, the information reporting on the Bank's financial results approved by the auditor, the Bank's non-consolidated financial statements prepared in accordance with International Financial Reporting Standards, a report on the financial statements and on the proposal for the use of the after-tax profit, a proposal to elect the Company's auditor and approve the person responsible for the audit, and the determination of his/her remuneration.

The remuneration of the members of the Board of Directors and the Supervisory Board is determined by the General Meeting, the supreme body of the Company. The guidelines and framework of the long-term remuneration and incentives of executives and senior office-holders are also determined by the General Meeting. The Board of Directors prepared the guidelines for evaluating and providing incentives to the management. The regulations that contain the detailed rules and procedures within this framework are approved by the Bank's Board of Directors (Share Option Program, Profit Sharing Program) and by the Management Committee (remuneration regulations, incentive system). At the annual ordinary General Meeting the Board of Directors provides information about the annual and mid-term goals and their attainment, which provides the basis of the evaluation.

1.2. The operation of the committees

a) **Permanent committees** established by the Bank's Management in support of management functions:

<u>Management Committee</u>
The Management Committee is a permanent committee established by the Board of Directors. It is a forum that directly supports the work of the Chairman & CEO and is the supreme management body of the Bank. It has decision making power in the issues that are relegated into its scope of authority by the Organisational and Operational Regulations, it takes a preliminary position and prepares decisions in the majority of issues that are discussed by the General Meeting, the Board of Directors and the Supervisory Board, and plays a coordinating role in the senior management of the Bank.

<u>Subsidiary Integration and Direction Committee</u>

Following acquisitions implemented by the Bank, this committee directs and coordinates the approval of action plans related to issues of the various individual companies and their relation to the group, and this is the committee to which the subsidiaries report. It is responsible for disseminating best practises across the Group, and for managing conflicts that arise between the subsidiaries and the headquarters. It requires and approves reports regarding the annual action plans of the subsidiaries. It makes individual decisions in respect of issues that are currently being discussed in relation to the subsidiaries.

The Management Committee and the Subsidiary Integration and Direction Committee perform their work in accordance with a semi-annual work plan accepted by them and meet once a month (or as many times as necessary). Their work is regulated by their rules of procedure.

<u>The following additional permanent committees</u> operate within the Company for the performance of specific tasks:
Asset-liability Committee, Credit-Limit Committee; Product Development, Sales and Pricing Committee; Work Out Committee; Information Technology Control Committee; Investment Committee, Group Operational Risk Management Committee.

Permanent committees are established by the Bank's Board of Directors for specific tasks, and the scope and rules of their operation are contained in their respective rules of procedure approved by the MC. In respect of resolutions, permanent committees, with the exception of the Credit-Limit and the Work-Out Committee, operate on the principal that grants decision-making power to the chairman.

b) **A special committee** of the Bank is the **Ethics Committee**, which is elected by the Board of Directors and operates under the management of one of the external members of the Board of Directors.

A Remuneration and Nomination Committee has not been established at the Bank.

1.3. **<u>Members of OTP Bank Plc.'s senior management:</u>**

Dr. Sándor Csányi
Chairman & CEO

Dr. Antal Pongrácz
Member of the Board of Directors
Deputy CAO
Staff Division

Dr. László Urbán
Member of the Board of Directors
Deputy CEO
Strategic and Financial Division

Antal Kovács
Member of the Supervisory Board
Deputy CEO
Retail Division

(For their CVs, see the section entitled Management Bodies)

Dr. István Gresa
Deputy CEO
Credit Approval and Risk Management Division
Dr. István Gresa (56) graduated from the College of Finance and Accounting in 1974 and received a degree in economics from the Budapest University of Economics in 1980. He earned a Ph.D. from the same establishment in 1983. He has worked in the banking sector since 1989. Between 1989 and 1993 he was branch manager of Budapest Bank's Zalaegerszeg branch. From 1993 he was director of OTP Bank's Zala County Directorate, and from 1998 he served as the director of the Bank's West Transdanubian Region. Since 1 March 2006 he has been Deputy CEO of OTP Bank and the Head of the Credit Approval and Risk Management Division and chairman of the Board of Directors of OTP Factoring Zrt., and from 22 May 2007 chairman of the Board of Directors of OTP Healthcare Fund Zrt.
As of 31 December 2008 he held 63,758 ordinary OTP shares.

Ákos Takáts
Deputy CEO
IT and Bank Operations Division
Ákos Takáts (49) graduated from the University of Horticulture and Food Industry in 1982 and earned a degree in engineering in 1985. He has worked in the banking sector since 1987. From 1993 he served as a deputy head of department at OTP Bank, then, from 1995, he was managing director of the Bank's IT Development Directorate. Since 1 October 2006 he has served as OTP Bank's Deputy CEO and the head of the IT and Logistics Division.
As of 31 December 2008 he held 153,347 ordinary OTP shares.

László Wolf
Deputy CEO
Commercial Banking Division
László Wolf (49) graduated from the Budapest University of Economics in 1983. After graduation he worked at the Bank Relations Department of the Hungarian National Bank for 8 years, after which he served as head of Treasury at BNP-KH-Dresdner Bank between 1991 and 1993. From April 1993 he was managing director of OTP Bank's Treasury Directorate, and since 1994 he has been Deputy CEO of the Commercial Banking Division.
As of 31 December 2008 he held 732,640 ordinary OTP shares.

1.4 Internal control system

The appropriate functioning of the internal control system is provided for, at bank-group level, in accordance with the relevant statutory regulations and in keeping with the relevant Recommendations. The internal control system, alongside responsible corporate governance, is a cornerstone of the internal lines of defence that promote prudent, reliable and effective operation in accordance with the statutory regulations and internal regulations, protects the economic interests and social objectives of the customers and the owners and ensures continued trust in the Company.
The internal control functions are independent of each other and of the areas they supervise and audit. A significant aspect of their operation is management support; however, internal control functions are also expected to provide support to the senior management in making sound decisions.

Audit

The main reason for operating this aspect of control is the protection of customers, the Company's assets and shareholders' interests.

In order to ensure effective auditing, the structure of the Company's internal audit system is segmented both vertically and horizontally. The system is built on three related levels of control, and at the same time is also segmented by area. The elements of the internal audit system comprise of in-process, management and independent internal audit.

The independent internal audit organisation supports safe and prudent business management, and effective operation, and it seeks to minimise risks and ensure compliance with the statutory regulations. Its key characteristic is that it is an independent, professional and objective organisation that inspects all control levels. The professional oversight of the organisation is conducted by the Supervisory Committee, within the framework set by the Credit Institutions Act.

The independent internal audit organisation has an annual audit plan which is approved by the Supervisory Board. The annual plan is prepared using a risk-based methodology and, in addition to focusing on the areas that entail regulatory, business, operational and lending risk, it also takes into account changes in the prevailing economic situation.

The organisation regularly prepares objective and independent reports for the Board of Directors, the Supervisory Board and the management in respect of the operation of risk management, internal control mechanisms and corporate governance functions. In extraordinary cases that require immediate attention, the audit unit is entitled to perform an extraordinary audit.

The internal audit system includes shareholder audits conducted at the foreign and domestic group members as well as the professional oversight of the internal audit organisations of the subsidiaries. Uniform internal audit methods are created, continuously developed and implemented in respect of the operation and activities of the bank group members' internal audit units.

The Supervisory Board exercises the right of prior consent in respect of the establishment and termination of the employment and the remuneration of the managers and operational staff of the internal audit organisation.

The General Meeting is entitled to elect the auditor and determine the key terms of the contract to be concluded with the auditor.

Risk management

The Company has detailed risk management rules for each of the various types of risk (liquidity, market, country, counterparty, credit risk, operational risk, and compliance risk), and these rules are in harmony with the statutory regulations pertaining to prudential banking operations. The annual report describes the Company's risk management practices, the limits, and compliance with these limits.

Our risk management system includes the identification of risks, an assessment and analysis of their impact, the required action plans and the monitoring of their effectiveness and results. The management makes its business decisions in the knowledge of all material risks. All material risks related to internal and external activities, risks related to compliance with financial and legal requirements as well as several other risks are evaluated and managed in accordance with a well-defined, transparent internal mechanism.

Within the Company, the Credit Approval and Risk Management Division and the Strategy and Finance Division exercise functional control over the guidelines, methodology and infrastructure of the Bank Group's risk management strategy, the purpose of which is to create a clearly defined, transparent, standardised credit, country, counterparty, market and operational risk management system at group level which complies with the Basel requirements, the expectations of the supervisory authority and local conditions. The Bank has an Operational Risk Management Committee at group level. The Bank Group's Risk Management Strategy, the Group Lending Policy Principles and the Bank Group's Risk Assumption Regulations are approved by the Bank's Board of Directors. Group-level risk management is based on the introduction of a standardised, OTP-compliant organisational structure, together with relevant regulations and procedures, in the various subsidiaries.

Compliance

In accordance with EU regulations and with the Hungarian statutory provisions, the Company has established an independent organisational unit to explore and manage compliance risks (the Independent Compliance Department). The appropriate regulatory documents, such as the compliance policy, strategy and work plan, have been drafted. The purpose of the compliance policy is to establish the framework of compliance activities in respect of the entire OTP Bank Group, to determine the definition, purpose of compliance and the tasks and scope of the compliance function. Another important document of the compliance policy is the OTP Bank Group's compliance strategy. The compliance policy is approved by the Board of Directors of OTP Bank Plc. The Independent Compliance Department prepares a comprehensive report each year about the Bank Group's compliance activities and position, which is approved by the Bank's Board of Directors. The OTP Bank Group's senior management is responsible for the implementation in practice of the compliance policy.

Auditor

Our Company is audited by Deloitte Auditing and Advisory Kft. (Cg. 01-09-071057). Last year the auditor did not perform any activity that was not related to its auditing tasks.

The Board of Directors must inform the Company's General Meeting and Supervisory Board if the auditor is given any other material mandates. In addition, if warranted, the Company's Board of Directors, Supervisory Board and other boards may use the services of an external consultant as well.

1.5. Disclosure of information

Providing regular, authentic information is essential if the shareholders and the other participants in the capital market are to make sound decisions, and the way in which the Company discloses information also has an impact on its reputation.

The Company discloses information in strict compliance with the provisions of Act CXX of 2001 on the Capital Market (Capital Market Act) and the relevant Regulations of the BSE. In addition, the Company has effective internal regulations that ensure compliance with the obligation to disclose information.
The aforementioned regulations ensure that all material information pertaining to the Company and having a bearing on the price of the Company's shares is published accurately, in full, and in good time.
The Board of Directors describes its business, strategic goals and mid-term strategic plans of the given year at every ordinary General Meeting. The proposal to the General Meeting is published by the Company on the website of the Budapest Stock Exchange in accordance with its rules of disclosure and the provisions of the relevant regulations of the BSE.
The Company, in accordance with the statutory regulations, publishes on the Company's website and in its Annual Report the professional careers of the members of the Board of Directors, the Supervisory Board and the management.
The proposal pertaining to the remuneration of the chairman and members of the Board of Directors and the chairman and members of the Supervisory Board constitute a part of the proposals of the General Meeting.
The Company has detailed risk management regulations that include every type of risk (liquidity, market and credit risk) which are consistent with the statutory regulations pertaining to prudential banking operation. The Annual Report provides information about the Company's risk management practices, the relevant limits and compliance with the limits.

The Company has detailed internal regulations pertaining to insiders and potential insiders that fully comply with the restrictions and prohibitions regulated in detail by the Capital Market Act. In addition, the guidelines pertaining to securities trading by insiders are also available on the website. All transactions involving the Company's shares performed by the members of the Board of Directors and the Supervisory Board are published by the Company in accordance with the rules on disclosure, and the shareholdings in the Company of the officers of the Company (number of shares) are published in the Company's Annual Report.

1.6. Overview of the exercising of shareholders' rights

Participation in the General Meeting and voting rights

Shareholders may exercise their right of participation and their voting rights at the General Meeting, in person or by proxy.

The letters of proxy must be set forth in a notarised deed or a private document of full probative force. In the event that a shareholder is represented at the General Meeting by its legal representative (e.g. director, managing director, mayor etc.), the deed issued by the court or court of registration concerning the right of representation, or a certificate testifying to the election of the mayor, must be presented at the venue of the General Meeting.
The letters of proxy must be handed over during the period and at the location specified in the invitation to the General Meeting. If the letter of proxy was issued outside Hungary, it must satisfy, in terms of its form, the statutory provisions pertaining to the authentication or counter-authentication of documents issued outside Hungary. Information on the subject can be obtained from the Hungarian representation offices abroad.

A condition of participation and voting in the General Meeting is that

- the holder of the registered shares has been effectively entered into the Company's Share Register;
- the voting right associated with ownership of the shares does not violate the provisions of the Company's Bylaws, which the Company ascertains through a check following receipt of the result of a holder matching procedure from KELER Zrt;
- the rules on participation in the General Meeting and the exercising of voting rights on the part of GDR holders are contained in the Custody Agreement concluded between the Bank of New York and OTP Bank Plc

Further details are contained in the Company's Bylaws on our website.

1.7. Brief description of rules pertaining to the implementation of the General Meeting

The Company requests a holder matching procedure in respect of the date of the General Meeting, a corporate event, from the Central Clearing House and Depository (Budapest) Ltd. (KELER Zrt.). The holder matching procedure may take place only in the period between the 10th and 5th working day at the stock exchange prior to the General Meeting. The rules pertaining to the holder-matching procedure are contained in the effective regulations of KELER.

The Company deletes all data from the Share Register that are effective at the time of the holder matching procedure, and at the same time the data resulting from the holder matching procedure are entered into the Share Register and the Share Register is closed after the data of the holder matching procedure are entered, at 12 o'clock noon Budapest time on the second working day prior to the day of the General Meeting. Afterwards entries regarding the shareholding of any shareholder may be made at the earliest on the working day after the General Meeting is closed.

The General Meeting must be announced in the manner specified in respect of announcements made by the Company, at least 30 days before the projected date of the General Meeting, unless otherwise stipulated in the Companies Act.

The invitation must contain the following

a) the Company's official name and registered seat;
b) the date and place of the General Meeting;
c) the manner in which the General Meeting is to be held;
d) the agenda of the General Meeting;
e) the provisions contained in section 8.5 of the Bylaws, with the reminder that shareholders may participate in and vote at the General Meeting only in compliance therewith;
f) information about the place and date of the handing over of the letters of proxy;
g) in the event that there is no quorum, the place and date of the reconvened General Meeting.

Questions not listed on the agenda may be discussed by the General Meeting only if all shareholders are present and they give their unequivocal consent thereto.

The General Meeting is regarded as having a quorum if the votes of the attending shareholders represent more than half of the total votes embodied by shares entitling the holder to vote.

If a duly convened General Meeting still does not have a quorum an hour after the time specified in the invitation, the General Meeting that is reconvened at this time – that is, an hour after the original time – shall have a quorum in respect of the agenda items set forth in the invitation regardless of the number of people attending.

If a General Meeting that has a quorum cannot pass a resolution in respect of all the items on the agenda, it may decide to suspend the meeting and to convene a follow-up General Meeting, while indicating the new time and place. The General Meeting may only be suspended once, and the follow-up General Meeting must be held within 30 days of the suspension.

In respect of the quorum of a suspended and then reconvened General Meeting (follow-up General Meeting), the general rules apply. The follow-up General Meeting may pass decisions only in respect of the announced agenda items of the original General Meeting in respect of which the original General Meeting did not make a decision.

The General Meeting is chaired by the Chairman of the Board of Directors or another person designated by the Board of Directors who

- opens the General Meeting;
- appoints the person responsible for taking minutes;
- determines whether the General Meeting has a quorum;
- gives and revokes the right to speak;
- formulates resolution proposals and puts them to the vote;
- announces the result of the vote on the basis of the results indicated by the vote counters;
- announces the intermission; and
- closes the General Meeting.

Prior to the opening of the General Meeting, shareholders who have blocks of votes may notify the Chairman of the General Meeting in writing if they would like to speak in relation to any of the agenda items. The comments made by the shareholders may not be on a topic that is different from the designated agenda item. The Chairman of the General Meeting must grant the right to speak to persons who have indicated their desire to speak in accordance with the above.

The Chairman of the General Meeting may determine the order in which the comments on the given agenda item will be heard, may grant any person the right to speak or may retract such right, with the proviso that the right to speak may be retracted from a shareholder who has indicated his/her wish to speak in writing only if the shareholder's comments depart from the given agenda item despite a warning in this regard. The Chairman of the General Meeting may prohibit the recording in the minutes of comments that are made after the right to speak is retracted, and may terminate the availability of the technical conditions (microphone) for making such comments.

The Chairman of the General Meeting may decide to hold the General Meeting in private, and, with the exception of the members of the Board of Directors, the executives specified in the Credit Institution Act, the members of the Supervisory Board, the auditor, shareholders with blocks of votes and the representatives of such shareholders as well as the representatives of the State Financial Supervisory Authority and the Budapest Stock Exchange, he may exclude anyone from attending the General Meeting.

The General Meeting passes its resolutions, unless the Company's Bylaws stipulate otherwise, through a simple majority of the votes of the attending shareholders.

If the Company has put into circulation shares belonging to different share series and if due to the provisions of the statutory regulations the consent of holders of a specific share series is necessary for the validity of the General Meeting's resolutions, the resolution of the General Meeting shall be conditional and shall become valid only if the attending holders of the relevant share series – in the absence of a provision in the Bylaws to the contrary – consent to it with their majority vote.

Unless the Bylaws of the Company provide otherwise, decisions at the General Meeting are made by open vote.

In its first resolution, the General Meeting selects, from the list proposed by the Chairman of the General Meeting, the attending shareholders who will act as the authenticator of the minutes and the vote counters. In the case of an unsuccessful vote the Chairman of the Meeting must submit a new proposal.

Minutes must be taken of the General Meeting, which must include the following:

- the Company's official name and registered seat;
- the date and place of the General Meeting and the manner in which it is held;
- data necessary for determining whether the General Meeting has a quorum and changes in the number of persons attending;
- the name of the Chairman of the General Meeting, the person taking the minutes, the authenticator of the minutes and the name of the vote counters;
- the most important events at the General Meeting and the proposals made;
- the resolution proposals, the number of votes for and against the proposals and the number of those who abstained;
- objections to a resolution by any shareholder and any member of the Board of Directors or the Supervisory Board if the person objecting requests it himself.

The minutes are signed by the Chairman of the General Meeting and the person taking the minutes and are authenticated by an attending shareholder who has been selected for this purpose.

The Board of Directors must send the Company Court an authenticated copy of the minutes of the General Meeting within 30 days after the General Meeting is adjourned, together with the attendance register and the documents that certify that the General Meeting was properly convened.

For further details, please consult the Company's Bylaws, which you can download from our website.

1.8. Declaration on the Remuneration of Executive Officers

In 2008 the Company did not publish a Declaration on the Remuneration of Executive Officers; however, the Company currently publishes some of the data specified in the recommendation.

The remuneration of the members of OTP Bank Plc's Board of Directors and Supervisory Board is determined by the General Meeting in accordance with the Companies Act and the provisions of the Bank's Bylaws, and the relevant resolution has been published on the Company's website. Similarly, the Bank has published the conditions of the share purchase program, which constitutes an important factor in the remuneration of the Bank's executives and which was approved by the Bank's General Meeting for the years 2006-2010 in its resolution no. 8/2006. The guidelines and incentives of the long-term remuneration and incentives of executives were determined in resolution no. 8/2007 of the General Meeting, which is also available on our website.

The components of the remuneration of the Chairman & CEO as well as the division heads are the following:

- Salary components consisting of the basic wage within a specific category and a bonus. The base salary of the Chairman & CEO, the targets that serve as the basis for establishing the performance-based component of his remuneration, and the evaluation of the performance of these targets, as well as the extent of the bonus payable, are determined by the Bank's Board of Directors. In the case of the deputy CEOs (heads of divisions), it is the Chairman & CEO who has the competence to decide in such matters.
- Share Option Program
- The Profit Sharing Program, which was first able to be applied with respect to the financial results of 2007, provides a reward in the event that profit targets are exceeded, in proportion to the contribution made to the results. The framework terms and conditions of the program were approved in resolution no. 8/2007 of the General Meeting, and its detailed rules were approved by the Bank's Board of Directors.

The remuneration of the members of the Supervisory Board and the Board of Directors, which is determined in a resolution of the General Meeting, is public information as described above. The detailed and specific data pertaining to the remuneration of the management was not published by the Company in 2007, in accordance with section 3 (4) of Act XXII of 1992 on the Labour Code.

2.) Corporate Governance Report on compliance with the Corporate Governance Recommendations

As part of the Corporate Governance Report, the Company states, by completing the following tables, the extent to which it has implemented the recommendations and proposals specified in the specific sections of the Corporate Governance Recommendations ("CGR") of the Budapest Stock Exchange in its own corporate governance.
By looking at the tables, market participants are able to gain a quick insight into the extent to which the corporate governance practices of particular companies comply with certain requirements specified in the CGR, and to quickly compare the practices of various companies.

Level of compliance with the Recommendations

The company specifies whether it has applied the relevant recommendation or not, and if not, it describes briefly the reasons why a particular recommendation has not been implemented.

1.1.1 The Board of Directors has ensured that shareholders have access, in a timely manner, to the information required for exercising their rights.

Yes

1.1.2 The Company follows the "one share – one vote" principle

No

Each of the Company's ordinary shares ensures one voting right. In keeping with the stipulations of the Company's Bylaws, voting rights depend specifically on the size of the shareholding.

1.2.8 The Company ensures that owners may participate in the General Meeting if they meet the same conditions.

Yes

1.2.9 Only those issues may be put on the General Meeting's agenda that are accurately defined and described.

Yes

The resolution proposals comprised the recommendation of the Supervisory Board and included a detailed explanation of the effects that the decision would have if taken.

Yes

1.2.10 Shareholders' comments and addenda to the agenda items were published no later than two days before the General Meeting.

Yes

1.3.8 Comments made in respect of the agenda items of the General Meeting were available to the shareholders no later than at the time of registration.

Yes

Written comments in respect of the agenda items were published two working days before the General Meeting.

Yes

1.3.10 The election and recall of executives is made in a separate resolution in respect of each person.

Yes

2.1.1 The tasks of the Board of Directors include those specified in point 2.1.1.

Yes

2.3.1 The Board of Directors held meetings at pre-specified, regular intervals.

Yes

The Supervisory Board held meetings at pre-specified, regular intervals.

Yes

The rules of procedure of the Board of Directors contain provisions about conducting meetings that cannot be planned in advance and about making decisions through electronic media.

Yes

The rules of procedure of the Supervisory Board contain provisions about conducting meetings that cannot be planned in advance and about making decisions through electronic media.

Yes

2.5.1 The Company's board of directors has a sufficient number of independent members to ensure impartiality.

No
At the Bank, in line with the two-tier governance structure, the Supervisory Board has a controlling function, while the Board of Directors fulfils an executive function. For this reason – and in accordance with the legal provisions – the principle of a majority of independent (non-executive) members must be fully enforced in respect of the composition of the Supervisory Board.
In harmony with the executive role of the Board of Directors, and to provide incentives for ensuring successful operation, the members of the Board of Directors have a personal stake in the successful operation of the Company. Consequently, the members of the Board of Directors participate in the share option program accepted by the General Meeting. For this reason, however, they cannot fully meet the criteria of independence stipulated by law. But since the Board of Directors also has an important role to play in supervising the management, it is essential that the principle of maintaining a majority of independent members in the Board of Directors be observed. The personal composition of the Board of Directors ensures the presence, in equal measure, of expertise, experience and independence, which goes beyond what is stated above, in its decision-making processes.

2.5.4 The Board of Directors regularly (in relation to the annual CG report) asked its members who are considered to be independent to confirm that they are independent.

No
In respect of the two-tier governance structure, in keeping with the provisions of the Companies Act, the criteria of independence pertain to the members of the Supervisory Board and not to the Board of Directors. Consequently, the company fully complies with the statutory regulations in respect of the Supervisory Board; however, in the case of the Board of Directors, the company does not consider it necessary to determine the remuneration of the members of the Board of Directors independently of the results of the company, and based on their personal interest, the members do not satisfy this provision.

At the same time, since the Board of Directors has an important role to play in supervising the management, it is essential that the principle of maintaining a majority of independent members in the Board of Directors be observed.

2.5.5 The Supervisory Board regularly (in relation to the annual CG report) asked its members who are considered to be independent to confirm that they are independent.

No
The company complies with the provisions of the Companies Act according to which the majority of the members of the Supervisory Board must be independent (Section 310 of the Companies Act), and the Company's Supervisory Board, with the exception of the employee representatives, consists of independent members.

In addition, practices aimed at reinforcing this independence will be rolled out in 2009.

2.5.7 The Company published on its website its guidelines concerning the independence of the Board of Directors and the Supervisory Board and the applied criteria of independence.

No
The Company satisfies the statutory provisions pertaining to independence, and therefore no separate guidelines had been created on this matter until recently; despite this, guidelines regarding the independence of the members of these bodies will be approved in 2009.

2.6.1 Members of the Board of Directors notified the Board of Directors (supervisory board / Audit Committee) if he/she (or a person who is closely related to him/her) had a material personal stake in any transaction of the Company (or any of its subsidiaries).

Yes

2.6.2 Transactions concluded between board and management members (and persons related to them) and the Company (or its subsidiary) were conducted in accordance with the regular business practices of the Company but on the basis of stricter rules of transparency than is customary in the course of regular business practices.

Yes

Transactions, specified in 2.6.2, which depart from regular business practices and the conditions thereof were accepted by the Supervisory Board (Audit Committee).

No
The Company prepared procedural rules for approving transactions that depart from usual business practices, and this ensures adequate control.

2.6.3 The board member informed the Supervisory Board / Audit Committee (Nomination Committee) if he/she was asked to act as a member on the board or in the management of a company that does not belong to the Group.

No

In accordance with the Company's regulations pertaining to the prevention of conflicts of interest, requests to act as an officer in a company that does not belong to the Group are reported to the person exercising employer's rights and are registered, and the organisational unit that controls the records is supervised by the Board of Directors.

The modified rules of procedure, which also contain information provided by the Supervisory Board, will be approved in 2009.

2.6.4 The Board of Directors created guidelines pertaining to the flow of information within the Company as well as the management of insider information and supervises compliance therewith.

Yes

The Board of Directors created guidelines pertaining to insider trading of securities and supervises compliance therewith.

Yes

2.7.1 The Board of Directors created remuneration guidelines for the remuneration and evaluation of the work of the Board of Directors, the Supervisory Board and the management.

No
The regulations pertaining to the Remuneration Guidelines will be approved in 2009.

In 2008 the Company did not publish a Declaration on the Remuneration of Executive Officers; however, it currently publishes a part of the data contained in the recommendation.

The remuneration of the members of OTP Bank Plc's Board of Directors and Supervisory Board is determined by the General Meeting in accordance with the provisions of the Companies Act and the Bank's Bylaws, and the relevant resolution has been published on the Company's website. Similarly, the Bank published on its website the conditions of the purchase option program which constitutes a key component of the executive remuneration system and which was approved by the Bank's General Meeting in its resolution no. 8/2006 for the years 2006-2010. The guidelines and framework of the long-term remuneration and incentive scheme for executive employees were determined in resolution no. 8/2007 of the General Meeting, which is also available on the website.

The components of the remuneration and incentives of the Chairman & CEO as well as the division heads are the following:

- Salary components consisting of the basic wage within a specific grade plus a bonus. The base salary of the Chairman & CEO, the targets that serve as the basis for establishing the performance-based component of his remuneration, and the evaluation of the performance of these targets, as well as the extent of the bonus payable, are determined by the Bank's Board of Directors. In the case of deputy CEOs (division heads), it is the Chairman & CEO who has the competence to decide in such matters.
- Share Option Program
- The Profit Sharing Program, which was first able to be applied with respect to the financial results of 2007, provides a reward in the event that profit targets are exceeded, in proportion to the contribution made to the results. The framework conditions of the program were approved in resolution no. 8/2007 of the General Meeting, and its detailed rules were approved by the Bank's Board of Directors.

The remuneration of the members of the Supervisory Board and the Board of Directors, which is determined in a resolution of the General Meeting, is public information as described above. The detailed and specific data pertaining to the remuneration of the management was not published by the Company in 2008 in accordance with section 3 (4) of Act XXII of 1992 on the Labour Code.

The Supervisory Board commented on the remuneration guidelines.

No
The members of the Supervisory Board participate in the General Meeting and can make comments and express their opinion in respect of its agenda items, for example in relation to the incentive system.

In addition to this, the regulation of the procedures pertaining to the Remuneration Guidelines will be approved in 2009, and this will also include the role of the Supervisory Board to comment on the Remuneration Guidelines.

The General Meeting approved the remuneration guidelines and the amendments thereto pertaining to the Board of Directors and the Supervisory Board in a separate agenda item.

Yes

2.7.2. The Board of Directors must evaluate its own performance in a given business year. The Board of Directors evaluated its own performance in a given business year.

No
The annual report of the Company contains the overall evaluation of the activity, which includes a description of the work of the executive bodies, and therefore the personal appraisal of the members is performed in the course of the work of the bodies.

2.7.3 The supervision of the performance of the management and the remuneration of the management falls within the competence of the Board of Directors.

Yes

The framework of and changes in benefits that are due to the members of the management and are different from what is customary are approved by the General Meeting in a separate agenda item.

Yes

2.7.4 The General Meeting approved the principles of share-based remuneration schemes.

Yes

Prior to the decision by the General Meeting concerning share-based remuneration schemes the shareholders received detailed information (at least as described in point 2.7.4)

Yes

2.7.7 The Company has prepared a Declaration on the Remuneration of Executive Officers and presented it to the General Meeting.

No

See the response under point 2.7.1.

The Declaration on the Remuneration of Executive Officers contains the remuneration of certain members of the Board of Directors, the Supervisory Board, and the management.

No

See the response under point 2.7.1.

2.8.1 The Board of Directors or the committee operated by it is responsible for the supervision and direction of the Company's entire risk management operations.

Yes

The Board of Directors verifies the efficiency of risk management procedures at specific intervals.

Yes

The Board of Directors took the necessary steps to identify key risk areas.

Yes

2.8.3 The Board of Directors formulated the principles pertaining to the internal control system.

Yes

The internal control system, which has been established by the management, ensures that the risks to which the Company is exposed are managed and that the Company's objectives are attained.

Yes

2.8.4 When formulating the internal control system, the Board of Directors took into account the criteria specified in point 2.8.4.

Yes

2.8.5 The management is responsible for establishing and maintaining the internal control system.

Yes

2.8.6 The Company created an independent internal audit function which reports to the Audit Committee.

No

The Bank has an internal audit system that fully complies with the statutory regulations; however, ensuring the effective operation of the internal audit system and providing direction to and requiring reports from the internal audit organisation is the inalienable task of the Supervisory Board, according to the Credit Institutions Act. The members of the Audit Committee participate in the execution of this task in their capacity as members of the Supervisory Board; however, it would be contrary to statutory requirements if the internal audit function were the direct responsibility of the Audit Committee.

The internal audit group must report, at least once, to the Audit Committee about the operation of risk management, the internal control mechanisms, and the corporate governance functions.

No

In accordance with the Credit Institutions Act, the Supervisory Board is responsible for directing the internal audit organisation, and the members of the Audit Committee, in their capacity as members of the Supervisory Board, participate in executing this task, however, it would be contrary to statutory requirements if the internal audit function were the direct responsibility of the Audit Committee.

2.8.7 The internal audit activity is performed by the internal audit organisation on the basis of a mandate given by the Audit Committee.

No

In accordance with the Credit Institutions Act, the internal audit organisation is governed by the Supervisory Board, and the members of the Audit Committee participate in the execution of this task in their capacity as members of the Supervisory Board. Due to effective statutory regulations, the audit organisation cannot perform its internal audit activities based on the mandate of the Audit Committee.

Internal audit is organisationally separate from operative management.

Yes

2.8.8 The internal audit plan was approved by the Board of Directors (Supervisory Board) upon the recommendation of the Audit Committee.

Yes

2.8.9 The Board of Directors prepared a report for shareholders on the operation of internal controls.

Yes

The Board of Directors formulated its rules of procedure in respect of receiving and processing reports on the operation of internal controls and preparing its own reports.

Yes

2.8.11 The Board of Directors identified the key deficiencies of internal controls and reviewed and re-evaluated the relevant activities.

Yes

2.9.2 The Board of Directors, the Supervisory Board and the Audit Committee were notified when the auditor's mandate, by its nature, may have incurred considerable expenditure, may have given rise to a conflict of interest or may have had any other material impact on business operations.

Yes

2.9.3 The Board of Directors notified the Supervisory Board if it gave a mandate to an audit company or an external audit expert in respect of an event that has a material impact on the Company's operation.

Yes

The Board of Directors specified in advance, in a resolution, the events that may be considered to have a material impact on the Company's operation.

Yes

3.1.6 The Company published on its website the tasks delegated to the Audit Committee, the Nomination Committee, and the Remuneration Committee, together with the goals, rules of procedure and the composition of the committees (members' names, brief CV and date of appointment).

No

The Company fully complies with the statutory requirement of public disclosure, and the information is available on the website. In 2008 no additional disclosures were made in respect of the committees. At the same time, in order to render operations even more transparent, the publication of additional information related to the committees will be regulated in 2009.

3.2.1 The Audit Committee oversaw the effectiveness of risk management, the operation of the internal control system and the internal audit activity.

No

In accordance with the Credit Institutions Act, the internal audit organisation is governed by the Supervisory Board, and the members of the Audit Committee participate in the execution of this task in their capacity as members of the Supervisory Board. Assigning the right of oversight to the Audit Committee is contrary to these legal requirements.

3.2.3 The Audit Committee receives accurate and detailed information about the work schedule of the internal auditor and the independent auditor and receives a copy of the report by the auditor regarding the problems identified during the audit.

No
In accordance with the Credit Institutions Act, the internal audit organisation is governed by the Supervisory Board, and the members of the Audit Committee participate in the execution of this task in their capacity as members of the Supervisory Board. In addition, we want to ensure that, starting from 2009, the reporting obligation be in place not only in respect of the Supervisory Board but also the Audit Committee.

3.2.4 The Audit Committee asked the new candidate for the auditor position to submit a disclosure declaration as specified in 3.2.4.

No
In 2008 the circumstances mentioned above were not disclosed in the form of a preliminary statement, but based on the changes that are currently under way, from 2009 the declaration on conflicts of interest will also be submitted in advance to the Audit Committee.

A 3.3.1 The Company has a Nomination Committee.

No
The Company does not have a Nomination Committee; however, in respect of the members of the management – the Chairman & CEO and the deputy CEOs – the Bank's Board of Directors exercises control partly because it exercises employer's rights in respect of the Chairman & CEO and – in accordance with the Bylaws of the Company – the Board of Directors exercises the employer's rights by way of the Chairman & CEO in respect of the deputy CEOs, with the proviso that the Board of Directors must receive prior notice of the appointment and dismissal of such persons.
In addition, Act CXII of 1996 (Credit Institutions Act) contains strict requirements in respect of persons who are appointed to an executive position, and compliance therewith is verified by the State Financial Supervisory Authority within the scope of its right to exercise preliminary approval, which is necessary for the appointment.

3.3.2 The Nomination Committee prepares the way for changes in personnel.

No

See the comments under point 3.3.1 above.

The Nomination Committee reviewed the procedures pertaining to the selection and appointment of the members of the management.

No
See the comments under point 3.3.1 above.

The Nomination Committee evaluated the activities of board members and the members of the management.

No
See the comments under point 3.3.1 above.

The Nomination Committee examined all proposals concerning the nomination of board members that were proposed by the shareholders or by the Board of Directors.

No
See the comments under point 3.3.1 above.

3.4.1 The Company has a Remuneration Committee.

No

The Company has not had a Remuneration Committee until recently; such committee will be established in 2009.

In the current practice, the main organ of the company, the General Meeting, has the right to determine the remuneration of the members of the Board of Directors and the of Supervisory Board. The guidelines and framework of the remuneration of officers are also determined by the General Meeting. The Board of Directors prepared the guidelines for evaluating the work of the management and for providing incentives for them. The regulations that contain the detailed rules and procedures within this framework are approved by the Bank's Board of Directors (Share Option Program, Profit Sharing Program) and by the Management Committee (remuneration regulations, incentive system). The Board of Directors describes the annual and mid-term goals and their accomplishment, which serves as a basis of the evaluation, at the annual ordinary General Meeting.

3.4.2 The Remuneration Committee has submitted a proposal regarding the remuneration system of the boards and the management (amount and structure of remuneration for each person), and oversees this process.

No

See the comments under point 3.4.1 above.

3.4.3 The remuneration of the management has been approved by the Board of Directors based on the proposal of the Remuneration Committee.

No

See the comments under point 3.4.1 above.

The remuneration of the Board of Directors is approved by the General Meeting upon the recommendation of the Remuneration Committee.

No

See the comments under point 3.4.1 above.

The Remuneration Committee has also checked the system of share options, cost reimbursements and other contributions.

No

See the comments under point 3.4.1 above.

3.4.4 The Remuneration Committee has formulated proposals in respect of the principles of remuneration and the remuneration of individual persons.

No

See the comments under point 3.4.1 above.

The Remuneration Committee has reviewed the terms and conditions of contracts that were concluded with the management.

No

See the comments under point 3.4.1 above.

The Remuneration Committee has checked if the Company has satisfied the obligation of disclosure regarding executive remuneration issues.

No

See the comments under point 3.4.1 above.

3.4.7 The majority of the members of the Remuneration Committee are independent.

No

See the comments under point 3.4.1 above.

3.5.1 The Board of Directors has disclosed its reasons for merging the Remuneration and the Nomination Committee.

No

See the comments under point 3.4.1 above.

3.5.2 The Board of Directors has performed the tasks of the Nomination and the Remuneration Committee and has issued a statement on its reasons for doing so.

No

See the comments under point 3.4.1 above.

4.1.1 The Board of Directors, in its disclosure guidelines, has determined the principles and procedures that ensure that all material information that has a significant bearing on the Company and on the price of its shares is published and is accessible accurately, in full and in good time.

No

The Company complies with the obligation of disclosure in strict compliance with the provisions of Act CXX of 2001 on the Capital Markets and the relevant regulations of the Budapest Stock Exchange. The Company has internal regulations that ensure compliance with the obligation of disclosure, which present the tasks and obligations arising from the provisions of the above act and the regulations of the Budapest Stock Exchange for all the relevant boards, organisations and employees of the Company.

At the same time, in order to provide even greater assurance with respect to the transparency of operations, the Company will issue a set of Disclosure Guidelines in 2009.

A 4.1.2 In the course of providing information, the Company has ensured that all shareholders and market participants receive equal treatment.

Yes

4.1.3 The Company's disclosure guidelines include electronic and internet disclosure procedures.

No

In respect of content, the Company satisfies stipulations pertaining to disclosure, and in practice all information to be announced is published on the website. No formal guidelines have been established, but regulations pertaining to announcements have been created.
At the same time, in order to provide even greater assurance with respect to the transparency of operations, the Company will issue a set of Disclosure Guidelines in 2009, which will also include procedures on publishing information electronically, on the internet.

The Company's website has been created with due regard to the disclosure guidelines, and with a view to providing appropriate information to investors.

Yes

4.1.4 The Board of Directors has assessed the effectiveness of disclosure processes.

No

In respect of content, the Company satisfies the legal provisions relating to disclosure, and all information to be announced is published on the website. No formal guidelines have been established, but regulations pertaining to announcements have been created.
At the same time, in order to provide even greater assurance with respect to the transparency of operations, the Company will issue a set of Disclosure Guidelines in 2009, which will also include procedures on measuring the effectiveness of disclosure processes.

4.1.5 The Company publishes its corporate events calendar on its website.

Yes

4.1.6 The Company, in its annual report and on its website, has provided information to the public about its strategic goals and about its guidelines related to its core activity, business ethics and its various stakeholders.

Yes

4.1.8 The Board of Directors has stated in its annual report the other mandates, together with the type and volume of such mandates, that the entity that audits the Company's annual financial statements has received from the Company and its subsidiaries.

Yes

4.1.9 The Company, in its annual report and on its website, has disclosed information pertaining to the professional careers of members of the Board of Directors, the Supervisory Board and the management.

Yes

4.1.10 The Company has provided information about the internal organisation and operation of the Board of Directors and the Supervisory Board and the criteria applied when evaluating the work of the Board of Directors and the management and of their individual members.

No

The Company's website provides information about the operation of its executive bodies in the Bylaws. With regard to the evaluation of the individual members, see point 3.4.1.

4.1.11 The Company has published in its annual report and on its website a Declaration on the Remuneration of Executive Officers, which describes the remuneration guidelines used and, specifically, the guidelines pertaining to the remuneration of members of the Board of Directors, the Supervisory Board and the management.

No
See the comments under point 2.7.1 above.

4.1.12 The Board of Directors has published risk management guidelines which discuss the internal control system, and the risk management principles and rules, and provide an overview of major risks.

Yes

4.1.13 In order to provide information to market participants, the Company publishes its report on corporate governance once a year, when the annual report is published.

Yes

4.1.14 The Company publishes on its website the guidelines pertaining to securities trading in respect of the Company's shares by persons classified as insiders.

Yes

The Company, in its annual report and on the Company's website, has disclosed information about the stakes held in the Company's securities and in its share-based incentive system by members of the Board of Directors, the Supervisory Board and the management.

Yes

4.1.15 The Company has published in the annual report and on the Company's website the relationship of members of the Board of Directors and the management with any third parties that may have an impact on the Company's operation.

Yes

Level of compliance with the recommendations

The Company must specify whether it applies the relevant recommendation of the FTA or not.
Yes

J 1.1.3 The Company has an organisational unit that deals with investor relations.
Yes

J 1.2.1 The Company has published on its website the summary related to its General Meetings and shareholder voting rights (including voting by proxy).
Yes

J 1.2.2 The Company's Bylaws are accessible on the Company's website.
Yes

J 1.2.3 The Company's website contains the information specified in point 1.2.3 (regarding the cut-off date in respect of corporate events).
Yes

J 1.2.4 The Company has published on its website the information and documents regarding the General Meeting as specified in point 1.2.4 (invitation, proposals, resolution proposals, resolutions, minutes).
Yes

J 1.2.5 The Company held its General Meeting by ensuring that as many shareholders can attend as possible.
Yes

J 1.2.6 The Company published the addenda to the agenda items within five days of their receipt, in a manner that is identical to the manner of publishing the original invitation to the General Meeting.
Yes

J 1.2.7 The voting procedure used by the Company ensured that the decision by the owners is determined unequivocally, clearly and quickly.
Yes

J 1.2.11 The Company, upon the shareholders' request, forwarded information pertaining to the General Meeting electronically as well.
No

J 1.3.1 The Company's General Meeting accepted the chairman of the General Meeting prior to the actual discussion of the agenda items.
No

J 1.3.2 The Board of Directors and the Supervisory Board were represented at the General Meeting.
Yes

J 1.3.3 The Company's Bylaws allow the invitation of a third party to the Company's General Meetings upon the initiative of the Chairman of the Board of Directors or the shareholders of the Company, and such third party may participate with advisory right and comment on the relevant agenda item.
Yes

J 1.3.4 The Company did not restrict the right of owners who participate in the General Meeting to ask for information, to comment and to submit a motion and did not set any preconditions in respect of such right.
Yes

J 1.3.5 The Company published on its website within three days its responses to questions that it was unable to answer satisfactorily at the General Meeting. The Company published an explanation in respect of questions that it refused to answer.

Yes

J 1.3.6 The chairman of the General Meeting and the Company ensured that responses to questions asked at the General Meeting did not violate any statutory or stock exchange regulations pertaining to the provision of information and disclosure and ensured that such provisions are observed.
Yes

J 1.3.7 The Company published a press release and/or held a press conference about the decisions of the General Meeting.
Yes

J 1.3.11 The Company's General Meeting makes decisions about amendments to the Bylaws in separate resolutions.
No

J 1.3.12 The Company published the minutes of the General Meeting containing the Company's resolutions, the description of the resolution proposals and all material questions and answers concerning the resolution proposals within 30 days after the General Meeting.
Yes

J 1.4.1 The Company, within 10 working days, paid dividends to shareholders who have provided all necessary information and documents.
No

J 1.4.2 The Company published its guidelines concerning solutions for preventing hostile takeovers directed at the Company.
No

J 2.1.2 The rules of procedure of the Board of Directors contain the organisational structure of the Board of Directors, tasks related to the preparation and execution of the meetings and the formulation of resolutions and other issues related to the operation of the Board of Directors.
Yes

J 2.2.1 The Supervisory Board provides a detailed description in its rules of procedure and work plan of the operation and tasks of the board, as well as of the administrative rules and procedures that the Supervisory Board follows.
Yes

J 2.3.2 The board members had access to the proposals of the given meeting at least five days before the given meeting.
Yes

J 2.3.3 The rules of procedure stipulate the regular and occasional participation in the board meetings of non-board members.
Yes

J 2.4.1 The members of the Board of Directors were selected in a transparent manner, and information pertaining to the candidates were disclosed at least five days before the General Meeting.
No

J 2.4.2 The composition and headcount of the boards complies with the stipulations of point 2.4.2.
Yes

J 2.4.3 In the orientation program of the Company, newly elected non-executive board members were able to learn about the structure and operation of the Company and their tasks as board members.
Yes

J 2.5.2 The division of the tasks of the chairman and the CEO is stipulated in the key documents of the Company.
Yes

J 2.5.3 The Company provided information about how it ensures that the Board of Directors remains objective in its evaluation of the management activities in the event that the position of Chairman & CEO is combined.
No

J 2.5.6 No member of the Company's Supervisory Board held a position on the Company's Board of Directors or in the management in the three years prior to his/her nomination.
No

J 2.7.5 The remuneration policy of the Board of Directors, the Supervisory Board and the management serves the purposes of the Company and therefore the strategic objectives of shareholders.
Yes

J 2.7.6 Members of the Supervisory Board receive a fixed remuneration no portion of which is tied to the share price.
Yes

J 2.8.2 The Board of Directors elaborated risk management principles and basic rules together with the members of the management who are responsible for planning, operating and supervising risk management processes and for the incorporation thereof into the Company's daily operation.
Yes

J 2.8.10 When evaluating the internal control system, the Board of Directors took into account the criteria specified in 2.8.10.
Yes

J 2.8.12 The Company's auditor assessed and evaluated the Company's risk management systems and the risk management activities of the management and submitted a relevant report to the Audit Committee.
Yes

J 2.9.1 The rules of procedure of the Board of Directors, the Supervisory Board and the committee include the procedure to be followed when the services of an external consultant are used.
No

J 2.9.4 The Board of Directors may invite the Company's auditor to attend its meetings where the agenda items of the General Meeting are discussed, with advisory right.
Yes

J 2.9.5 The Company's internal audit organisation cooperated with the auditor in order to ensure the effective execution of the audit.
Yes

J 3.1.2 The chairman of the Audit Committee, the Nomination Committee and the Remuneration Committee (and the other committees of the Company) regularly inform the Board of Directors of the meetings of the relevant committees, and the committees prepare at least one report each business year for the executive body and/or the Supervisory Board.
No

J 3.1.4 The Company's committees consist of members who have appropriate abilities, expertise and experience for carrying out their tasks.
Yes

J 3.1.5 The rules of procedure of the Company's committees contain the stipulations specified in point 3.1.5.
Yes

J 3.2.2 The members of the Audit Committee received exhaustive information about the Company's accounting, financial and operating characteristics.
Yes

J 3.3.3 The Nomination Committee prepared at least one evaluation for the chairman of the Board of Directors about the operation of the Board of Directors and the work and performance of individual members of the Board of Directors.
No

J 3.3.4 The majority of the members of the Nomination Committee is independent.
No

J 3.3.5 The Nomination Committee's rules of procedure include the stipulations specified in 3.3.5.
No

J 3.4.5 The Remuneration Committee ensures that a declaration on remuneration is prepared.
No

J 3.4.6 The Remuneration Committee consists only of the non-executive members of the Board of Directors.
No

J 4.1.4 The Company's disclosure guidelines include at least the stipulations set out in point 4.1.4.
No

In the annual report the Board of Directors informs shareholders of the results of its study concerning the effectiveness of disclosure processes.
No

J 4.1.7 The Company prepares its financial statements in accordance with IFRS principles.
Yes

J 4.1.16 The Company prepares and publishes its statements in English as well.
Yes

EVALUATION OF THE ACTIVITIES OF THE MANAGEMENT IN THE BUSINESS YEAR, DECISION ON GRANTING DISCHARGE OF LIABILITY

Based on Act IV of 2006 on Companies, and in accordance with the provisions of the Bylaws approved at the 2007 Annual General Meeting of OTP Bank Plc., the supreme governance body of the company each year puts on the agenda the evaluation of the work performed by the senior office-holders in the previous business year, and passes a resolution as to whether to grant the office-holders exemption in respect of any further liability.

The management of OTP Bank Plc. is performed by a body that consists of the senior office-holders – the **Board of Directors**.

In 2008 OTP Bank Plc.'s Supervisory Board, in keeping with its duties stipulated in the Companies Act and in the Bylaws of OTP Bank Plc, monitored the activities of the Board of Directors and had the management submit regular reports. The Chairman of the Supervisory Board or a committee member designated by him participated in the meetings of the Board on a regular basis.

The Supervisory Board of OTP Bank Plc makes the following statements;

In the past year, the Board of Directors of OTP Bank Plc. met and made decisions and resolutions on a regular basis. At the Annual General Meeting of 2008 it presented a report on the Bank's activities and results in 2007, and provided information about the business policy plans of the Bank Group for 2008.

The Bank's Board of Directors continuously monitored:

- the statements contained in the reports of the management,
- the Bank's quarterly results in light of overall stock-market performance and investor sentiment,
- compliance with the provisions of the Credit Institutions Act,
- changes in the volume and composition of the qualified portfolio, the recognition of impairment, as well as risk provisioning and changes in risk provisions,
- new commitments where the transaction value exceeded three billion forints, as well as modifications of previously approved transactions,
- the consolidated and group-member controlling report,
- placements exceeding HUF 300 million and their positions,
- the movements in the Bank's share prices and the effects of such movements,
- the implementation of resolutions passed by the Supervisory Bodies and the results of any supplementary audits,
- current issues concerning the operation of the Bank,
- market movements and influences; the Board of Directors continuously monitored loan approvals, compliance with the regulations, the practice of debt collection, and
- changes in the Organisational and Operational Regulations, as well as
- the processes related to the sale of Garancia Insurance Ltd.

The Board of Directors discussed

- the proposal pertaining to the bank security position of OTP Bank Plc. and its foreign subsidiary banks,
- the CEO Order entitled "Special regulations pertaining to valuation", reviewed and approved by the auditor (regulations pertaining to the valuation of receivables, investments, assets received in lieu of a claim, and disclosed under inventory, and off-balance sheet liabilities, as well as to the accounting of impairment and the setting aside of provisions),
- the Lending Policy of OTP Bank Plc.
- proposals regarding the business policy of the OTP Bank Group for 2008

- the modification of OTP Bank Plc.'s Bylaws,
- the presentation on the compliance activity of OTP Bank Plc. in 2007, the Compliance program for the year 2008, and the amendment of the Code of Ethics;
- the Bank's financial statements and auditor's report for the year 2007,
- the Corporate Governance Report (2007),
- OTP Bank Plc.'s business report for the year 2007,
- the report on the lessons learnt from handling customer complaints,
- the Bank Group's annual audit report for the year 2007
- the regulations of the Profit Share Scheme pertaining to the business years 2007-2010, including the detailed regulations related to the fulfilment of the conditions for the Scheme for the 2007 business year and the exercising of rights associated with the Scheme, and
- the modification of the Bank Group Governance Regulations

In the course of the year the Board of Directors reviewed

- the group level market risk management regulations,
- the limits set for professional money and capital-market participants,
- the Bank's Risk Assumption, Customer Rating and Collateral Evaluation Regulations, and the amendments thereto,
- the management incentive scheme for the years 2006-2010,
- the internal Trading Book Regulations of OTP Bank Plc.,
- the pricing policy of Air-Invest Asset Management Ltd. for the year 2009.

The Board of Directors regularly made decisions regarding

- the capital increase of certain subsidiaries and companies within its scope of interest, and the acquisition and establishment of companies, composition proceedings with respect to subsidiaries' receivables, and the sale of shares in companies,
- increases in counterparty limits,
- approvals for transaction values above 3 billion forints,
- the outsourcing of certain business lines of the subsidiaries,
- the granting of authorisations to sign on behalf of the Company.

The Supervisory Board has found that the Board of Directors of OTP Bank Plc., in accordance with the provisions of the Act on Credit Institutions and Financial Enterprises and the Act on Accounting, has drafted and prepared for submission to the General Meeting the Bank's annual report and the consolidated annual report.

The data in the Bank's annual report and the Company's profit indicators clearly show that under the direction of the Board of Directors the Company has – by adapting to the international financial crisis unfolding in mid-year – met the goals of the 2008 modified business plan. The Board of Directors has conducted its activities with a view to preserving shareholder value and by keeping the Company's interests at the fore. The Bank's capital position is reassuring and strong, and its capital adequacy ratio is solid.

The Supervisory Board submits to the General Meeting that exemption from any further liability be granted to the senior office-holders of the Company.

REPORT OF THE BOARD OF DIRECTORS ON THE BANK'S BUSINESS POLICY FOR 2009

SUMMARY

Expected macroeconomic trends in Hungary in 2009

Economic growth in 2008 was 0.6%, significantly short of earlier expectations, despite the fact that the effects of the crisis only became more strongly apparent in the real economy in the last quarter of the year.
In 2009, real GDP may decrease by 4.5%, and within this household consumption may decline by 5% and investments by 8%, while both exports and imports may shrink by 9.5% and 10.8%, respectively.
As a consequence of budget corrections, the deficit in public finances in 2008 decreased to 3.2% of GDP, but this indicator may increase slightly in 2009, to 3.3% of GDP.
The current account deficit may fall from its 2008 level of 7.5% of GDP to as low as 3.5% of GDP, due principally to the drying up of inflows of foreign capital.
Inflation will reach its low point in the first half of the year, before increasing slightly later. In our opinion, we can count on annual average inflation of 2.5%, and a December rate of 4.2%. In the course of 2009, the base rate may be expected to remain unchanged at around 10%. The exchange rate of the forint, buoyed by the interest rate hike and possible interventions, may be expected to strengthen to HUF 285/euro by the end of the year, as against an annual average rate of HUF 290/euro.

Outlook for growth in OTP Bank's individual markets and the banking sector in Hungary

Slowing, but still positive credit and deposit dynamics can be expected in the Hungarian banking sector in 2009.
The proportion of forint loans within total new retail credit is increasing, while euro-nominated loans are gaining ground within forex lending, relegating Swiss franc-based credit to the background.

Forecast economic and financial environment in the countries of foreign subsidiaries in 2009

Most countries in which OTP's subsidiary banks operate are characterized by sharply falling economic growth – and in several cases recession – as well as significant declines in the current account deficit.
The expansion of credit and deposit volumes is stalling in the greater part of the countries concerned, and in several cases even declining levels of penetration are likely. Foreign financing of individual countries' banking sectors is declining to a minimum.

Business policy objectives of the OTP Bank Group in 2009

The goal of the OTP Bank Group is to constantly maintain a capital adequacy ratio and reserve liquidity levels that guarantee secure operation through the economic crisis. The Bank Group focuses in particular on supporting the efforts of its customers to surmount the period of economic crisis with the minimum possible losses. Even during a time of crisis, the Bank Group remains committed to raising the standard of its services, adjusting its value propositions to changing customer demands, and improving the efficiency of the Bank's operational processes.

Financial goals of the OTP Bank Group in 2009

The goal of the Bank Group in 2009 is to attain consolidated after-tax profits in excess of HUF 150 billion. The Group intends to achieve this earnings target – net of exchange rate effects – alongside an unchanged loan volume and a 4–5% growth in the volume of deposits at group level. Besides a slight decrease in the loan/deposit ratio, the management aims, with the help of measures taken to improve operating efficiency, to maintain the Bank Group's cost-to-income ratio at around the 50% level.

Business policy tasks of the OTP Bank Group in 2009

At the focus of the OTP Group's business policy tasks in 2009 is the mitigating of the effects of the economic crisis and the maintenance of a stable capital position and reassuring level of reserve liquidity. At the same time, the slowing of growth on banking markets expected in 2009 provides an opportunity to consolidate developments that were carried out earlier to tight deadlines on a rapidly growing market, and to strengthen the platforms of banking operations.

Priority tasks ahead in Hungary include the launch of the credit protection program, application of the results of projects begun last year aimed at revamping mortgage lending and value propositions for medium-sized and large enterprises, and ongoing efforts aimed at reducing costs.

In the case of its foreign subsidiaries in 2009, the Bank Group will pursue very similar priorities: credit protection programs will be launched, the deposit-accumulating capacities of subsidiary banks' branch networks developed, and cost-cutting solutions introduced.

Real GDP may contract by 4.5% in 2009 as a result of the global crisis hitting Hungary particularly hard. Annual average inflation rate is expected to be 2.5% and base rate might be at around 10%, while HUF may strengthen versus the EUR: at the end of 2009 it may hover at 285 against the common currency.

EXPECTED TRENDS IN THE MACROECONOMIC ENVIRONMENT

As a consequence of the crisis hitting Hungary particularly hard, real GDP may be expected to decline by 4.5% in 2009, while annual average inflation may come out at around 2.5%. Following an interest rate hike of around 50 basis points around March or April, the base rate may remain at 10%, while the forint may strengthen to HUF 285 against the euro by the end of the year.

EXPECTED MACROECONOMIC AND FINANCIAL MARKET TRENDS IN HUNGARY IN 2009

Expected trends in the macroeconomic environment in 2009

It is our expectation that the blocking of credit channels and stalling of foreign capital inflows due to the crisis may set back household consumption and corporate investments the most severely.
Besides a further rise in unemployment, we expect real wages to stagnate, thus leading to dwindling disposable income for households, and a potential fall in household consumption of around 5%.
Import demand on our main export markets is also dropping significantly, and the decline of the domestic manufacturing sector that began at the end of last year may thus be expected to continue.
We expect a fall in both exports and imports of around 10%. As the influx of capital to Hungary runs dry, the current account deficit as a proportion of GDP may halve (from 7.5% in 2008, to 3.5% in 2009).
Having been kept down to 3.2% of GDP in 2008, we expect the government budget deficit to rise slightly, to 3.3% of GDP, this year. Budget revenues may barely increase compared to 2008, and our prognosis shows this may mean a substantial shortfall compared to the planned revenues in Hungary's convergence program.

Monetary environment in 2009

The disinflationary effect of changes in the prices of foodstuffs is now a thing of the past, but the moderating effect of falling fuel prices on inflation remains. In addition, the more modest than usual rise in the prices of market services will result in declining year-on-year indices. As a result of the above, annual average inflation of 2.5% and December inflation of 4.2% can be expected.
The base rate will probably not change for the rest of the year, remaining at around 10%.
With the interest rate hike and interventions, the exchange rate of the forint may be expected to strengthen to around HUF 285 against the euro by the end of the year.

Main trends expected in the financial markets in 2009

As a result of less favourable lending terms, household net financing capacity may increase to 3.1% of GDP. New credit amounted to 4.8% of GDP in 2008, but in 2009 this may shrink to 1.2% of GDP, a quarter of its former value. The proportion of forint loans in total new lending will rise, while the share of euro-denominated loans within forex credit will increase, at the expense of Swiss franc-based credit.
The volume of home loans may rise by 6.8% in 2009, while consumer loans may increase by 5.4%.
The volume of household deposits may increase by almost HUF 600 billion, with forex deposits accounting for half this growth.

Key economic indicators	Fact				Prognosis		
	2004	2005	2006	2007	2008	2009	2010
Nominal GDP (at current prices, bn HUF)	20,695	21,997	23,785	25,419	**26,662**	**26,175**	**26,544**
Real GDP change	4.8%	4.0%	4.1%	1.1%	**0.6%**	**-4.5%**	**-0.7%**
Household final consumption	2.8%	3.6%	1.9%	-1.7%	**0.8%**	**-5.0%**	**-1.7%**
Household consumption expenditure	2.5%	3.4%	1.9%	0.7%	**0.6%**	**-5.2%**	**-2.0%**
Collective consumption	-0.1%	-0.1%	5.8%	-2.2%	**1.0%**	**-0.9%**	**0.7%**
Gross fixed capital formation	7.9%	8.5%	-6.2%	1.5%	**-3.3%**	**-8.0%**	**2.5%**
Exports	15.0%	11.3%	18.6%	15.9%	**4.5%**	**-9.5%**	**2.2%**
Imports	13.7%	7.0%	14.8%	13.1%	**3.9%**	**-10.8%**	**2.7%**
General goverment balance (ESA'95 based, HUF bn)	-1,320	-1,715	-2,207	-1,261	**-865**	**-873**	**-901**
in percent of GDP	-6.4%	-7.8%	-9.3%	-5.0%	**-3.2%**	**-3.3%**	**-3.4%**
Current account (EUR bn)*	-6.9	-6.0	-5.4	-5.1	**-7.6**	**-3.2**	**-4.2**
in percent of GDP*	-8.4%	-6.8%	-6.0%	-6.4%	**-7.5%**	**-3.5%**	**-4.3%**
Net nominal wages	7.8%	8.5%	5.8%	1.6%	**4.6%**	**2.6%**	**3.8%**
Net real wages	1.0%	4.6%	1.7%	-6.0%	**-1.6%**	**0.1%**	**-0.1%**

Key economic indicators	Fact				Prognosis		
	2004	2005	2006	2007	2008	2009	2010
Employment rate (annual change)	-0.3%	0.0%	0.7%	-0.1%	**-1.7%**	**-1.6%**	**-0.2%**
Unemployment rate (annual average)	6.1%	7.2%	7.5%	7.4%	**7.9%**	**8.3%**	**8.4%**
Inflation (annual average)	6.8%	3.8%	4.1%	8.1%	**6.3%**	**2.5%**	**3.9%**
Inflation (dec/dec)	5.5%	3.3%	6.5%	7.4%	**3.5%**	**4.2%**	**2.6%**
Base rate (end of year)	9.50%	6.00%	6.72%	7.80%	**10.00%**	**10.00%**	**8.50%**
1Y Treasury Bill (average)	10.7%	6.8%	7.3%	7.4%	**9.2%**	**10.8%**	**9.2%**
Real interest rate (average, ex post)	3.7%	2.9%	3.1%	-0.6%	**3.7%**	**7.5%**	**4.6%**
EUR/HUF exchange rate (average)	251.4	248.0	264.2	251.3	**251.5**	**290.5**	**278.1**
EUR/HUF exchange rate (end of year)	245.2	252.7	252.3	253.4	**264.8**	**285.0**	**275.0**

FORECAST ECONOMIC AND FINANCIAL ENVIRONMENT IN THE COUNTRIES OF FOREIGN SUBSIDIARIES IN 2009

Russia

Russia posted GDP growth of 5.6% in 2008, falling short of the average rate of growth of over 7% seen over the previous five years. The economy stagnated in the fourth quarter as a result of the breakdown of international financing and the considerable slowing of export markets. We expect increasing unemployment and slightly decreasing real wages in 2009, and thus a potential annual average drop in consumption of 3.4%. Besides a significant decline in bank and foreign financing, the volume of investments may also witness a double-digit drop. As a consequence of all this, GDP may be expected to decrease by 3% in 2009.

In the wake of declining export turnover following the fall in oil prices, Russian budget revenues are set to fall significantly. Nevertheless, the budget reserves accumulated in recent years present an opportunity for the pursuance of an anticyclical budgetary policy, potentially resulting in a deficit in public finances of 5% of GDP. The current account balance may thus turn negative only as a result of measures to stimulate public sector demand. Annual average inflation may remain above 10%, due to the aforementioned stimulation of government demand and lax monetary policy. The exchange rate of the ruble may temporarily weaken to above 36 to the US dollar.

As a consequence of the global financing crisis, the access to foreign resources of Russian banks may decrease to zero in 2009, reducing the amount of new credit that can be outlaid. Placements of new deposits by corporate entities may reach 3.3% of GDP, considerably less than the average 7.9% witnessed in the previous five years. However, in the wake of the ruble's weakening exchange rate and as a consequence of the low penetration of the banking sector, growth in the volume of bank products may reach 15–25%.

Ukraine

Growth in Ukraine in 2008 amounted to an average of just 2.1% for the year. While the first three quarters of the year witnessed growth of around 7%, similar to that seen in recent years, GDP volume in the fourth quarter plunged by 11.8% compared to the corresponding quarter of the preceding year. We expect a decline in GDP of 10.5% this year.

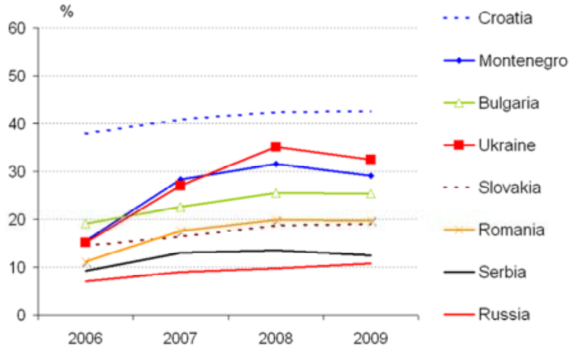
The severe downturn in the economy can essentially be traced back to three factors. The price of steel, Ukraine's principal export item, fell deep below long-term averages in the autumn in the wake of a sharp deceleration in global growth, while the volume of production declined even more steeply in historical comparison. These two effects triggered a substantial decline in incomes in both the enterprise and household sectors. The third source of falling consumption and investments was the depletion of external financing, after changes in the propensity to undertake risk saw investors turn away from risky instruments. The exchange rate of the Ukrainian hryvnia weakened some 60% by year's end. In order to manage the crisis in financing, Ukraine received a credit facility of USD 16.4 billion from the International Monetary Fund (IMF) in the fourth quarter of 2008.

The foreign financing resources of the Ukrainian banking sector – which reached 12% of GDP on annual average over the past three years – may amount to zero in 2009 even in the best-case scenario (meaning that foreign parent banks will merely renew expiring credit), which, along with the continuing significant flight of deposits from the banking system, will not allow net loan placements to remain positive.

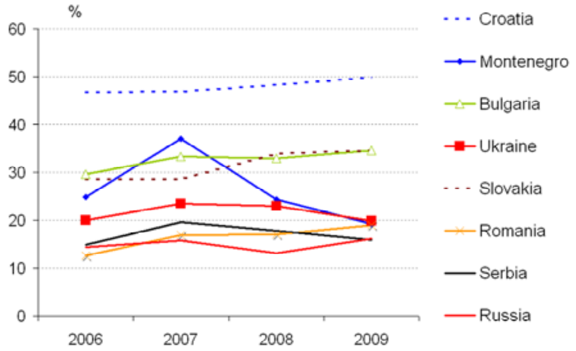
In the absence of foreign financing, the current account balance will necessarily adapt, with the deficit potentially decreasing from last year's 6.7% of GDP to 2.5% of GDP in 2009. The deficit in public finances, meanwhile, may exceed the amount outlined in the IMF program, reaching 6% of GDP. Annual average inflation may decrease to 17% from last year's 25.2%.

Ukraine's national debt is low by international comparison, totalling 13.7% of GDP at the end of 2008. The foreign currency reserves of the central bank, together with the IMF credit facility, provide the necessary cover for debts of the national economy maturing in the short term, and the country's finances will thus be manageable in 2009. The depreciation of the hryvnia's real exchange rate may generate export growth even in the medium term, potentially increasing the expendable income of both the enterprise and household sectors. A potential major contributory factor in this would be growth in the volume of steel production to something approaching long-term average levels. We expect the exchange rate to continue to stabilize in future at a level of around 8 hryvnia to the dollar.

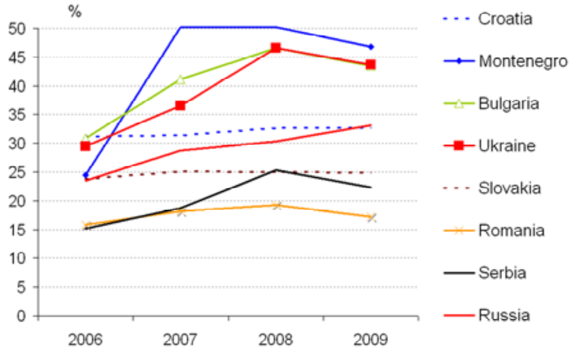
Households' banking loans as a % of GDP



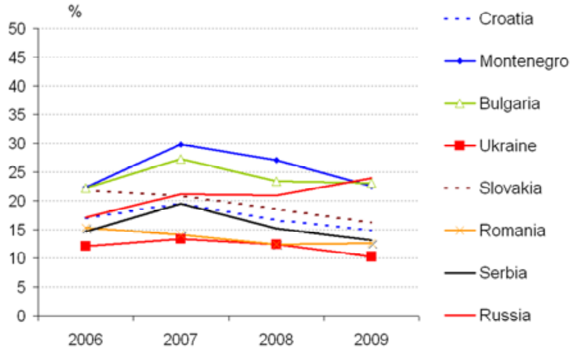
Households' banking deposits as a % of GDP



Corporate banking loans as a % of GDP



Corporate banking deposits as a % of GDP



Bulgaria

The dynamic growth of recent years in Bulgaria may be followed in 2009 by stagnation, and, in a less favourable scenario, recession. The decline in export demand due to recession on external markets has a comparatively minor effect on the country due to the lesser weight of cyclical sectors of the economy. However, the other source of the crisis – namely, the depletion of external resources – will have a powerful impact on Bulgaria. On the one hand there will be a falling inflow of FDI, and on the other hand the banking sector will sharply cut back its range of loan products. Consequently investments and consumption will be forced to adapt, switching hitherto rapid growth onto a path of stagnation or decline. We reckon on a 1.5% growth in consumption in 2009 (compared to 5% growth in 2008) and a decline in investments of 8% (compared to an 18.4% increase in 2008), although the risks point downward.

The global recession and the rapid deceleration in the Bulgarian economy, due to the fixed exchange rate system, will lead to a sharp decline in inflationary pressure, which, with an expected drop in the prices of foodstuffs and energy, will slow inflation to 3.5% (from 12.4% in 2008).

The effects of the crisis in Bulgaria can be mitigated by the budgetary policy, which has persistently resulted in a surplus in recent years, and the level of public debt is also consequently low. For this reason, last year's surplus of 3% of GDP is expected to decrease to 1% of GDP. The current account deficit, which has swelled to 25% of GDP due to the high level of investment activity in the private sector in recent years, will decrease significantly this year, shrinking at least 10 percentage points.

Net loans taken out by households may fall to 1% of GDP from last year's 6.5% of GDP, while companies may show negative borrowing of 1% of GDP (as opposed to last year's 11% of GDP). The volume of household loans in proportion to GDP may thus fall this year from 27.3% to 26.9%, while that of companies falls from 46.6% to 43.5%. The slowdown in the rate of penetration of the financial intermediary system may also make its effects felt on the deposit side, with an expected growth in the volume of household deposits from 33% to just 34% of GDP, and an expected decline in corporate deposits from 23.4% to 23.1% of GDP.

Other foreign subsidiaries

In Slovakia in 2009, the factor with the greatest impact on the country's macroeconomy is its accession to the euro zone. On the one hand, this will help the Slovak economy, as the fixed exchange rate and the Slovak instruments now accepted by the European Central Bank mean that the country must battle much less significant external financing problems this year than other countries in the region. On the other hand, however, the fixing of the exchange rate at a fairly strong level will put Slovakia at a serious competitive disadvantage compared to the other countries of the region.

In other affected countries, it is questionable whether real GDP can show growth. Both Romania and Serbia have already applied for IMF loans, and a request from Montenegro is likely to follow in order to alleviate the effects of recession.

As regards banking sector markets, a sharp withdrawal in deposits can be expected in the two Balkan countries, combined with falling loan penetration (a decline in net borrowing in proportion to GDP of 5.2% in Montenegro and 1.9% in Serbia, and a fall in net deposits in proportion to GDP of 9.2% in Montenegro and 2.4% in Serbia). In other countries, too, significant falls are expected both in net borrowing in proportion to GDP (0% in Romania, and down 3.3% in Slovakia, and 1.9% in Croatia), and in net deposits in proportion to GDP (down 1% in Romania, 2.2% in Slovakia, and 2.2% in Croatia).

BUSINESS POLICY OBJECTIVES OF THE OTP BANK GROUP IN 2009

The goal of the OTP Bank Group is to constantly maintain a capital adequacy ratio and reserve liquidity levels that guarantee secure operation through the economic crisis. The Bank Group focuses in particular on supporting the efforts of its customers to surmount the period of economic crisis with the minimum possible losses. Even during a time of crisis, the Bank Group remains committed to raising the standard of its services, adjusting its value propositions to changing customer demands, and improving the efficiency of the bank's operational processes.

FINANCIAL OBJECTIVES OF THE OTP BANK GROUP IN 2009

The goal of the Bank Group in 2009 is to attain consolidated after-tax profits in excess of HUF 150 billion. The Bank Group intends to achieve this earnings target – net of exchange rate effects – alongside an unchanged volume of credit and a 4%–5% growth in the volume of deposits at group level. Besides a slight decrease in the loan/deposit ratio, the management aims, with the help of measures taken to improve operating efficiency, to maintain the Bank Group's cost-to-income ratio at around the 50% level.

2009 Guidance of OTP Group

	Consolidated plan for the Y2009
Profit after tax	Over HUF 150 billion
Consolidated gross loan growth	**Flat** (adjusted by the FX-effect)
Consolidated deposit growth	4 - 5%
Cost/income ratio	around 50%

- Stable capital position
- Safe liquidity reserve
- Positive result in every quarter on a consolidated level
- Profitable foreign subsidiaries
- Declining loan to deposit ratio
- Assumption: no wholesale funding

The financial plan is built on the assumption that the Bank Group will not secure surplus institutional financing in the course of 2009. The financial plan ensures that – even making this assumption, and with earlier bond issues and the expiry of interbank loans – the Bank Group will constantly hold secure reserve liquidity throughout the year, both at the central institution of the Bank Group (OTP Bank) and at subsidiaries. Based on the financial plan, the Bank Group maintains an outstandingly high and stable level of capital adequacy in Europe.

In its financial plan the management targets positive results at all foreign subsidiary banks over the year as a whole. Despite the economic crisis, there are good prospects of achieving this thanks to comparatively high interest margins, steps taken to improve operational efficiency, and the credit protection program.

OTP Group set an important target for 2009 to elaborate the detailed terms of the long-term strategic bankassurance/assurbanking cooperation with Groupama Group in the countries of the OTP Universe.

BUSINESS POLICY TASKS OF THE OTP BANK GROUP IN HUNGARY IN 2009

Priority tasks ahead in Hungary include the launch of the credit protection program, application of the results of projects begun last year aimed at revamping mortgage lending and value propositions for medium-sized and large enterprises, and ongoing efforts aimed at reducing costs.

Perhaps the most important task of the OTP Bank Group in 2009 is to seek out solutions that help our customers successfully overcome the effects of the economic crisis. Managers of the Bank Group in every country – and thus in Hungary, too – have investigated which credit protection solutions can be applied while also safeguarding the interests of shareholders and depositors, and have developed guiding principles pertaining to the reduction, deferment and rescheduling of interim credit repayment instalments. Procedures which conform to these guidelines will be introduced in the OTP Bank network in the early part of the year.

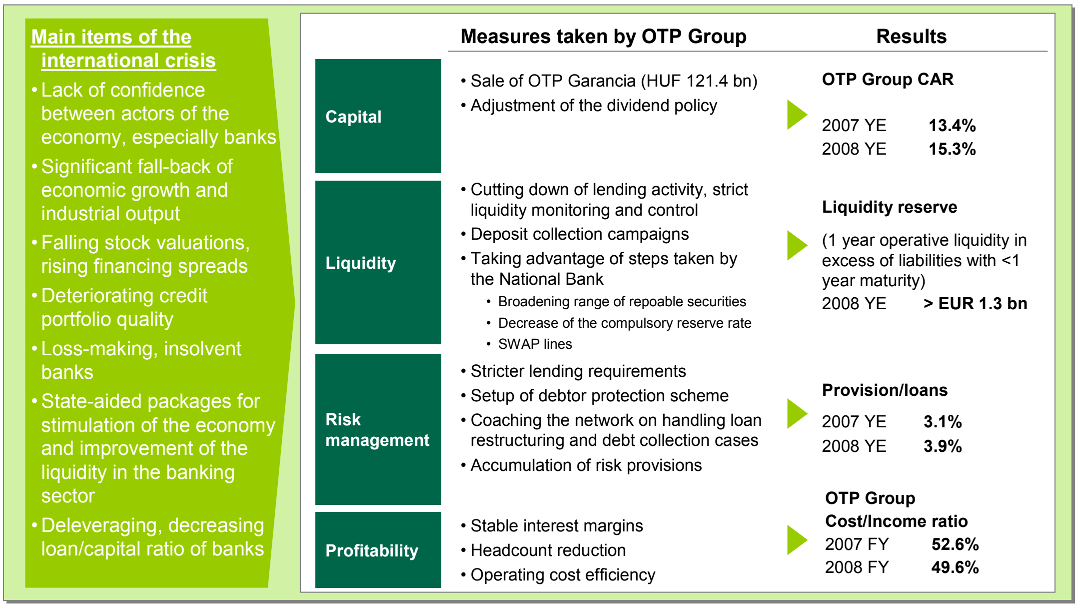
OTP Bank has revamped its mortgage lending activities within the framework of a comprehensive project implemented over the past year. As a result of this project, subject to customer demand, OTP Bank is able from 2009 to grant mortgage loans within just a few working days. It is also further developing its informative materials aimed at aiding customers' decision-making, while enhancing the training of its agents. The project also has an environmental aspect, as the consumption of paper in mortgage lending documentation has been greatly reduced with the employment of electronic solutions. The Bank plans to launch a similar project for deposit products in 2009.

According to the agreement contracted on 25 March, 2009 the Hungarian State renders HUF 400 billion (EUR 1.4 billion) loan to OTP Bank. The source of the facility is the IMF Loan Programme. As a part of the agreement, OTP Bank took upon a task to expand its lending activity and re-channel the access funding to Hungarian clients, within this at least HUF 200 billion to Hungarian corporate clients. The loan agreement aims at providing access liquidity for Hungarian corporates, as well as mitigating the negative effects of the crisis. The main purpose of the loan is to encourage lending to the Hungarian small and medium enterprise sector and to stimulate the Hungarian economy.

Also during the past year, the Bank has developed the framework for renewal of its value propositions to medium-sized and large enterprises, which will be introduced in practice in the course of 2009. In the course of implementation this year, transformation of the processes related to this segment will result in a reduction in man-hours required, improvements in the training of agents and the supply of information, and a probable shortening of decision times at the Bank.

Cost-cutting endeavours can be divided into two categories. On the one hand, optimization of processes and the expected fall in demand for a number of products will result in staff cuts during the year. On the other hand, stricter cost controls on procurements, more specific prioritization – and in several cases, restriction – of IT developments, and optimization of cash supply and ATM placement activity, will lead to savings in material costs.

Preparations for 2009



BUSINESS POLICY OBJECTIVES IN THE COUNTRIES OF FOREIGN SUBSIDIARIES IN 2009

Russia

In Russia, the most important tasks for OAO OTP Bank – parallel with the continuing integration of Donskoy Narodny Bank – are to improve efficiency and accumulate deposits, a framework which includes:

- Development of a system for measuring the efficiency of the branch network and creation of a branch sales model;
- Greater emphasis on deposit collection: encouraging wage transfers, deposit promotion campaigns;
- Review of retail product processes;
- Optimization of the corporate and micro/small enterprise portfolio: reform of customer acquisition criteria and application of a pricing policy justified by rising financing costs;
- Cost rationalization (reduction of rental costs, headcount optimization);
- Completion of IT systems migration.

Ukraine

The significant weakening of the Ukrainian hryvnia in autumn of 2008 made it difficult for significant numbers of both retail and corporate customers to pay off loan instalments. Besides stabilizing the exchange rate at a more favourable level, CJSC OTP Bank will help its customers overcome their temporary payment difficulties through a comprehensive credit protection program. Within the framework of this program, where justified, standardized solutions will be available throughout the branch network to temporarily reduce payment instalments.

Development of electronic banking channels continues in Ukraine, helping reach customers in an increasingly efficient manner. Stepping up deposit collection is a fundamental task at CJSC OTP Bank as well, elements of which include a project aimed at attracting income transfers to the bank and the development of deposit products.

In addition, tasks for 2009 include the development of an incentives system, implementation of a regional branch administration concept, improving the efficiency of proactive campaign management, and completing the centralization of back-office and accounting functions. The focus here, too, is firmly on cost reductions (operating costs, headcount).

Bulgaria

At DSK Bank in Bulgaria, further boosting deposit collection remains a top priority, aided by the continuation of already successful deposit promotion campaigns and the development of new deposit products. Deposit collection is supported by both proactive and reactive campaigns. Creation of a loan monitoring system to help prevent increasing credit risk also features among the ongoing tasks.

Other foreign subsidiaries

At the smaller foreign subsidiaries, the focus is similarly on credit protection programs, deposit collection, and improvements in sales efficiency.

- In Romania, measures to reduce the costs of risk will be implemented in 2009, as well as development of an incentives system, deposit promotion campaigns, and database improvements.
- The Croatian subsidiary plans improvements in sales support and feedback, the development of campaign management, creation of packages for micro and small enterprises, and development of retail risk management.
- In Slovakia, deposit promotions and a workforce efficiency project are underway.
- Several deposit collection campaigns are being launched in Serbia, supported by a new account package. Significant cost rationalization and development of sales support also feature prominently in plans.
- In Montenegro, plans include stepping up of deposit collection, restructuring of the corporate portfolio, and development of collateral management.

Actions for the year 2009 in the countries of subsidiaries

Russia

Improvement of efficiency

- Development of the branch efficiency measuring-system and the branch sales model
- Review of the retail product lines
- Cost rationalisation (reduction of rental fees, headcount-optimization)
- Completion of IT migration processes

Deposit collection, client acquisition

- Enhancement of deposit collection: wage-project, deposit campaigns
- Conversion of client acquisition terms in case of corporate and SME clients, repricing

Ukraine

Improvement of efficiency

- Development of electronic distribution channels
- Review of the incentive scheme
- Execution of regional branch-opening conception
- Improvement of proactive campaign-management
- Completion of the centralization process regarding back-office and accounting
- Cost-cutting (operational costs, headcount-optimization)

Deposit collection

- Wage-project
- Product innovation
- Deposit planner for private banking clients

Bulgaria

Deposit collection

- Deposit campaigns
- Product development
- Further improvement of pro- and reactive campaigns

Risk management, repricing

- Improvement of credit monitoring, in order to prevent the increase of credit risk
- Repricing of corporate loan portfolio

Other subsidiaries

Romania

- Incentive scheme
- Deposit campaigns
- Database innovation

Croatia

- Sales support and improvement of efficiency feedback
- Campaign management
- Outlining of SME-packages
- Development of retail risk management

Slovakia

- Restructuring of risk management
- Headcount-rationalization
- Deposit campaigns

Serbia

- IT-development
- Cost rationalization

Montenegro

- Restructuring of corporate portfolio
- Collateral management systems

This report contains forward-looking statements regarding the business results, operation and market environment of the OTP Group. Since the forecasts and the statements contained in the report are contingent upon on future events and circumstances, their fulfilment is subject to risk and uncertainty. Numerous factors may influence the actual results and the course of development, and these latter may therefore differ from the forecasts precisely expressed and implicity suggested in the report. The statements herein have been made in the light of exchange-rate forecasts, economic conditions and the prevailing regulatory environment. No element of the report may be regarded as a solicitation to invest.

PROPOSAL FOR MODIFICATION OF THE BYLAWS

Proposal to modify the Bylaws of OTP Bank Plc.

Summary of proposals

With regard to modifying the Bylaws, two resolution proposals will be presented to the General Meeting, which will be voted on separately:

Resolution proposal 1

Resolution proposal 2

Typesetting of the recommendations

The text of the Bylaws is written in Times New Roman font, the new text is marked with double underlining.

Resolution proposal 1

1. **Limitation on voting rights and determining a quorum** (first paragraph of section 6.4. and section 8.17. of the Bylaws)

"6.4. During the period from 25th of April, 2009 to 30th of April, 2011 (including the first and the last days of the period) no one shareholder or group of shareholders may exercise a right to vote that is in excess of 10% of the voting rights which are linked to shares issued by the Company and which entitle their holder to vote at the General Meeting. On the 1st of May, 2011 or following this day the extent of voting rights exercised directly or indirectly by any individual shareholder or group of shareholders may not exceed 25% –or in case the voting rights of another shareholder or group of shareholders exceed 10% – it may not exceed 33% of the total voting rights represented by the shares entailing voting rights at the General Meeting of the Company."

"8.17. The General Meeting shall have a quorum if shareholders representing more than half of the votes embodied by shares entitling their holders to vote are in attendance. When establishing the quorum, the limitations specified in section 6.4. must be observed in a way such that the portion of any shareholding that is in excess of the maximum of votes specified in section 6.4. shall not be taken into account."

Explanation: *The currently effective Bylaws limit the voting rights that may be exercised by any one shareholder or one shareholder group at 25% or 33% of the shares entitling their holder to vote.*
At the same time, under the current financial and economic conditions taking into account the actual share prices, significant restructuring of shareholder base could emerge. In view of this fact, the voting restriction should limit the extent of the voting rights that may be exercised by any one shareholder or shareholder group at 10% of the total number of shares entitling their holder to vote. This will ensure that no single shareholder or shareholder group has excessive decision-making power when decisions are made at the General Meeting. In addition, the modified limit on voting rights should be effective for only a definite period, following the two year period the current 25% or 33% cap on influence will be enforced automatically. At the same time as that the limit on voting rights is modified, the rules of establishing a quorum must also be clarified.

Resolution proposal 2

1. Greater compliance with the BSE's Corporate Governance Recommendations (BÉT FTA) (sections 6.5., 8.33.1. and 8.33.20. of the Bylaws)

"6.5. The Company shall publish the minutes of the General Meeting at the same time that they are submitted to the company court, in compliance with section 15. Any shareholder may ask the Board of Directors for a copy or an extract of the minutes. Upon the written request of the shareholder, the Company shall send the shareholder the individual documents related to the General Meeting (invitation, proposal, comments, resolutions, and minutes) electronically."

"8.33. The following fall within the exclusive competence of the General Meeting:

1. in the absence of a provision in the Companies Act to the contrary, the formulation and amendment of the Bylaws; (qualified majority); the General Meeting shall make a decision about the recommendations concerning the amendment of the Bylaws – either individually or en masse – based on the resolution of the shareholders passed with a simple majority;

20. a non mandatory decision concerning the guidelines and framework for a long-term salary and incentive scheme for executive officers, Supervisory Board members and executive employees; (Remuneration Guidelines)"

Explanation: *Ensuring the fullest compliance possible with the BÉT FTA is extremely important for the Bank, and therefore we recommend modifying section 6.5., which stipulates that the documents of the General Meeting be sent electronically. In addition, it is also necessary to modify section 8.33.1., which clearly provides the General Meeting with an option to decide on the proposed amendments to the Bylaws either collectively (en masse) or on an individual basis. With modification of point 8.33.20. become obvious, that the Annual General Meeting is authorized to determine the Remuneration Guidelines.*

2. Other substantive amendments

a) Convertible and preference bonds (section 8.33.10. of the Bylaws)

"8.33. The following fall within the exclusive competence of the General Meeting:
…
10. decision – unless the Companies Act stipulates otherwise – on the issuance of convertible or preference bonds;"

Explanation: *Neither the Companies Act, nor the Credit Institutions Act, nor any other act for that matter, stipulates that a qualified majority decision is required to raise the capital in this manner. As is the case with all other decisions concerning the raising of the capital, this would also be subject to a simple majority decision.*

b) Deputy Chairman of the Board of Directors (Sections 9.4., 9.13. b) ii) and 10.2. of the Bylaws)

"9.4. The Board of Directors shall elect a chairman and may elect a deputy chairman from among its own members, whose mandate shall be of the same period as that of the Board of Directors. The chairman of the Board of Directors is at the same time the chief executive officer (Chairman and CEO) of the Company."

9.13.b)ii.) Electing the deputy chairman of the Board of Directors;

10.2. In his absence, the Chairman and CEO shall be substituted in his capacity of chairman of the Board of Directors by the deputy chairman (or by the designated member of the Board of Directors) and in his capacity of chief executive officer, by the designated deputy chief executive officer, with the proviso that the vested authority of the substitutes shall not extend to the exercising of employer's rights.

Explanation: *This amendment allows the Board of Directors to elect a deputy chairman from among its members, should it consider this necessary. In relation to this, it is necessary to appropriately amend the provisions pertaining to the substitution of the Chairman and CEO as well.*

c) Authorisation of the Board of Directors with regard to the raising of the capital and the rules pertaining to the raising of the capital (sections 14.1.-14.4. of the Bylaws)

"14.1. The Company may raise its equity capital through a resolution of the General Meeting. The equity capital may be raised by any means specified in the relevant statutory regulations, especially

a) by issuing new shares;
b) to the charge of net assets in excess of existing equity capital;
c) by issuing employee shares; and/or
d) as a contingent equity-capital increase, by issuing convertible bonds.

The new shares or bonds may be issued by way of either a private or a public offering.

In the framework of a capital increase through the issuance of new shares, shares belonging to the share type or share class that the Company is eligible to select under the relevant laws may be issued.

The types and methods of capital increase defined herein may be decided upon and implemented simultaneously.

14.2. If the capital is raised from net assets not in excess of equity, then – in each and every case – the method and date of payment in respect of the new shares must be regulated in the resolution pertaining to the capital increase in such manner that in the event of a capital increase through the subscription of new shares the subscribed amount shall be paid to the Company simultaneously with the subscription.

If the shareholder does not make the due payment at the time of the subscription, the subscription to the shares shall be null and avoid.

14.3. The Company may also raise capital through a private placement. In such case only the persons and shareholders specified in the resolution that orders the capital increase shall be entitled to subscribe to the new shares, and in this event the relevant provisions of the Capital Markets Act pertaining to private placements shall be applied as appropriate.

14.4. Deleted

Explanation: *The Board of Directors was authorised by the annual General Meeting of 2004 to raise the capital in accordance with the statutory regulations effective at the time. This authorisation will expire on 29 April 2009.*
In the meantime, the legislative regulations pertaining to such authorisation have changed: contrary to the old Companies Act, the new Companies Act stipulates that the authorisation

may not be granted in the Bylaws, but only in a separate resolution of the General Meeting. For this reason, section 14.4. of the Bylaws must be deleted, and section 9.13. must be modified slightly (see section 4. b) of this proposal).
At the same time, this amendment has drawn attention to the fact that the provisions of the Bylaws pertaining to the raising of the capital are not fully in harmony with the provisions of the Companies Act, and therefore section 14.1. needs to be modified in order to make it fully compliant with the Companies Act.
Besides this, it is also recommended that section 14.2. be modified, so that it is fully in line with Section 10, paragraph (3) of the Credit Institutions Act, according to which deferred payment may not be permitted in the event of the sale of treasury shares.
In light of its content, the amendment specified in section 2. a) of this proposal must also be taken into account here.

d) Deleting the provision regarding the competence of the Court of Arbitration (section 16 of the Bylaws)

"Section 16: Legal Disputes

The Metropolitan Court of Budapest has exclusive competence in respect of any dispute between the Company and the shareholder regarding the corporate relationship between them, as well as in respect of the court review of the resolutions of the General Meeting. The governing law of the dispute shall be Hungarian."

Explanation: *The reason this amendment is justified is that by stipulating the exclusive competence of a regular court, the possibility of legal recourse against a court order is ensured; something that is not available in the case of a court of arbitration.*

3. Amendments due to legal or factual changes

a) The Bank's core activity (section 4 of the Bylaws)

"Section 4

The Company's core activities

TEÁOR 64.19 Other financial intermediation"

Explanation: *According to the currently effective provisions of the Companies Act and the Company Registration Act, it is sufficient to indicate only the core activity of the company in its bylaws, and for the same reason section 4. should be simplified and would in the future contain only the Bank's core activity while the non-core activities and their official business-activity numbers (TEÁOR codes) would be deleted.*

b) Amendments based on changes in, and the going into effect of, the Companies Act, the Capital Markets Act and the Investment Services Act

(i) Reporting the acquisition of a 2% stake in the Bank (second paragraph of section 6.4 of the Bylaws)

"The shareholder shall immediately report to the Company's Board of Directors if he/she, directly or indirectly, or together with shareholders within the same shareholder group, holds at least 2% of the Company's shares entitling their holder to vote at the General Meeting. At the same time, the shareholder shall identify the shareholders, or the members of the shareholder group, through whom the shareholder possesses an indirect voting right. If no such report is submitted, or if it can be rightly assumed that the shareholder made a misleading statement in respect of the composition of the shareholder group, the shareholder's voting right shall be suspended and may not be exercised until the shareholder satisfies the above-mentioned requirements. Persons who are classified or may be classified as the Company's shareholders under Section 61 of the Capital Markets Act shall also be subject to the reporting obligation hereunder and to the legal consequences related thereto. The existence of conditions that would exempt the shareholder from the obligation to report, specified in Section 61 (7)-(8) and Section 61 (10)-(11)-(12), must be certified for the Company."

Explanation: *With respect to the amendment of Section 61 of the Capital Markets Act, certain rules of calculation and exemption pertaining to reporting the acquisition of a 2% stake in the Bank must be supplemented.*

(ii) Amendments required by the Companies Act, the Investment Services Act and the Capital Markets Act (Preamble of the Bylaws, sections 5.7.-5.8.; 6.6.; first paragraph of 8.4.; section 9.17.; section 13.6.c.; section 17.)

"which, in accordance with the provision of Act IV of 2006 on Incorporated Business Entities (hereinafter: Companies Act), Act CXII of 1996 on Credit Institutions and Financial Enterprises (hereinafter: Credit Institutions Act), Act CXX of 2001 on the Capital Markets (hereinafter: Capital Markets Act), and Act CXXXVIII of 2007 on Investment and Commodity Brokers and the Activities they may Perform (hereinafter: Investment Services Act), pertains to the general rules of the structure and operation of OTP Bank Plc. (hereinafter: Company) as was determined on the basis of the decision made by the Company's founders and the resolutions of the Company's General Meetings passed by a qualified majority, most recently in accordance with resolution no. [●]/2009 passed at the Company's General Meeting of 24 April 2009."

"5.7. The entity acquiring the share, after the share is transferred, may request the Board of Directors to register it in the Share Registry by submitting an application that contains the data specified in section 5.6 in a private deed bearing full probative force in accordance with Act III of 1952 on Civil Proceedings. The ownership certificate, which certifies the ownership of the share and is issued by the account-managing investment enterprise or credit institution, must contain the data specified in the relevant statutory regulations and must be attached to the written application and, furthermore, if the prior consent of the Hungarian Financial Supervisory Authority (hereinafter: Authority) is required, the permission of the Authority must also be attached.

5.8. The Board of Directors, after it receives the application specified in section 5.7. or after it receives the report submitted by the investment enterprise or credit institution that manages the securities account of the entity acquiring the share – which report must contain the data specified in section 5.6. – shall immediately register the shareholder in the Share Register after receipt of the report, in accordance with the provisions of these Bylaws, and in keeping with the limitation specified in section 8.4., if the acquisition of shares is lawful.

"6.6. The Company shall provide information about its operation and business matters to the shareholders and the capital markets at the General Meetings and/or by means of the announcements stipulated in the documentation of the General Meeting as well as in the Capital Markets Act, the Investment Services Act and the regulations of the Budapesti Értéktőzsde Zrt. (Budapest Stock Exchange Ltd., hereinafter: BSE). The Company's books and other business documents are considered to be a business secret under the provisions of the Companies Act and only shareholders may have access to them."

"8.4. The Company shall request an owner-matching procedure in respect of the General Meeting, as a corporate event, from the Central Clearinghouse and Treasury Closely Held Joint Stock Company (hereinafter: Keler Zrt.). The owner-matching procedure shall take place in the period between the 10th and 5th trading day prior to the General Meeting. The rules concerning the owner-matching procedure are contained in the effective regulations of Keler Zrt."

„8.33.
21. Approval of the Corporate Governance Report;"

"9.17. The members of the Board of Directors are subject to all obligations and prohibitions specified by the Credit Institutions Act, the Capital Markets Act, and the Investment Services Act in respect of senior executives and other senior office-holders."

"13.6. A precondition for paying the dividend is that

…

c) the shareholder's possession of shares does not violate the provisions of the relevant statutory regulations, which is determined by the Company prior to paying dividends."

"Section 17: Miscellaneous

In matters not regulated in these Bylaws, the provisions of the Companies Act, the Capital Markets Act, the Credit Institutions Act and the Investment Services Act shall apply."

Explanation: *Due to changes in the Companies Act, the Capital Markets Act and the Investment Services Act, a few minor amendments must be made to the Bylaws.*

c) Addresses of the members of the Board of Directors

"Section 18: Annexes: The members of the Board of Directors:

Dr. Sándor Csányi (mother's maiden name: Amália Ballagó)
1121 Budapest, Laura út 26.

Mihály Baumstark (mother's maiden name: Anna Engler)
8640 Fonyód, Magay u. 32.

…

Dr. Antal Pongrácz (mother's maiden name: Edit Hazslinszky-Krull)
1037 Budapest, Vízmosás lejtő 3.

…

Dr. László Urbán (mother's maiden name: Matild Kovács)
1112 Budapest, Cseresznye u. 24. II/7."

Explanation: *Section 18. must be modified due to changes in the addresses of the members of the Board of Directors.*

4. Requirements to facilitate and clarify interpretation

a) Clarifying the General Meeting's scope of authority (sections 8.33.13-15 of the Bylaws)

"8.33. The following fall within the General Meeting's scope of authority:
…
13. authorisation of the Board of Directors to acquire the Company's own shares;
14. authorisation of the Board of Directors to increase the equity capital;
15. election, dismissal and determination of the remuneration of the members of the Audit Committee."

Explanation: *In respect of the competence of the General Meeting, it is expedient to list in sections 8.33.13-15. as well the competences that the Bylaws currently only list in other sections.*

b) Clarifying the scope of authority of the Board of Directors (sections 9.13.b) vii.-viii of the Bylaws)

"b) The following especially fall within the scope of authority of the Board of Directors:
….
viii.) decision to raise the equity capital under the conditions specified in the relevant resolution of the General Meeting;
ix.) decision to acquire the company's own shares under the conditions specified in the relevant resolution of the General Meeting;"

Explanation: *In respect of the competences of the Board of Directors, it is expedient to list in section 9.13.b)viii.- ix. as well the competences that the current Bylaws only list in other sections.*

c) Numbering, abbreviations, definitions, references and outdated provisions in the Bylaws

The proposal, in addition to the sections mentioned in the other parts hereof, affects sections 1.1., 2.3., 5.2., 5.3., 5.4., 5.5., 5.6., 5.9., 5.10., 5.13., 6.1., 6.7., 7.2., 8.5., 8.7., 8.11., 8.13., 8.14., 8.21., 8.24., 8.30., 8.33., 8.34., 9.6., 9.13., 11.2., 11.6., 11.11., 11/A.1., 11/A.3., 12.7., 13.1., 13.5., 13.9., 14.5., 14.7., 14.9., 15 of the Bylaws. See the consolidated Bylaws.

Explanation: *A few outdated sections should be deleted, and the numbering of the Bylaws should be rendered uniform in order to facilitate referencing. Similarly, abbreviations, references and definitions should also be made consistent.*

PROPOSAL FOR MODIFYING OF THE RULES OF PROCEDURE OF THE SUPERVISORY BOARD

Note: *Modifications made to the text are in italics and underlined.*

Procedural Rules of the Supervisory Board
of *OTP Bank Plc.*

1. Rights and obligations of the Supervisory Board

The Supervisory Board oversees the management and business operations of OTP Bank Plc. Within this framework, it may request reports or information from senior office-holders and executives, examine the company's accounts and documents, or cause them to be examined by an expert.

The Supervisory Board is obliged to examine all material business-policy reports included in the agenda of General Meetings of OTP Bank Plc., as well as any proposals related to matters that fall under the exclusive authority of the General Meeting. The General Meeting may only pass resolutions regarding the financial statements made pursuant to the Accounting Act, or regarding the utilisation of after-tax profits, in possession of the Supervisory Board's written report.

The Supervisory Board makes decisions with regard to all matters submitted to it by the Board of Directors, the General Meeting or members of the Supervisory Board.

The members of the Supervisory Board participate in General Meetings, and may propose agenda items.

If the unanimous opinion of the employee representatives differs from that of the majority opinion of the Supervisory Board, then the General Meeting must be informed of the minority opinion of the employee representatives.

The chairman or a designated member of the Supervisory Board may participate in meetings of the Board of Directors, in an advisory capacity. The chairman or designated member of the Supervisory Board subsequently briefs the Supervisory Board, at its next meeting, on the events of the Board of Directors' meeting.

The Supervisory Board may exercise its rights as an executive body or through its members. It may delegate supervisory duties among its members, even on a permanent basis.

The delegation of specific supervisory tasks shall not affect the responsibilities of the members of the Supervisory Board, nor shall it affect their rights to extend their supervisory activities to include other areas of operation that are also overseen by the Supervisory Board.

The duties of the Supervisory Board include, but are not limited to:

a) ensuring that OTP Bank Plc. possesses a comprehensive controlling system, which operates effectively,

b) making proposals to the General Meeting – with the prior approval of the Board of Directors – regarding the person and remuneration of the auditor to be appointed,

c) checking of the annual and interim financial statements of OTP Bank Plc.,

d) giving preliminary approval to the annual business policy plan of the Bank;

e) ongoing monitoring of the portfolio of loans extended to Hungarian-registered enterprises;

f) management of the Internal Audit Department, by performing the following tasks:
   - approving the Internal Audit Department's annual auditing schedule, agreed with the Board of Directors,
   - *based on the Audit Committee's preliminary opinion, approving the annual report prepared by the Internal Audit Department on the operation of risk management processes, internal control mechanisms and corporate governance functions,*
   - discussing, at least once every six months, the reports prepared by the Internal Audit Department, and monitoring implementation of the necessary measures recommended therein,
   - if necessary, assisting the work of the Internal Audit Department by commissioning an external consultant,
   - making proposals regarding changes to the number of employees of the Internal Audit Department,

g) formulating requested protocols and recommendations based on the conclusions of internal audits and on the Supervisory Board's own observations,

h) ensuring compliance with 92. § (4) of the Credit Institutions Act, notably providing for the satisfactory operation of credit institutions, financial enterprises and investment service providers in which OTP Bank Plc. holds a controlling stake, by performing the following tasks:
   - reviewing and approving the annual auditing schedules of subsidiaries – prior to approval by the competent executive body of the given subsidiary – and where necessary, making proposals with regard to their supplementation or amendment,
   - evaluating the annual audit reports of subsidiaries – prior to approval by the competent executive body of the given subsidiary – and either endorsing them with an approval clause or supplementing them with professional comments,
   - discussing in detail the area-specific audit conducted by the Internal Audit Department in the operation and regulation of internal auditing departments at subsidiaries, and requesting that the competent executive bodies of the given subsidiaries implement the necessary measures.

i) regular liaison with the elected auditor,

j) performing all other duties that fall within its scope of authority pursuant to a statutory provision or the Articles of Association;

k) giving an opinion on the remuneration policy established by the Board of Directors, and on any modifications thereof.

The prior agreement of the Supervisory Board is required in order to make decisions regarding the creation or termination of an employment relationship with the managers and employees of the Internal Audit Department, or regarding their remuneration. The decisions made by the Supervisory Board within the above scope of authority are executed through its chairman.

2. Rights and obligations of Supervisory Board members

All members of the Supervisory Board are elected by the General Meeting. The General Meeting is obliged to elect one third of the members of the Supervisory Board based on the nominations of the council of employees' representatives, unless there is a legal impediment to the election of a given nominee.

If a member of the Supervisory Board is offered membership in an executive body or committee of a business enterprise that is not a member of the Group, he or she must inform, prior to accepting *the offer, the chairman of the Supervisory Board accordingly. The Company informs the market players of the acceptance of such offer.*

The Supervisory Board has between three and nine members.

Members of the Supervisory Board are obliged to conduct themselves with the diligence expected of an elected office-holder. They shall be held liable under the general provisions of civil law for any damages arising from a breach of this obligation, even if they are subject to an employment relationship with OTP Bank Plc. The employer of members of the Supervisory Board may not issue instructions to them in respect of activities performed in their capacity as Supervisory Board member.

Members of the Supervisory Board are obliged to treat all information regarding the Company's affairs that comes into their possession as banking or securities secrets.

Members of the Supervisory Board are obliged to make a declaration, on a yearly basis, on their compliance with the independence criteria – or report any changes in their status in this respect without delay – to the chairman of the Supervisory Board. (The independence criteria are attached as Annex 1 hereto.)

3. The chairman and deputy chairman of the Supervisory Board

The chairman and deputy chairman of the Supervisory Board are elected by the members of the Supervisory Board from among themselves. The mandate of chairman and the deputy chairman of the Supervisory Board shall have the same duration as that of the Supervisory Board.

Meetings of the Supervisory Board are chaired by the chairman.

If the chairman of the Supervisory Board is unable to chair a meeting, then he shall be substituted by the deputy chairman.

4. Operation of the Supervisory Board

The Supervisory Board meets at least once every two months, and performs its duties according to a specified work schedule. *The language of communication of the Supervisory Board is Hungarian.*

Meetings of the Supervisory Board are convened by the chairman. Any member of the Supervisory Board may request the convening of a Supervisory Board meeting, in writing, indicating the reasons for the request and the purpose of the meeting.

The chairman of the Supervisory Board is obliged to inform the members of the Supervisory Board of the place, time and agenda of the meeting, at least eight days in advance.

The chairman of the Board of Directors and the Chief Executive Officer must be invited to all meetings of the Supervisory Board.

The chairman of the Supervisory Board may invite employees, members of the Board of Directors and the auditor of OTP Bank Plc. to attend Supervisory Board meetings in an advisory capacity.

Meetings of the Supervisory Board are regarded as quorate if two thirds of its members are present. The Supervisory Board passes its resolutions by open voting. In the course of voting, each member of the Supervisory Board has one vote. Resolutions are passed with a simple majority, *and in the event of a tie vote, the chairman has the casting vote.*

The outcome of the voting must be recorded in the minutes.

Resolutions may also be passed in writing (by *fax or registered* letter), if, under special circumstances, the chairman orders the passing of a resolution in this manner and, in the given case, none of the members of the Supervisory Board raise any written objections within three days of receiving such an order.

The resolutions of the Supervisory Board must be identified by a sequential number, using modern western numerals, and an indication of the year in which they were passed.

Minutes shall be kept of the meetings of the Supervisory Board, which shall contain a summary of the comments and responses made, the name of the person making them, the proposed resolutions, the results of voting and decisions made, including an indication of any deadlines and the responsible persons.

If a member of the Supervisory Board so requests, opinions that differ from the resolution passed must also be included in the minutes of the meeting. At the request of the chairman of the Supervisory Board, the member who requests this is obliged to personally sign the differing opinion after it has been transcribed.

The minutes must be prepared within eight days following the meeting, and must be signed by the chairman and the keeper of the minutes and forwarded – within two weeks – to the members of the Supervisory Board, and to all other persons invited to the meeting.

Any errors in the minutes must be corrected, at the proposal of any member of the Supervisory Board, at the following meeting.

Within ten days following the Supervisory Board meeting the chairman of the Supervisory Board shall send to the State Financial Supervisory Authority any minutes, proposals or reports related to agenda items discussed by the Supervisory Board regarding a serious breach of the Company's internal regulations or any instances of gross misconduct with regard to the Company's direction or management.

5. Use of external consultants

In particularly justified cases, in order to ensure appropriate supervision of the management, the Supervisory Board may, to assist it in arriving at an opinion and based on a board resolution passed with a simple majority, directly retain the services of an external consultant. The management, by adjusting the budget if necessary, is obliged to cover the costs of such assignment. In all other respects the general regulations pertaining to the undertaking of covenants must be observed.

6. Closing provisions

The wording of these Procedural Rules and the related modifications presented in a consolidated format have been approved by the General Meeting in its resolution no. ………../2009.

ANNEX 1

Independence criteria for members of the Supervisory Board

A Board member is considered independent if no legal relationship other than his membership of the Board exists between him and OTP Bank Plc.

A member of the Supervisory Board is not considered independent in particular if he

- *a) is or was an employee of OTP Bank Plc.; he is not considered independent for five years from the termination of such employment;*
- *b) provides services in an advisory capacity, or within the context of another type of assignment, for or in favour of OTP Bank Plc. or its senior office-holders for a consideration;*
- *c) is a shareholder of OTP Bank Plc. who holds directly or indirectly at least thirty percent of the votes, or is a close relative [as defined in section 685 b) of the Hungarian Civil Code] or companion of such a person;*
- *d) is a close relative of a – non-independent – senior office-holder or manager of OTP Bank Plc.;*
- *e) is entitled to financial consideration subject to the profitable operation of OTP Bank Plc., or receives any other types of compensatory fees from OTP Bank Plc. or a related party thereof;*
- *f) is in a legal relationship with a non-independent (executive) member of the Supervisory Board in another business enterprise based on which relationship the non-independent member has a right of control or oversight;*
- *g) is the independent auditor, or an employee or partner thereof, of OTP Bank Plc.; he is not considered independent for three years from the termination of such legal relationship;*
- *h) is a senior office-holder or manager at a business enterprise an independent member on the board of directors of which also serves in the capacity of senior office-holder at OTP Bank Plc.*

ELECTION OF THE COMPANY'S AUDITOR, APPROVAL OF THE APPOINTMENT OF OFFICIAL RESPONSIBLE FOR AUDITING, SETTING THE REMUNERATION

ELECTION OF THE COMPANY'S AUDITOR, APPROVAL OF THE APPOINTMENT OF OFFICIAL RESPONSIBLE FOR AUDITING, SETTING THE REMUNERATION

Based on Section 3 Para 66 Act CXII of 1996 (Act on Credit Institutions and Financial Enterprises) the Supervisory Board proposes – concerning the audit of the OTP Bank Plc.'s unconsolidated and consolidated 2009 accounts – that the General Meeting:

1. elects **Deloitte Auditing and Consulting Ltd.** (000083)
   H-1068 Budapest, Dózsa Gy. u. 84/c

   and approves the appointment of **Zsuzsanna Szépfalvi Nagyváradiné** (005313) chartered auditor, as the individual in charge of auditing.

   In the event any circumstance should arise which ultimately precludes the activities of as appointed auditor in this capacity, proposes the appointment of **Zoltán Nagy** (005027) chartered auditor, to be the individual in charge of auditing.

2. The General Meeting establishes the total amount of fifty-six million and five hundred thousand Hungarian Forint **(HUF 56,500,000) + VAT** as the auditor's remuneration for the audit of the annual accounts of 2008, prepared pursuant to Act C of 2000 on Accounting as applicable to credit institutions and the audit of the consolidated annual accounts, of which **HUF 45,000,000 + VAT** shall be paid in consideration of the audit of the unconsolidated annual accounts, and **HUF 11,500,000 + VAT** shall be the fee payable for the audit of the consolidated annual accounts.

ELECTION OF MEMBERS OF THE SUPERVISORY BOARD AND OF THE AUDIT COMMITTEE

(VERBAL PROPOSAL)

APPROVING THE REMUNERATION GUIDELINES OF OTP BANK

The Bylaws of OTP Bank Plc., in accordance with the provisions of the Hungarian Companies Act, place under the exclusive authority of the Company's General Meeting decisions on guidelines and frameworks of the long-term system of remuneration and incentives for leading executive officers, members of the Supervisory Board, and employees in senior management positions. Taking into consideration the guidance formulated under the Corporate Governance Recommendations of the Budapest Stock Exchange (BSE), the guiding principles pertaining to remuneration of the executive officers and management of the Company are as follows.

I. Scope of the Remuneration Guidelines

1. Personal and material scope

The scope of the Guidelines extends to the remuneration of members of the Board of Directors and Supervisory Board (hereinafter: executive officers), and of the CEO and deputy CEO (hereinafter: management) of OTP Bank Plc.

2. Duration of scope

The Guidelines are to be applied from the date of their approval by the General Meeting until such time as they are repealed.

II. Remuneration Guidelines

1. Remuneration of members of the Board of Directors

The individual elements comprising the remuneration of members of the Board of Directors are:

1.1. Basic salary

Determination of the basic salaries of members of the Board of Directors falls within the exclusive purview of the General Meeting. The amount of the basic salary must be in proportion to the work carried out by each board member, the responsibility each member carries, and the economic performance of the Company in the preceding year, and must be commensurate with the given executive's reputation in society and the place he or she occupies in the economic sphere. Fixed basic salaries are due monthly.

1.2. Expenses

Beyond their monthly basic salary, members of the Board of Directors are entitled to reimbursement of any justified expenses incurred in fulfilling the duties of their office.

1.3. Executive Share Option Program

In order to create harmony with the interests of shareholders, the General Meeting of the Company approved the operation of an Executive Share Option Program in recognition of performance and to encourage such performance through incentives. Members of the Board of Directors participate in the share purchase program in accordance with the conditions approved by the General Meeting.

2. Remuneration of members of the Supervisory Board

In order to ensure the independence of members of the Supervisory Board, their remuneration consists exclusively of a fixed basic salary determined by the General Meeting and reimbursement of the amount of any justified expenses incurred in fulfilling the duties of their office. The amount of basic salaries is determined taking into consideration the principles specified in point 1.1.

3. Remuneration of the Bank's management

The remuneration of OTP Bank's management is based on several complementary pillars creating a dynamic stake-holding framework, thereby providing senior managers with a competitive incentive package. This package serves to simultaneously harmonize the interests of management and shareholders, and to recognize the success of management work and professional activities.

When determining the respective proportions of the fixed and the profit or performance-related elements of remuneration, the Bank strives to sustain the necessary motivation to carry out profitable and high-quality work, but it also keeps in view that, based on the functions of the managed organization and in order to ensure prudent operation, managers must not come into conflict with the Company's short or medium-term profit-maximizing goals. The ratio of the fixed and performance-related remuneration of management members, aligned to current market trends, is 60%-40%.

Elements of the framework of remuneration and incentives are as follows:

3.1. Basic payroll wage

In the case of employees in senior management positions, factors to be weighed when initially determining or carrying out subsequent annual reviews of the amount of the basic wage include consideration of remuneration data from the private sector and other elements of the managerial incentive package, the size and function of the area of business under management, and the complexity of the activities entailed.

In the framework of annual reviews, revision of management wages is aligned to annual average wage rises of the Bank's employees, while taking into account changes in the consumer price index.

3.2. Bonuses

The conditions and general rules for the granting of bonuses are specified within the context of the Bank's annually determined stake-holding framework.

Beyond the basic wage, the amount of financial incentives – wage premiums, target and other bonuses – is tied to the fulfilment of objectives at the bank/bank group or individual levels. Objectives are determined and their performance assessed on the basis of individual target agreements. Expected performance is determined by the Bank under a system of indicators expressed according to the Balanced Scorecard (BSC) method, and in light of annual business policy and profit goals.

Performance is assessed twice yearly, and payment of advances – the amount of which may not exceed 40% of the annual incentive allowance – calculated according to a forecast annual performance assessment based on actual data for the first half-year.

The objectives of the Bank's Chairman & CEO, and the amount of bonuses to be paid based on an assessment of the fulfilment of these objectives, are determined by the Board of Directors. In the case of deputy CEOs, the concluding of individual target agreements, assessment of performance and determination of the amount of the incentive allowance fall within the purview of the Chairman & CEO.

3.3. Management Share Option Program

As one of the defining elements of the management remuneration framework, the Management Share Option Program ensures that managers retain a long-term vested interest in the Company's profitable operation. The program, the framework terms of which are approved by the General Meeting, is able to provide managers with a competitive income subject to the successful operation of the Company.

3.4. Profit Sharing Program

The Profit Sharing Program, in the event of out-performance of profit targets, provides incentive allowances in proportion to the contribution made to achieving profits.

The Profit Sharing Program provides direct profit-based incentives to the managers of subsidiary banks, as well as indirectly to bank managers and experts participating in the management of OTP Bank at the group level.

Detailed rules of the Program, as well as the related amount of incentives to be made available to each subsidiary bank, are determined annually by the Board of Directors of OTP Bank Plc., which simultaneously decides how the available amount is to be divided between the subsidiary bank producing surplus profits and OTP Bank Plc.

3.5. Additional non-wage allowances

Members of the management are entitled to the benefit of a top-category motor vehicle for private use and a mobile telephone.

Members of the management are furthermore entitled to claim any business and personal entertainment expenses that promote fulfilment of OTP Bank Plc.'s business interests and goals. On official domestic or foreign trips, members of the management are entitled to a daily fee equivalent to 125% of the daily fee provided to payroll employees, while appropriate costs of travel in the first-class category of economical means of transport, as well as first-class hotel accommodation with consideration for local conditions, will be borne by the Bank.

The Bank will take out life, accident and supplementary pension insurance policies on behalf of the members of the management. The combined amount of annual insurance premiums may not exceed the amount of two months' basic wage.

As part of their non-wage allowances, managers are entitled to have supplementary membership fees in health and voluntary pension schemes, as well as meal contributions, paid on their behalf under the same conditions as other Bank employees.

The Bank provides members of the management the option of early retirement – under the same conditions as for other employees – in accordance with the prevailing legal conditions in force.

III. Closing provisions

Adoption of the Remuneration Guidelines falls within the purview of the Annual General Meeting.

The Remuneration Guidelines will enter into effect on the date of resolution no. …/2009 of the Annual General Meeting granting their approval.

The Remuneration Guidelines must be published on the Company's official website (www.otpbank.hu).

ESTABLISHING THE REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS, SUPERVISORY BOARD AND AUDIT COMMITTEE

ESTABLISHING THE REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS, SUPERVISORY BOARD AND AUDIT COMMITTEE

The modification of remuneration concerning to the members of Board of Directors, Supervisory Board and Audit Committee is the competence of the Annual General Meeting.

In compliance with the practise of previous years, the proposal for remuneration of board members takes into consideration the general wage increase formula of the Bank referring to the specific year.

Under the current economic and money market conditions the Bank has no intention of increasing the wages of employees, thus the modification of remuneration – declaired in the resolution 9/2008 of the AGM – concerning to the members of Board of Directors, Supervisory Board and Audit Committee is not being proposed.

AUTHORIZATION BY THE BOARD DIRECTORS TO RAISE THE CAPITAL

Authorisation by the Board of Directors to Raise the Capital

The Board of Directors was authorised by the annual general meeting held in 2004 to raise the capital in keeping with the statutory regulations valid at the time, and this authorisation expires on 29 April 2009.

In the meantime, the legal regulations pertaining to authorisation have changed and, in contrast to the old Companies Act and in accordance with the new Companies Act, the authorisation may not be provided in the Bylaws but must be issued in a separate resolution of the general meeting.

Based on the law the authorisation may be renewed, and that is the purpose of the general meeting resolution that constitutes the subject matter of this proposal. Based on the authorisation, the Board of Directors can quickly and flexibly respond to circumstances that require an increase in the Company's capital. In the current financial and economic situation it is especially important for the Company's Board of Directors to have such means at its disposal.

Pursuant to the Companies Act, the authorisation is limited in terms of time and extent, with this being specified in the resolution. The flexibility of the authorisation is ensured by the fact that based on the resolution the capital may be raised in every way and in every case permitted under the statutory regulations in effect at the time.

If the resolution is passed, the Board of Directors will announce it in the Official Journal of the Companies Register within 30 days, in keeping with the Companies Act.

Proposal for resolutions:

The General Meeting authorises the Board of Directors to raise the Company's capital by no more than 100% compared to the amount of the capital registered on 24 April 2009. The Board of Directors may exercise its rights specified in this authorisation until 24 April 2014.

AUTHORIZATION OF THE BOARD OF DIRECTORS TO THE ACQUISITION OF OWN SHARES

AUTHORIZATION OF THE BOARD OF DIRECTORS TO THE ACQUISITION OF OWN SHARES

Pursuant to the Companies Act the authorization of the Board of Directors to the acquisition of own shares pertains to the exclusive authority of the General Meeting.

The creation of supply necessary for the administration of the option and bonus share programs operating at the OTP Bank Plc. and the prevention of price fluctuations of the shares require that the General Meeting authorize the Board of Directors to the acquisition of own shares.

Proposal for resolutions:

The General Meeting authorize the Board of Directors in order to create the necessary supply for the administration of the option and bonus share programs operating at the OTP Bank Plc. and to prevent the price fluctuations of the shares to purchase up to 56,000,000 shares issued by OTP Bank. The purchase price of the shares at each transaction shall not be lower than the face value of the share and not be higher than 150% of the highest price registered on the BSE on the day before the transaction. The Board of Directors is entitled to the acquisition of own shares until 31 October 2010.