OTP Bank Plc.

Documentation for the Company's Annual General Meeting

(English translation)

30 April 2010

THE AGENDA OF THE GENERAL MEETING

1. Proposal for amendment of the By-Laws (sections 6.4., 8.3., 8.4., 8.5., 8.8., 8.11., 8.14., 8.17., 8.22., 8.24., 8.26., 12/A.2., 12/A.3. and 12/A.4)
2. Financial Reports of the Company on 2009 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 2009 Business Report of the Board of Directors
   - Financial Statements of OTP Bank on 2009

     (balance sheet, income statement and cash flow; HAR unconsolidated)
   - Proposal for the distribution of the 2009 profit after tax of OTP Bank and for dividend payment
   - Financial Statements of OTP Bank on 2009

     (balance sheet, income statement, cash flow and changes in shareholders' equity; IFRS consolidated)
   - Report of the Supervisory Board on 2009 Financial Reports and proposal for distribution of after tax profit of the Bank
   - Report of the Audit Committee on 2009 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 2009 Financial Reports
3. Decision on the approval of the report on Corporate Governance.
4. Evaluation of the activities of the management in the business year, decision on granting discharge of liability.
5. Report of the Board of Directors on the Bank’s Business Policy for 2010.
6. 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. Establishing the remuneration of the members of the Board of Directors, the Supervisory Board and the Audit Committee.
9. Authorization of the Board of Directors to the acquisition of own shares.

PROPOSAL FOR MODIFICATION OF THE BYLAWS

(sections 6.4., 8.3., 8.4., 8.5., 8.8., 8.11., 8.14., 8.17., 8.22., 8.24., 8.26., 12/A.2., 12/A.3. and 12/A.4)

Proposal to modify the Bylaws of OTP Bank Plc.

Summary of proposals

The proposals concern the following aspects of the Bylaws:

Typesetting of the recommendations

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

We recommend that the General Meeting vote separately on the two proposals to amend the Bylaws.

Proposal for resolutions:

The General Meeting makes a decision on the amendment of the Company's Bylaws by passing separate resolutions in respect of the two combined recommendations contained in the proposal of the Board of Directors.

Motion 1

1. **Creating the option to cast votes with the help of a machine** (section 8.8., 8.22. and 8.24. of the Bylaws)

8.8. Voting in the General Meeting is done with the help of a computer, with a voting machine. The shareholder or his/her representative, if his/her participation is lawful in accordance with the provisions of these Bylaws, may receive his/her voting machine ~~voting book~~ after having certified his/her identity and having signed the attendance register at the place where the General Meeting is held. If due to technical reasons voting is not possible with the voting machine, the voting will take place with the help of voting books.

8.22. Prior to opening the General Meeting, shareholders in possession of a voting machine ~~voting book~~ may notify the Chairman of the General Meeting in writing if they wish to speak in relation to any item on the agenda during the General Meeting. The comments made by the shareholders must pertain to the subject matter of the indicated agenda item. The Chairman of the General Meeting must grant the right to speak to those who requested this in the above-mentioned manner.

8.24. The Chairman of the General Meeting may decide to hold the meeting behind closed doors and may exclude anyone from the meeting except for the members of the Board of Directors, the senior executives specified in the Credit Institutions Act, the Members of the Supervisory Board, the auditor, shareholders in possession of voting machines ~~voting books~~ and the authorised representatives and interpreters of such shareholders, as well as the representative of the Supervisory Authority and the Budapest Stock Exchange.

Explanation of section 1 of motion 1

The proposed amendment serves the purpose of modernising voting and adopting a voting machine-based technique. So that this may become a reality as early as at the time of the General Meeting to be held in 2010, the Board of Directors moves that after the technical resolutions pertaining to the process of the General Meeting (e.g. the election of the vote counting committee) are accepted, the shareholders should make a decision first about the amendment of the Bylaws which then allows voting by machine. At the same time, the amendment also allows for voting to be conducted with voting books in the future if computer-based voting is not possible for technical reasons. After this amendment to the Bylaws is accepted, OTP Bank Plc. and the shareholders will vote with a machine at the General Meeting to be held in 2010, since the shareholders and their representatives will receive the necessary voting machine (Voting Terminal) at the time of registration.

2. **Expanding the circle of persons who may act as authorised representatives of the shareholders** (section 8.3. of the Bylaws)

8.3. Shareholders may exercise their right to participate in and to vote at the General Meeting in person or through an authorised representative. The authorisation must be presented in the form of a notarised document or a private deed bearing full probative force, and a copy must be handed over at the place and during the time period specified in the announcement of the General Meeting. ~~Members of the Board of Directors, the Supervisory Board and senior executives cannot act as a representative.~~

3. **Cancelling the obligation to block shares for the general meeting** (sections 8.4. and 8.5. of the Bylaws)

8.4. The Company requests Központi Elszámolóház és Értéktár Zártkörűen Működő Részvénytársaság (Central Clearinghouse and Depository Budapest Ltd.) (hereinafter: Keler Zrt.) to identify the owners for the ~~date~~ purposes of the General Meeting, which is a corporate event. The date of identifying the owners may fall only between the ~~10.~~ 7th (seventh) and 5th (fifth) trading days prior to the General Meeting. The rules of owner identification are contained in the effective regulations of Keler Zrt.

The Company, at 12 p.m. Budapest time on the second working day before the General Meeting deletes all data in the ~~s~~Share Register ~~that is effective at the time of the owner identification~~ and at the same time registers the results of the owner identification into the ~~s~~Share Register and closes it ~~at 12 p.m. Budapest time on the second working day before the General Meeting~~ with the results of the owner identification. Afterwards entries into the ~~s~~Share Register concerning the shares of shareholders may be made no earlier than on the working day after the ~~g~~General Meeting is closed.

8.5. A condition of participating in the General Meeting and exercising the voting right based on a given share is the following

a.) the possession of a share at the time of the owner identification is certified through the result of the owner identification,

b.) (deleted) ~~the shareholder must block the shares on the basis of which he/she intends to vote at the General Meeting for a period starting on the day of owner identification and ending on the day following the general meeting,~~

c.) the holder of the share must be registered in the Company's Share Register until it is closed as specified in section 8.4., and

d.) the shareholder's possession of shares and/or voting rights does not violate the provisions of the statutory regulations or of these Bylaws, which is determined by the Company through a review.

Transferring the share prior to the start of the General Meeting does not exclude the right of a person who is registered in the Share Register in accordance with the provision of section 8.4 to participate in the General Meeting and to exercise shareholders' rights.

4. **Registering the right of minority shareholders to submit a motion** (section 8.11. of the Bylaws)

8.11. Shareholders representing at least 1% of the votes may ask the Board of Directors, by indicating the reason, to put on the agenda of the convened General Meeting a particular issue. The minority shareholders may exercise this right within eight days after the announcement of the General Meeting. The Board of Directors must put the motion on the agenda of the General Meeting and publish it within eight day in accordance with Article 15.

Shareholders representing at least 1% of the votes may submit in writing a motion to the Board of Directors in respect of the agenda item that was announced in the invitation or was submitted by the shareholders in writing to the Board of Directors in accordance with the provisions of this section. The minority shareholders may exercise this right within eight days after the announcement of the General Meeting is published. The Board of Directors announces the motion in accordance with Article 15, and the Chairman of the General Meeting puts it to a vote at the General Meeting under the relevant agenda item. If the General Meeting accepts one of the conflicting motions pertaining to the same agenda item, the other motions that contradict the accepted motion do not have to be put to a vote.

5. **Expanding the content of the invitation** (section 8.14. of the Bylaws)

8.14. The invitation must contain the following

- a.) the Company's name and registered seat;
- b.) the date and place of the General Meeting;
- c.) the manner in which the General Meeting will be held;
- d.) the agenda of the General Meeting;
- e.) the provisions contained in section 8.5. of these Bylaws with the warning that participation and voting at the General Meeting is subject to these provisions;
- f.) information about the place and date of handing over authorisations;
- g.) the place and date of the reconvened General Meeting if there is no quorum,~~.~~
- h.) the date of the owner identification and the closing of the Share Register,
- i.) a condition for exercising the shareholder's rights is that the shareholder must be listed in the Share Register when the Share Register is closed, but afterwards the shares may be freely traded without affecting the exercisability of the shareholder's rights at the General Meeting,
- j.) the conditions specified in the Bylaws pertaining to exercising the shareholder's right to request information,
- k.) the conditions specified in the Bylaws pertaining to the shareholder's right to add items to the agenda of the General Meeting, and
- l.) information pertaining to the time, place and manner of accessing the proposals and motions on the agenda of the General Meeting (including the address of the Company's website).

Explanation of sections 2-5 of motion 1

*Sections 2-5 of the motion introduce to the Bylaws the amendments prescribed in Act IV of 2006 on Economic Associations (Companies Act), and Act CXXI of 2009 on the amendment of Act V of 2006 on Public Company Information, Company Registration and Winding-up Proceedings (hereinafter: **Amendment Act**). The primary purpose of the Amendment Act is to transpose Directive 2007/36/EC of the European Parliament and of the Council on the exercising of certain rights of shareholders in listed companies in order to strengthen shareholders' rights and to find a solution for problems related to voting across borders. According to Article 14 (4) of the Amendment Act, OTP Bank Plc. must reconcile its Bylaws with the provisions of the Amendment Act by 31 May 2010.*

6. **Clarification of the provision on qualified majority** (section 8.26. of the Bylaws)

8.26. In the qualified cases that are listed in section 8.33., the General Meeting must accept the motion if at least a three-quarters majority of the attending shareholders vote for it.~~in the qualified cases listed in section 8.33~~

Explanation of section 6 of motion 1

The motion, in accordance with Article 236 of the Companies Act, clarifies the rule, which has anyway been unequivocally applied until now, whereby at least a three-quarters majority vote of the shareholders attending the General Meeting is required for accepting a motion in the qualified cases listed in section 8.33.

7. **Clarification of the conflict-of-interest rules** (sections 12/A.2., 12/A.3. and 12/A.4. of the Bylaws)

12/A.2. Senior officers must immediately notify the Chairman & CEO if:

a.) he/she has a qualifying holding as defined in the Credit Institutions Act, ~~an influencing~~ or a controlling stake in any company;
b.) his/her close relative has a qualifying holding as defined in the Credit Institutions Act, ~~an influencing~~ or a controlling stake in any company;
c.) after his/her appointment, an event occurred that disqualifies him/her from serving as a senior officer.

12/A.3. A senior officer may be elected senior officer or member of the Supervisory Board in a company ~~that also conducts business activities~~ ~~that are identical with that of the Company~~ whose designated core activity is the same as the Company's core activity if the Company holds ~~an influencing stake~~ a qualifying holding, as defined in the Credit Institutions Act, in the ~~enterprise~~ business entity concerned.

12/A.4. Senior officers may not acquire a stake in another business entity whose designated core activity is the same as that of the Company, with the exception of acquiring shares in a public limited company.

Explanation of section 7 of motion 1

The motion clarifies cases of conflict of interest concerning OTP Bank Plc.'s senior officers in accordance with the wording and explanations of Act IV of 2006 on Economic Associations (Companies Act) and Act CXXI of 2009 on the amendment of Act V of 2006 on Public Company Information, Company Registration and Winding-up Proceedings (Public Company Information Act). With respect to the provisions of the Companies Act and the Public Company Information Act, business entities do not have to list all their activities in the articles of association (bylaws), and a company's core activity is the activity that can be identified with a high degree of certainty from the company's official documents. Consequently, conflicts of interest must also be regulated within this scope. In the Credit Institutions Act, the term "influencing stake" has been replaced by "qualifying holding" which should therefore be amended accordingly in the Bylaws and, in addition, with respect to the new concept we must clearly specify that a qualifying holding is to be understood as the qualifying holding defined in the Credit Institutions Act and not as the influence securing a qualified majority as defined in the Companies Act.

Proposal for resolutions:

The General Meeting accepts the amendment of sections 8.3., 8.4., 8.5., 8.8., 8.11., 8.14., 8.22., 8.24., 8.26., 12/A.2., 12/A.3. and 12/A.4. of the Company's Bylaws in keeping with the proposal and on the basis of the annex to the minutes of the General Meeting.

Motion 2

1. Limitation on exercising voting rights and calculating the quorum (first paragraph of section 6.4. and section 8.17. of the Bylaws)

"6.4. No shareholder or group of shareholders may exercise a voting right in excess of ~~25%, or 33% if the voting right of another shareholder or group of shareholders in the Company also exceeds 10%,~~ 10% of the voting rights pertaining to the voting shares issued by the Company which serve as the basis for the voting right at the General Meeting."

"8.17. The General Meeting has a quorum if shareholders in possession of more than half of the voting rights that are embodied in the voting shares attend the meeting. When determining the quorum, the limitations specified in section 6.4 must be taken into account, and the ratio in excess of the maximum number of votes, as specified in section 6.4., must not be taken into account."

Explanation of motion 2

Explanation: *The effective Bylaws limit the voting rights that may be exercised by a single shareholder or group of shareholders to an extent of 25% and 33% of the voting shares respectively.*
However, in the current financial/economic environment, at the current share prices, the shareholding structure may easily undergo considerable rearrangement. In view of this situation, it is reasonable to modify the restriction on voting that limits the ratio of voting rights that may be exercised by a single shareholder or shareholder group in an extent of 10% of all voting shares. This ensures that no shareholder or shareholder group has excessive influence when decisions are made at the General Meeting.
At the same time that the limit on the exercising of voting rights is redefined, it is also necessary to clarify the rule pertaining to establishing the quorum.

Proposal for resolutions:

The General Meeting accepts the amendment of sections 6.4. and 8.17. of the Bylaws in accordance with the proposal, on the basis of the annex to the minutes of the General Meeting.

THE 2009 BUSINESS REPORT OF THE BOARD OF DIRECTORS

CONSOLIDATED FINANCIAL HIGHLIGHTS[1] AND SHARE DATA

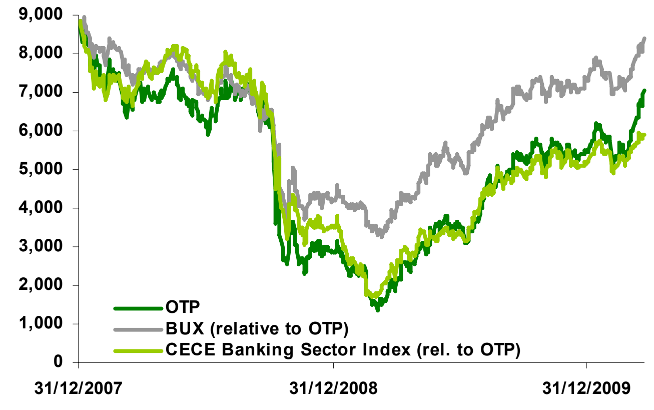
Statement of recognised income (HUF million)	2008	2009	Change (%)
Consolidated after tax profit	**241,068**	**150,206**	**-38%**
Consolidated after tax profit without the result of strategic open FX position, consolidated dividend and net cash transfers, the result of the sale of OTP Garancia Group and goodwill impairment charges	**218,691**	**151,326**	**-31%**
Pre-tax profit	250,293	172,080	-31%
Operating profit	368,920	437,059	18%
Total income	732,584	786,084	7%
Net interest income (adj.)	515,946	589,780	14%
Net fees and commissions	140,623	132,913	-5%
Total other non-interest income (adj.)	76,015	63,390	-17%
Operating expenses (adj.)	-363,664	-349,024	-4%
Provision for loan losses (adj.)	-108,043	-246,935	129%
Other cost of risk	-10,584	-18,044	70%

Main components of Balance Sheet (closing balances, HUF million)	2008	2009	Change (%)
Total assets	9,367,724	9,755,132	4%
Placements with other banks and securities	415,656	440,850	6%
Total customer loans and advances (gross)	**7,049,381**	**6,907,094**	**-2%**
Allowances for loan losses	-270,680	-494,378	83%
Liabilities to credit institutions	848,730	802,749	-5%
Total customer deposits	**5,258,167**	**5,688,887**	**8%**
Issued securities	1,565,947	1,410,348	-10%
Subordinated loans	320,050	280,834	-12%
Total shareholders' equity	1,048,971	1,191,606	14%

Indicators (%)	2008	2009	Change (%-point)
ROA (adj.)	2.5%	1.6%	-0.9%
ROE (adj.)	22.5%	13.4%	-9.1%
Operating profit margin	4.14%	4.57%	0.43%
Total income margin	8.22%	8.22%	0.00%
Net interest margin (adj.)	5.79%	6.17%	0.38%
Risk cost to average gross loans (adj.)	1.69%	3.57%	1.87%
Cost/income ratio (adj.)	49.6%	44.4%	-5.2%
Net loan/(deposit+retail bond) ratio (%)	128%	108%	-19%
Gross loan/deposit ratio (%)	134%	121%	-13%
Capital adequacy ratio (consolidated, IFRS)	15.4%	17.3%	2.0%
Tier1 ratio	11.3%	13.8%	2.6%
Core Tier1 ratio	9.5%	12.1%	2.6%

Share information	2008	2009	Change (%)
EPS diluted (HUF)	935	572	-39%
Closing price (HUF)	2,875	5,456	90%
High (HUF)	8,874	5,790	-35%
Low (HUF)	2,320	1,355	-42%
Market Capitalization (EUR billion)	3.0	5.6	86%

OTP SHARE PRICE PERFORMANCE



MOODY'S RATINGS

OTP Bank	
Foreign currency long term deposits	Baa1
Local currency long term deposits	Baa1
Financial strength	D+
OTP Mortgage Bank	
Covered mortgage bond	A2
Foreign currency long term deposits	Baa1
Financial strength	D+
DSK Bank	
Long term deposits	Baa3
Local currency long term deposits	Baa3
Financial strength	D+

STANDARD & POOR'S MINŐSÍTÉS

OTP Bank and OTP Mortgage Bank	
Long term credit rating	BB+

[1] Structural adjustments made on consolidated IFRS profit and loss statement together with the calculation methodology of adjusted indicators are detailed in the Supplementary data section of the Report.

MANAGEMENT'S ANALYSIS OF THE FULL-YEAR 2009 RESULTS OF OTP GROUP

Successful crisis management

In 2009 OTP Group successfully managed all the challenges induced first by the US subprime crisis and later by the global fiscal and lending turmoil. It also met the major preliminary targets of the management. The Bank's strong performance helped a lot to preserve the stability of the Hungarian banking sector.

Even though operating conditions have already deteriorated in 2008, last year required further radical business adjustments from the Company. The strong underlying profitability, in particular the robust net interest income as well as the continuously strict cost control, enabled the Bank to realize positive earnings in each consecutive quarters amid heavily increasing provisioning. As a result the Bank managed to strengthen both its consolidated and stand-alone capital adequacy to such levels (IFRS CAR: 17.3%, Tier1 ratio: 13.8%) that are outstanding even in international comparison. It was achieved without any governmental or bilateral support or equity increase. The economic crisis and the fiscal adjustment resulted in serious business adjustment: loan demand shrank a lot and risk management required a more cautious lending practice. At the same time the Group paid particular attention to deposit collection, as a result the consolidated loan-to-deposit ratio improved a lot throughout the year. Due to the successful business adjustment both in Hungary and abroad, and also to newly attracted external funding sources (retail targeted bonds, syndicated loan), OTP's liquid reserves reached record levels (EUR 6 billion in December 2009) despite prepaying half of the State loan in the amount of EUR 700 million in November. The year-end liquidity reserve is enough to cover the Group's total FX-denominated senior and covered bonds obligations, as well as the rest of the State loan.

In order to ease the negative effects of the crisis the Bank actively participated in the debtor protection programmes and initiated several other measures aimed at assisting its clients facing temporary fiscal difficulties. Besides, the Bank persistently looked at those lending segments where it could meet demands at the expense of its own sources, but also utilizing the State loan. Even though 2009 was not the year of a steady loan growth, the strong capital position, as well as the stable liquidity reserves enabled the Bank to increase its corporate loan book in Hungary by 4% through originating HUF 248 billion new loans to the sector. In Russia, the growing customer demand helped the bank to revitalize its POS-lending and even strengthen its market position.

Straightforward business adjustments, stable capital positions, gradually improving macroeconomic environment in the second half across the region

While 1H 2009 was quite challenging as for the general macroeconomic conditions, from 2H it became clear that despite earlier concern most of the East European economies amid existing problems were more resilient towards the crisis. The local banking sectors were decently capitalized, and local governments were brave enough to introduce fiscal restrictions or in case of Russia and Slovakia used anticyclical measures to boost local consumption. The only exception was Ukraine, where markets are expecting consolidation after the presidential elections in early 2010.

Beginning from April market sentiments changed to be more favourable, investors' risk appetite returned, liquidity enhancing measures by the major central banks helped risk spreads to drop significantly; 2H already witnessed successful bond transactions from the CEE region. As for fiscal adjustment and economic stabilization the most remarkable turnaround was achieved by Hungary, but Bulgaria and Croatia were also amongst the frontrunners in implementing rigorous budgetary policy.

From 3Q and more so from 4Q there were more and more signs of the bottoming out in the region: export performance improved, industrial production started recovering, the current account balances previously being in the danger zone rebounded, the currency and stabilization reserves kept increasing. The more favourable macro conditions enabled central banks to loose their monetary policy: in Hungary the NBH gradually brought down the base rate from 10% to 6.25% by end-2009, whereas the local currency remained stable.

As a result of those positive developments, in October 2009 Standard & Poor's improved Hungary's sovereign outlook from negative to stable, whereas Moody's and Fitch did so in early 2010 in case of Bulgaria and Romania, respectively. Given that most of the countries but again Ukraine, met their commitments to IFM, further tranches became available. Hungary, on the other hand announced that it did not need the remaining EUR 4 billion of the IMF package.

Despite all economies suffered heavy, somewhere even double-digit economic setbacks in terms of real GDP, loan volume shrinkage started easing, and in 2H already slight recovery might be experienced. In Russia, however, POS-lending accelerated so nicely that in 4Q new origination even exceeded the so far record period of last quarter 2007.

Successful deposit collection, substantially improving loan-to-deposit ratio

Due to modest loan demand throughout the most of 2009 the consolidated gross loan portfolio dropped by 2% y-o-y (adjusted for the FX-effect, this decrease was 3%). Despite the remarkable 4% y-o-y corporate loan growth in Hungary, the consolidated corporate book declined by 4% y-o-y. At the same time deposits expanded by 8% (7% adjusted for the FX-effect). As a result, loan-to-deposit ratio improved a lot (to 121%, -13%-points y-o-y). In case of Croatia and Hungary the ratio was below 100%, but Romania, Russia and Ukraine also pushed down those levels substantially, true from high basis.

Strong operating income, adjusted full year results exceeding both the management forecast and market consensus

Despite the sharp (nearly 2.5-fold) increase in risk costs as a result of worsening operating conditions, the Company realized HUF 151.3 billion adjusted after tax profit. It was by 31% lower y-o-y, but exceeded market consensus by about HUF 6 billion.

Main drivers of the consolidated result: stable NII, increasing risk costs, strict cost control

In 2009 net interest income grew by 14% y-o-y. The HUF 590 billion net interest result was influenced by several factors: the asset repricing measures of the pre-crisis period (mainly in the corporate sector) exerted a positive effect; net interest income was supported by increased interest rates in case of the Hungarian mortgage loan portfolio as well (higher funding costs were partly levied on clients in 4Q 2008, after the beginning of the crisis); and the higher overall Hungarian interest rate environment led to higher margins and consequently, higher net interest income. The yearly NIM (6.17%) improved significantly (+38 bps y-o-y)

The net fee and commission income declined by 5% y-o-y in line with preliminary expectations and reflected the decrease of business activity and the transaction income.

Other adjusted non-interest income decreased by 17% y-o-y. The biggest profit change was on net FX gain and loss line: around HUF 6 billion loss in 2009 compared to HUF 44.4 billion profit in 2008. Note that the high profit of the base period was basically influenced by the 4Q 2008 revaluation of the Ukrainian provisions while 2009 results were significantly driven by the 1Q 2009 losses on the other open FX-positions on the top of the strategic position due to HUF depreciation. Given that these positions have been closed down in the meantime this income line showed gradually improving trend in 2009. HUF 7.5 billion profit was realized on securities portfolio, mainly due to the sharp decline of HUF yields. The other net non-interest income more than tripled in 2009, thanks to the HUF 27.7 billion before tax gains realized on the repurchase of Upper Tier 2 Capital.

The absolute volume of operating expenses dropped by HUF 14.6 billion in 2009 compared to the previous year. The Bank has been implementing very strict cost control throughout the year. Within operational costs other expenses lagged behind the basic period by 6%, whereas personal expenses dropped by 7% y-o-y (mainly as a result of staff reduction, suspending branch network expansion and closing down branches in Serbia, Slovakia and in the Ukraine, as well as rationalizing operation). The yearly Cost/Income Ratio (CIR) improved by 5.2%-points to 44.4%.

The deteriorating macroeconomic environment equally hitting the household and corporate sectors resulted in a significant portfolio quality deterioration. The ratio of DPD90+ loans increased from 4.5% to 9.8%, but in the second half of 2009 the pace of the portfolio quality deterioration showed a slowdown as the macroeconomic environment improved. This required a massive provisioning which was comfortably met due to the robust operating result. Provisions for potential loan losses and other provisions added up to HUF 265 billion, +123% y-o-y. The provision coverage of DPD90+ loans reached 73.6% (-12.4%-point y-o-y).

Outstandingly strong consolidated and stand-alone CAR

The consolidated IFRS CAR improved by 2.0%-points y-o-y and reached 17.3%, the Tier1 ratio (13.8%) grew by 2.6%-points. Both levels are significantly higher than that of for OTP's main competitors.

The non-consolidated, HAR based CAR of OTP Bank stood at 16.2% (+4.2%-points y-o-y). Since OTP did not draw down the EUR 200 million subordinated loan facility offered by EBRD by the December 2009 deadline, the contract was prolonged until 20 June 2010.

Excellent Hungarian net interest income, moderating decline in lending due to growing corporate volumes, successful funding

Within the Banking group 2009 PAT of OTP Core (basic activity in Hungary) reached HUF 178.3 billion, marking an increase of 34% y-o-y.

The key driver of the strong income was the good net interest income performance (+18% y-o-y). Net F&C remained flat y-o-y. Total revenues reached HUF 446 billion (+20% y-o-y). The strong earnings were also supported by the one-off HUF 28 billion pre-tax results of own securities (Upper Tier 2 Capital) buy back and the positive effect of lower tax burdens. Risk costs grew by 59% compared to the base period. The share of DPD90+ loans increased to 7.4% (+3.1%-points y-o-y), the coverage ratio declined somewhat in 2Q 2009, but in the second half it remained stable; its year-end level came out at 74.9%.

The loan portfolio grew by 1% y-o-y amid the crisis, that was mainly the result of a strong corporate lending activity where volumes grew by 4% y-o-y. In the retail segment new loan origination was only the fraction of the corresponding period: mortgage loan origination dropped by 82%, the personal loans by 54% respectively, true there was some pick up since the bottom in 1Q 2009. In line with the efforts of the management the share of HUF denomination increased within new disbursements: in case of mortgages and personal loans it was 55% and 96% in 2009 respectively.

The deposit portfolio on a yearly base expanded by a remarkable 8%. At the same time the local bond issuance targeted at household savings continued successfully: during 2009 its volumes increased by HUF 179 billion and reached HUF 237 billion by the end of December.

The loan-to-deposit ratio improved by 6%-points y-o-y, dropping again below 100% (2009: 97%). Including the volume of the retail bonds which are practically a form of extended term deposits, the adjusted "net loan/(deposit + retail bond)" ratio was 86% (-12%-points y-o-y).

In March 2009, EUR 1.4 billion loan facility was provided by the Hungarian State to OTP Bank for supporting its domestic corporate lending activity. The Bank has prepaid half of the facility (EUR 0.7 billion) in November 2009, and the remaining amount (EUR 0.7 billion) was paid back in March 2010. Due to the conditions of the loan facility, namely the interest rate level and maturity, the Bank could satisfy the demand of only a limited circle of entrepreneurs, thus OTP Bank could support a wider range of potential client interest at the expense of its own liquidity.

The volume of issued securities were effected by the retail bond issuance on one hand and by the repayment of EUR 750 million senior bonds, as well as by HUF 120 billion volume decrease of issued mortgage bonds on the other. There was no international capital market transaction in 2009, however in December the Bank arranged a EUR 220 million syndicated loan and in February 2010 OTP had a successful debut CHF 100 million senior issue.

Out of domestic Group members Merkantil Group realized HUF 1.8 billion loss in 2009 being almost equal to the provisioning in the fourth quarter for the losses of newly consolidated leasing firms. Without that Merkantil Group's net result would be around zero. Risk costs for loan losses increased by 156% which turned to be too much to be compensated by stringent cost control (-15% opex y-o-y). OTP Fund Management posted HUF 5.1 billion after tax result. Both total assets and managed funds expanded nicely (+32% and +38% y-o-y respectively). Its market position improved by 1.8%-points y-o-y reaching 32.3% by the end of December.

Performance of foreign subsidiaries: excellent Bulgarian, stable Croatian, dynamically improving Russian and Romanian results; substantial losses in Ukraine, portfolio cleaning in Slovakia and Serbia

Regional economies contracted severely in 2009 – in the Ukraine a double-digit economic setback was observed. In 2009 the macroeconomic uncertainness and growing unemployment coupled with weak loan demand, except for the Russian POS lending. Apart from the Russian POS lending there was no meaningful expansion of loan books in any countries. On the other hand all the subsidiaries launched deposit campaigns, as a result loan-to deposit ratio improved at each subsidiary. Besides Ukraine, debtor protection programmes in Bulgaria and Romania also gained momentum; their positive impact was already evident in the last quarter of 2009.

DSK Group posted HUF 25 billion after tax profit in 2009, the result was 20% lower than a year ago. The outstandingly strong net interest revenues (+27% y-o-y) to a certain extent could mitigate the negative impact of the sharp increase of risk costs (+169% y-o-y). As a result of loan portfolio repricing NIM (5.68%) was higher by 86 bps compared to the base period. Despite the increase of operating expenses (+17% y-o-y), CIR level still represents one of the most efficient operations within the Group (36.1% in 2009). The gross loan portfolio remained flat compared to 2008, at the same time deposit volumes grew nicely (+11% y-o-y). As a result DSK's loan-to-deposit ratio improved by 12%-points (4Q 2009: 128%), whereas the Bank could stabilize its market position in major segments. The ratio of DPD90+ loans grew by 4.0%-points in 2009, but improved in the last quarter. The coverage ratio remained well above the Group members' average and reached 86%.

As a result of sharply increasing risk costs the Ukrainian subsidiary accumulated a total HUF 44 billion loss in 2009 vs. the HUF 16.4 billion net profit in the base period. Despite the sharply increasing risk costs (+259%) operating income still improved (+2%). There were two waves of the portfolio quality deterioration, in the first and third quarter of 2009, but in 4Q the pace of deterioration moderated. The ratio of DPD90+ ratio reached 22.3% (+17.6%-points y-o-y). In line with the earlier commitment of the management, special attention was paid to increase the coverage ratio, accordingly in 2009 OBU set aside HUF 95.0 billion provisions; as a result the coverage ratio grew to 74%. The share of restructured loan portfolio increased gradually but in a declining pace during the year and reached 39% at end-December in the retail segment.

Given that within the Group Ukraine suffered the single biggest economic contraction, customers' appetite for loans was fairly weak. Parallel, the bank also put a break on lending, having quite an impact on volumes. On the other hand, deposit erosion stopped in 2Q, and from 3Q volumes started growing again. As a result, the loan-to-deposit ratio improved significantly.

In Russia, 2H 2009 already witnessed a recovery in lending. While total loan volumes dropped by 3% y-o-y, in 4Q OTP Bank Russia (OBRu) posted a remarkable 9% increase. It was mainly the result of the significant revival in POS-lending, that's why the retail loan book grew by 1% y-o-y. The bank had significant deposit collection results (+37% y-o-y). The loan-to-deposit ratio improved massively to 121% (-50%-points y-o-y). Because of the weak 1H, and also the y-o-y higher risk costs (+11%), the 2009 after tax profit was only one third of that a year ago. Apart from the POS-growth another positive development was that despite the crisis risk cost rate basically remained flat (5.59%). The ratio of DPD90+ loans – mainly due to NPL write-offs – declined in the second half, but grew by 4.0%-points on a yearly basis. The coverage ratio was stable, around 84% and its level surpassed the average of the Group members.

Out of smaller subsidiaries OTP banka Hrvatska (OBH in Croatia) in each and every quarter posted positive results and despite doubling risk costs realized a yearly net profit of HUF 3.2 billion. Thanks to the successful deposit collection (+7% y-o-y) the bank enjoys favourable liquidity position and the lowest loan-to-deposit ratio within the Group (94%).

OTP Bank Romania (OBR) achieved HUF 1.1 billion after tax profit that was more than five times higher than in 2008. The two major drivers of the improving results were the strong core banking revenue generating capability and the stringent cost control. The portfolio quality of OBR is the best in the Group (DPD90+ ratio was at 3.4% only). Deposits grew by more than 30%, loan book shrank by 7%, as a result loan-to-deposit ratio improved by 135%-points to 304% y-o-y. The improving results showed that systematic business development coupled with efficient operation and excellent management could make a greenfield investment a great success.

In Montenegro, CKB posted a moderate HUF 0.4 billion net result for the full year (-85% y-o-y). Even though net interest income showed an excellent picture (+58% y-o-y), the sharply increasing risk costs, as well as the declining F&C results (-38% y-o-y) took their toll through weaker earnings. Total assets shrank by 24%, the loan-to-deposit ratio declined to 110%.

The Slovakian subsidiary posted an all-time high negative result of HUF 6.4 billion in 2009, stemming mainly from soaring risk costs (+294% y-o-y) as the Bank intentionally improved the coverage ratio, and on the other hand, the loan quality continued to deteriorate. Loan volumes contracted by 13% y-o-y, deposits by 4% respectively, though retail deposits slightly grew by 3% y-o-y.

Because of the conservative portfolio classification and portfolio clean up, the Serbian subsidiary posted a significant cumulative loss of HUF 9 billion in 2009. All major income lines showed weak results – NII dropped by 40%, net F&C by 16% –, operating costs were basically flat (-2%) and risk costs grew by 260%. In line with the moderate business activity significant network rationalization and stuff reduction took place; the total network was reduced by 45 branches (-47%), whereas the employees number by 399 people (-34%).

By the end of 2009 OTP Group had 1,514 branches (-79 branches y-o-y, -26 branches q-o-q). The most sizeable decline was realized in Serbia: 45 branches were closed down. Also, in Ukraine 23 branches, in Slovakia 12 branches were closed down during 2009.

Credit ratings, shareholder structure

In March 2009 both Moody's and S&P downgraded Hungary's debt rating. The rating of OTP Bank changed similarly to the sovereign rating (from A3 to Baa1) in case of Moody's, but the S&P downgraded OTP Bank's rating by two notches (from BBB to BB+), which led to a split rating. In October S&P affirmed the sovereign rating and changed the outlook of the sovereign rating from negative to stable.

Regarding the ownership structure, in 2009 MOL appeared as a shareholder above the 5% threshold after a share swap agreement with OTP Bank in 2Q 2009: the company's stake in OTP reached 8.6%. In the course of 2009 neither Groupama's (9.2%) nor Rahimkulov family's (8.7%) shareholding changed significantly, while the stake of Artio Global Management (former Julius Baer, the biggest institutional owner for a long time in earlier years) dropped below 5%.

POST BALANCE SHEET EVENTS

Hungary

- The Hungarian government approved a decree on the conditions of prudent retail lending and the assessment of credit worthiness. The aim of the decree is to promote responsible lending practice, to limit the risks of foreign currency loans as well as to support financial stability in the Hungarian financial system.

  The decree will require lenders to establish, as part of their internal regulatory systems, a way to calculate the maximum amount a client is capable to repay each month (the so called "lending limit") based on an evaluation of the client's income. Lenders will be allowed to sign contracts for no more than 80% of this monthly "lending limit" in case of euro-denominated loans and for no more than 60% in case of loans denominated in other foreign currencies.

  The regulation caps the amount for which lenders may sign a housing mortgage contract at 75% of the home's value for forint loans, 60% for euro-denominated loans and 45% for loans denominated in other currencies. The limits are 80%, 65% and 50% respectively in the case of financial leasing.

  The maximum tenor of car-financing loans will be set at seven years. Car loans will be capped at 75% of the value of the vehicle for forint loans, 60% for euro-denominated loans and 45% for loans denominated in other currencies. The limits for car lease are 80%, 65% and 45% respectively.

  The rules governing the calculation of the lending limit are to come into effect on 11 June 2010, whereas the rules in relation to mortgage and car financing are to be in force from 1 March 2010.
- On 25 January the Monetary Council decided to reduce the central bank base rate by 25 basis points from 6.25% to 6.00%, with effect from 26 January 2010. On 22 February Hungarian National Bank cut benchmark interest rate to 5.75%, effective from 23 February. On 29 March the central bank cut benchmark interest rate to record low reaching 5.50%, effective from 30 March.
- On 29 January, in the course of its general methodology review, Moody's Investors Service downgraded OTP Bank's Upper Tier 2 ratings to Ba1 from Baa2 with negative outlook.

- On 8 February, the National Bank of Hungary announced a new monetary policy tool to support the development of the domestic HUF denominated mortgage lending and mortgage bond markets. Under the programme, the National Bank will purchase forint mortgage bonds and undertake regulatory initiatives to develop the domestic HUF mortgage lending market. The first step of the programme is to improve the conditions for forint-based financing for banks and their customers by stimulating a reduction in liquidity premium in the mortgage bond market. This may contribute to an increase in the supply of HUF mortgage loans and a further reduction in the interest differential vs. foreign currency loans. On 10 March the central bank declined all offers in the first secondary market mortgage bond buyback tender, but on 11 March the tender was successful.
- OTP Bank Plc. issued bonds in nominal value of CHF 100 million at 100.633 per cent of the face value with value date 24th February 2010. The issue serves general funding purposes. The price of the fixed rate senior bonds with 2 years maturity was set on 22nd January 2010. The Sole Bookrunner of the successful bond issue was BNP Paribas with OTP Bank Plc. as Co-Lead Manager. The re-offer spread is 305 bps over 2 year mid-swap, the bond bears a coupon of 4 per cent fixed rate, with annual interest payments and will be introduced to the SIX Swiss Exchange.
- On 19 March Standard & Poor's changed OTP Bank's and OTP Mortgage Bank's outlook for stable leaving the BB+ rating unchanged.
- On 19 March OTP Bank paid back an equivalent of EUR 700 million to the Hungarian State. The amount is the remaining part of a loan agreement of 1.4 billion in total between the Hungarian State and OTP Bank signed on 26 March 2009.
- OTP Mortgage Bank issued a covered bond in the amount of EUR 300 million on 25 March 2010, within the frame of its EUR 3 billion international covered bond issuance program authorized by the Luxembourgian stock exchange supervision. The maturity of the covered bond with 4.125% coupon and annual interest payments is 5 December 2011, while the yield spread reached 200 bps over the mid-swap.

Bulgaria

- On 21 January Moody's raised the outlook on the Bulgarian government's Baa3 ratings to positive from stable suggesting a potential upgrade.

Russia

- Donskoy Narodny Bank was merged into OAO OTP Bank. The merger has been registered by the Court of Registration on 5 February 2010, thus the core capital of OAO OTP Bank (OTP Russia) reached RUB 2,797 million.

Ukraine

- The first round of the Ukrainian presidential election of 2010 was held on 17 January 2010. Viktor Yanukovich won the first round of the elections receiving the highest share (35%), while Timosenko won the second place with 25% of votes. Since none of the candidates received absolute majority the second round was held on 7 February. Yanukovich was officially declared a winner of the elections with 49% versus Tymosenko's 46%.
- On 3 March 2010 Yulia Tymoshenko lost a confidence vote in the parliament. On 11 March Ukraine formed a parliamentary coalition sympathetic to President Viktor Yanukovych. The prime minister is Mykola Azarov.
- On 11 March Standard & Poor's rating agency raised Ukraine's sovereign long term foreign currency credit rating to B- (with positive outlook) from CCC+ after the appointment of a new government reduced political risk and improved prospects for the country to unfreeze the bailout loan.
- On 17 March Fitch Ratings revised Ukraine's outlook to stable from negative, and simultaneously affirmed its B- rating. Prior to this, Fitch said on 9 March that Ukraine may see a positive rating action in the second half if a parliamentary majority that backs the president passes a budget that the International Monetary Fund approves.
- According to the announcement, an IMF mission visits Ukraine from 24 March to 2 April 2010 in order to resume talks on the IMF loan.

Romania

- On 14 January the parliament approved the 2010 state budget that will cut spending significantly: freezes state wages and cuts investments in order to narrow the budget deficit to 5.9% in 2010 from 7.3% in 2009.
- On 21 January the capital increase – in the amount of RON 30 million – into OTP Bank's Romanian subsidiary has been registered by the court of registration. Accordingly the statutory capital of OTP Bank Romania S.A. has reached RON 463 million.
- On 27 January the IMF delegation announced that they will recommend the release of the bailout loan's next tranche (EUR 2.3 billion). The loan was locked in 2009 because of the lack of approved 2010 budget due to political turmoil. On 23 February the IMF's board of directors agreed to resume payments to Romania.
- Fitch Ratings raised the outlook on Romania's BB+ credit rating to "stable" from "negative" on 2 February. On 13 January the credit rating agency S&P announced that Romania's credit rating outlook may be raised after the parliamentary approval of the 2010 budget and the unfreeze of the bailout loan.
- Due to the improvement of the countries' risk perception, the central bank cut the benchmark rate three times, in January, February and March 2010 (by 150 bps to 6.50%).
- On 10 March Romania's credit rating outlook was raised to stable at Standard & Poor's after the International Monetary Fund resumed a bailout loan to the country and the government passed an austerity budget.
- Romania maintained its target to adopt the European common currency in January 2015, the government said in a statement on 22 March 2010.

Croatia

- On 12 January the World Bank approved a loan of EUR 200 million to Croatia for the development of the fiscal, social and financial sector.
- Effective from 10 February 2010 the Croatian Central Bank lowered the required reserve ratio of commercial banks from 14% to 13%.

Serbia

- The Serbian national bank intervened several times in the first two months of 2010 to support the dinar by selling Euro on the currency market.
- The Economy Ministry released a lending stimulus plan on 15 January. Under this program, the government plans to allocate 8.6 billion dinars to subsidize interest rates on bank loans to businesses and individuals. The ministry expects the economic stimulus plan to generate 900 million euros in loans.
- The IMF announced on 23 February that the third tranche of the IMF loan to Serbia has been preliminarily approved and the IMF expects Serbia to receive the EUR 350 million instalments in April.
- In March 2010 the central bank lowered the reserve requirement for commercial banks to 25% from 40% and cut the benchmark two-week repurchase rate by half a percentage point to a record-low 9.0%.

Slovakia

- The government is preparing a constitutional amendment to cap state debt. According to the Finance Minister, the ceiling will be set below the current European Union rule of 60% of GDP.
- The Finance Ministry released new economic forecasts on 10 February. The 2010 GDP growth was revised upward from 1.9% to 2.8% but 2011 growth forecast was reduced to 3.3%.

CONSOLIDATED AFTER TAX PROFIT BREAKDOWN BY SUBSIDIARIES (IFRS)[2]

HUF million	2008	2009	Change (%)
Consolidated after tax profit	**241,068**	**150,206**	**-38%**
Profit of the strategic short position[1] (after tax)	-4,720	-1,912	-59%
Dividend and total net cash transfers (consolidated)	2,380	792	-67%
Profit of the sale of OTP Garancia Group (after tax)	117,346	0	-100%
Goodwill impairment charges (after tax)[2]	-92,629	0	-100%
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	**218,691**	**151,326**	**-31%**
Banks total without one-off items[3]	201,371	145,844	-28%
OTP CORE (Hungary)[4]	132,831	178,289	34%
Corporate Centre[5] (after tax)	2,159	-6,067	-381%
o/w After tax result of subsidiary financing[6]	15,314	8,288	-46%
Interest expense of Tier2 Capital	-13,155	-14,115	7%
OTP Bank Russia	8,916	3,086	-65%
OTP Bank JSC (Ukraine)	16,414	-43,650	-366%
DSK+SPV (Bulgaria)	31,021	24,797	-20%
OBR adj. (Romania)[7]	241	1,136	372%
OTP banka Srbija (Serbia)	1,670	-8,990	-638%
OTP banka Srbija, adj.	262	-8,990	
OTP banka Srbija one-off items[8]	1,408	-	-100%
OBH (Croatia)	5,041	3,245	-36%
OBS (Slovakia)	1,431	-6,673	-566%
OBS, adj.	1,538	-6,429	-518%
OBS one-off items[9]	-108	-244	126%
CKB (Montenegro)	2,949	428	-85%
Leasing	3,497	-3,009	-186%
Merkantil Bank + Car, adj. (Hungary)[10]	3,835	-1,830	-148%
Merkantil Bank + Car one-off items[11]	-402	12	-103%
Foreign leasing companies (Slovakia, Croatia, Bulgaria, Romania)[12]	64	-1,191	
Insurance companies	4,029	0	-100%
OTP Garancia (Hungary)	5,149	0	-100%
OTP Garancia, adj.	5,338	0	-100%
OTP Garancia one-off items[13]	-189	0	-100%
Foreign insurance companies (Bulgaria, Slovakia, Romania)[14]	-1,120	0	-100%
Asset Management	4,743	5,104	8%
OTP Asset Management (Hungary)	4,988	5,124	3%
Value creation of OTP Asset Management (after-tax)[15]	10,196	9,681	-5%
Foreign Asset Management Companies (Ukraine, Romania)[16]	-244	-20	-92%
Other Hungarian Subsidiaries	1,526	-2,148	-241%
Other Foreign Subsidiaries (Slovakia, United Kingdom, Cyprus)[17]	25	3,404	
Eliminations	2,199	2,374	8%
Total after tax profit of HUNGARIAN subsidiaries[18]	152,285	175,754	15%
Total after tax profit of FOREIGN subsidiaries[19]	66,406	-24,428	-137%
Share of foreign profit contribution, %	30%	-16%	-47%

[2] Belonging footnotes are in the Supplementary data section of the Report.

CONSOLIDATED STATEMENT OF RECOGNISED INCOME[3]

Statement of recognised income (HUF million)	2008	2009	Change (%)
Consolidated after tax profit	**241,068**	**150,206**	**-38%**
Dividends and net cash transfers (after tax)	2,380	792	-67%
Profit of the strategic open FX position (after tax)	-4,720	-1,912	-59%
Pre tax result of strategic open FX position	-5,899	-2,390	-59%
Income taxes	1,180	478	-59%
Profit of the sale of OTP Garancia Group (after tax)	117,346	0	-100%
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	**218,691**	**151,326**	**-31%**
Before tax profit	**250,293**	**172,080**	**-31%**
Operating profit	**368,920**	**437,059**	**18%**
Total income	**732,584**	**786,084**	**7%**
Net interest income (adj.)	**515,946**	**589,780**	**14%**
Net fees and commissions	**140,623**	**132,913**	**-5%**
Other net non-interest income (with net insurance result and net other, other non-interest result) (adj.)	**76,015**	**63,390**	**-17%**
Foreign exchange result, net (adj.)	44,393	-5,919	-113%
Gain/loss on securities, net (adj.)	-1,096	7,459	-781%
Net insurance result	13,255	0	-100%
Insurance premiums	60,432	0	-100%
Insurance expenses	-47,178	0	-100%
Net other non-interest result (adj.)	19,462	61,851	218%
Operating expenses	**-363,664**	**-349,024**	**-4%**
Personnel expenses	-167,461	-155,516	-7%
Depreciation (adj.)	-38,609	-45,141	17%
Other expenses (adj.)	-157,594	-148,367	-6%
Provision for loan losses (adj.)	**-108,043**	**-246,935**	**129%**
Other provision	**-10,584**	**-18,044**	**70%**
Corporate taxes	-31,602	-20,754	-34%
Indicators (%)	2008	2009	Change (%-point)
ROA (adj.)	2.5%	1.6%	-0.9%
ROE (adj.)	22.5%	13.4%	-9.1%
Operating profit margin	4.14%	4.57%	0.43%
Total income margin	8.22%	8.22%	0.00%
Net interest margin (adj.)	5.79%	6.17%	0.38%
Net fee and commission margin	1.58%	1.39%	-0.19%
Net other non-interest income margin	0.85%	0.66%	-0.19%
Risk cost to average gross loans (adj.)	1.69%	3.57%	1.87%
Cost/income ratio (adj.)	49.6%	44.4%	-5.2%
Effective tax rate	12.6%	12.1%	-0.6%
Comprehensive Income Statement	2008	2009	Change (%)
Net comprehensive income	**206,807**	**151,661**	**-27%**
Net profit attributable to equity holders	**240,472**	**151,045**	**-37%**
Consolidated after tax profit	241,068	150,206	-38%
(-) Net profit attributable to non-controlling interest	597	-839	-241%
Fair value adjustment of securities available-for-sale (recognised directly through equity)	**-12,475**	**9,941**	**-180%**
Fair value adjustment of derivative financial instruments designated as cash-flow hedge	**788**	**431**	**-45%**
Fair value adjustment of strategic open FX position hedging net investment in foreign operations	**0**	**-1,543**	
Foreign currency translation difference	**-21,978**	**-8,213**	**-63%**

- ***Dynamically increasing full year operating profit reaching HUF 437 billion (+18% y-o-y), HUF 151 billion adjusted PAT (-31% y-o-y) exceeded consensus***
- ***Strong net interest income (+14% y-o-y), improving NIM (6.17%, +38 bps), 5% decline of net fee and commission income***
- ***Stringent cost control, outstanding efficiency (2009 CIR: 44.4%)***
- ***Significant increase in risk costs (+123% y-o-y)***
- ***Stable ROE at 13.4% amid deteriorating operating environment***

[3] Adjustments on the consolidated Statement of recognised income are summarised in the Supplementary data section of this report.

The 2009 adjusted consolidated IFRS after tax profit of OTP Group reached HUF 151.3 billion which is in line with the preliminary targets of the management. It represents 31% decline y-o-y.

Adjusted net interest income reached HUF 590 billion, 14% higher than in the base period, 6.17% NIM is by 38 bps higher than that of the base period.

Within non-interest income net F&C dropped by 5% y-o-y, which was in line with preliminary expectations and reflected the decrease of business activity and the transaction income.

Other adjusted non-interest income decreased by 17% y-o-y. The biggest profit change was on net FX gain and loss line: around HUF 6 billion loss in 2009 compared to HUF 44.4 billion profit in 2008. Note that the high profit of the base period was principally influenced by the 4Q 2008 revaluation of the Ukrainian provisions while 2009 results were significantly influenced by the 1Q 2009 losses on other open FX-positions above the strategic position due to the depreciation of the forint. Given that these position in the meantime have been closed down this income line showed gradual improvement since 2Q 2009. HUF 7.5 billion profit was realized on the securities portfolio of the Group, mainly due to the sharp decline of HUF yields. In 2009 OTP Core concluded repurchase transactions of its own Upper Tier 2 Capital. HUF 28 billion profit before tax – booked on other net non-interest income line – was realised on these transactions.

Within total income the non-interest type income represented 25%, a decline of 5%-points y-o-y.

The Group has been implementing very strict cost control throughout the year. Within operational costs other expenses lagged behind the base period by 6%, whereas personal expenses dropped by 7% y-o-y (mainly as a result of staff reduction, rationalization of operation, suspending branch network expansion and even closing down branches in Serbia, Slovakia and in the Ukraine). The yearly cost/income ratio (CIR) improved by 5.3%-points to 44.4%, well below the 2009 management target.

The deteriorating macroeconomic environment equally hitting the households and corporates resulted in a significant portfolio quality deterioration. This required a massive provisioning which was comfortably met due to the robust operating result. Provisions for potential loan losses and other provisions added up to HUF 265 billion (+123% y-o-y), of which loan loss provisions amounted to HUF 246.9 billion, but other provisions were also mainly lending related ones. As a result the consolidated risk cost rate grew to 3.57% from 1.69% y-o-y.

Consolidated ROA (1.6%) decreased by 0.9%-points, while ROE (13.4%) shrank by 9.1%-points in 2009. The diluted earnings per share (EPS) amounted to HUF 572 in 2009.

The Net Comprehensive Income of the Group was HUF 151.7 billion, 27% lower than in 2008. Apart from net profits attributable to the shareholders of the Bank, this income category includes all the fair value adjustments, which are directly booked through equity rather than through the statement of recognised income.

ASSET-LIABILITY MANAGEMENT

Asset-liability management of the OTP Group focused on two main areas in 2009: maintaining the prudential liquidity reserves of the OTP Group, and keeping interest-rate risk exposures low.

Maintaining the prudential liquidity reserves of the OTP Group

The primary objective of the OTP Group in terms of asset-liability management has been to ensure that the Group's liquidity reserves are maintained at a suitably secure level. Given that external sources of financing shrank since the last quarter of 2008, the Group shifted to a course where growth in its balance sheet total was significantly slower than in earlier years, while the financing need of expiring capital market liabilities was covered by the surplus liquidity generated by the business areas. At the end of 2009, the Bank's liquidity reserves less the capital market liabilities expiring in 2010 exceeded EUR 4.8 billion. Besides the generation of liquidity by the business areas, a further contribution to the creation of these liquidity reserves came from the fact that the Group significantly reduced its net financing to the foreign subsidiaries, and that it received additional funds of EUR 1.4 billion from the Hungarian State, of which EUR 700 million was still on the Bank's balance sheet at the end of the year. The Bank's liquidity reserves at the end of 2009 are sufficient to provide coverage not only for the expiries mentioned above, but also for any liquidity shocks that may occur in the business areas or as a result of exchange rate risk.

Keeping interest-rate risk exposure low

Due to the HUF liabilities on the Group's balance sheet, which respond to yield changes only to a moderate extent, the Bank has an interest-rate risk exposure resulting from its business operations. The Bank treats the reduction and closing of this exposure as a strategic matter. Taking advantage of the significantly higher HUF yield levels in the first half of 2009, the Bank reduced its interest-rate risk exposure through the purchase of fixed-rate government securities in order to offset the negative impact of falling yields on net interest income.

Liquidity and market risk exposure of OTP Group

Under Government Decree 244/2000, the capital requirement for trading book positions, counterparty risks and FX risk must be consolidated for OTP Mortgage Bank Ltd., OTP Building Society Ltd., Merkantil Bank Ltd., OTP Banka Slovensko, DSK, OTP Bank Romania, OTP banka Hrvatska, OTP Bank JSC (Ukraine), OAO OTP Bank (Russia), OTP banka Srbija and CKB. By the end of 2009, the consolidated capital requirement was HUF 29.5 billion, which was primarily due to the FX position (HUF 27.9 billion).

Exposure of the various Group members' FX positions is restricted to individual and global net open position limits (overnight and intraday), and to stop-loss limits. The FX 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. Under IFRS standards, the FX exposure arising at OTP Bank derived from the strategic open FX position opened to hedge the currency risk of FX-dependent net earnings of four foreign subsidiaries. The size of the strategic open short EUR position amounted to EUR 310 million and was equal to 2 years' expected net profits of the subsidiaries. Apart from this strategic short position, the average net open position held by the dealing room of central Treasury Department was a negligible HUF 0.3 billion.

In 2010, the liquidity requirement of OTP Group developed differently from the dynamics of previous years. The business areas generated liquidity of approximately HUF 900 billion at group level, ensuring the repayment of liabilities expiring in 2009, as well as contributing to the generation of liquidity reserves exceeding EUR 6 billion at the end of the year. Liquidity reserves at the end of the year significantly exceeded the combined amount of the liabilities expiring in 2010 and the liquidity requirement arising from any conceivable liquidity shocks. OTP Mortgage Bank raises the funds required for mortgage lending by issuing covered bonds, which are typically bought by the parent bank. Since these securities can be used as collateral in refinancing transactions of both the National Bank of Hungary (MNB) and the European Central Bank, the Mortgage Bank's liability expiries do not reduce the Group's liquidity reserves.

In 2009, OTP Bank Group's interest rate risk exposure was essentially determined by the positions of OTP Bank Plc, OTP Mortgage Bank, OTP Bank JSC (Ukraine) and DSK Bank.

CONSOLIDATED BALANCE SHEET

Main components of Balance sheet (closing balances, HUF million)	2008	2009	Change (%)
TOTAL ASSETS	**9,367,724**	**9,755,132**	**4%**
Cash and amount due from banks	530,007	505,650	-5%
Placements with other banks	415,656	440,850	6%
Financial assets at fair value	131,288	256,100	95%
Securities available-for-sale	486,878	1,354,285	178%
Gross customer loans	**7,049,381**	**6,907,094**	**-2%**
o/w Retail loans	4,353,189	4,291,847	-1%
Corporate loans	2,258,579	2,161,903	-4%
Car financing loans	389,767	387,431	-1%
Bills and accrued interest receivables related to loans	52,819	65,968	25%
Allowances for loan losses	-270,680	-494,378	83%
Equity investments	10,467	18,834	80%
Securities held-to-maturity	330,158	188,853	-43%
Intangible assets	469,701	476,358	1%
Other assets	214,868	101,486	-53%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**9,367,724**	**9,755,132**	**4%**
Liabilities to credit institutions and governments	848,730	802,749	-5%
Customer deposits	**5,258,167**	**5,688,887**	**8%**
o/w Retail	3,914,944	4,161,910	6%
Corporate	1,299,904	1,483,984	14%
Accrued interest payable related to customer deposits	38,941	42,997	10%
Issued securities	1,565,947	1,410,348	-10%
Other liabilities	325,859	380,708	17%
Subordinated bonds and loans	320,050	280,834	-12%
Total shareholders' equity	**1,048,971**	**1,191,606**	**14%**
	2008	2009	Change (%-point)
Loan/deposit ratio	134%	121%	-13%
Net loan/(deposit + retail bond) ratio	128%	108%	-19%
Net loans	6,778,701	6,412,716	-5%
Customer deposits	5,258,167	5,688,887	8%
Retail bonds	58,073	236,733	308%
90+ days past due loans/gross customer loans	4.5%	9.8%	5.3%
Total provisions/90+ days past due loans	86.0%	73.6%	-12.4%
Capital adequacy ratio (consolidated, IFRS)	15.4%	17.3%	2.0%
Tier1 ratio	11.3%	13.8%	2.6%
Core Tier1 ratio	9.5%	12.1%	2.6%
Leverage (Shareholder's Equity/Total Assets)	11.2%	12.2%	1.0%

- ***Decreasing loan volumes y-o-y (-2%)***
- ***Increasing deposit base (+8% y-o-y) improving loan-to-deposit ratio (121%, -13%-points q-o-q)***
- ***Significant but slowing deterioration of loan quality, DPD90+ loans at 9.8% (+5.3%-points y-o-y, but in 4Q 2009 only +0.9%-point q-o-q)***
- ***Stable, further improving capital position, consolidated IFRS CAR stood at 17.3% with Tier1 at 13.8%***

IFRS consolidated total assets increased by 4% in the last year and reached HUF 9,755 billion. The Group's consolidated shareholder equity grew to HUF 1,192 billion (+14% y-o-y), representing 12% of balance sheet total.

Due to the more conservative lending policy and the moderate loan demand the volume of gross consolidated loans decreased by 2% y-o-y. Closing amount of the portfolio was HUF 6,907 billion. Within the gross loan portfolio the single most important part was the retail one (HUF 4,292 billion, 62%), the corporate book (HUF 2,162 billion) represented a smaller portion (31%). Car financing amounted to HUF 387 billion (6%). Out of retail loans mortgages represented HUF 2,703 billion, while consumer loans stood at HUF 1,149 billion.

Throughout 2009 HUF-based loan portfolio increase was experienced only in Croatia (+3%) Bulgaria (+1%) and in case of OTP Core (+1%), elsewhere the portfolio decreased. The most significant portfolio contraction was experienced in Montenegro (-29%), Slovakia (-13%) and Ukraine (-12%).

In the previous 12 months, parallel with the moderate lending activity the portfolio quality deteriorated in all markets; the share of DPD90+ loans grew to 9.8% at consolidated level. Within the Group the Ukrainian and Serbian subsidiary has constantly represented the worst portfolio quality, the share of DPD90+ loans stood at 22.3% and 33.7% respectively. It was a positive development that in case of OTP Core – mainly due to the HUF appreciation and the actively applied debtor protection program – the speed of the Hungarian loan portfolio deterioration moderated from the pace seen in 2Q 2009; the DPD90+ ratio reached 7.4% at the end of 2009.

Consolidated loan loss provisions were around HUF 494 billion at the end of December 2009 (+83% y-o-y). DPD90+ loans reached HUF 671 billion, accordingly the coverage ratio remained high (73.6%).

Consolidated deposits grew by 8% on a yearly base. In the past 12 months the most significant deposit growth was captured in Russia (+37%), Romania (+33%) Bulgaria (+11%) and in Croatia (+7%) and the deposit growth at OTP Core was outstanding as well (+8%). The strongest deposit withdrawal hit CKB (-20%).

As a result of the modest lending activity, the consolidated loan-to-deposit ratio (121%) improved on a yearly base by 13%-points. The net loan/(deposit+retail bond) ratio – a more refined way to capture the liquidity position of the Group – stood at 108%.

Issued securities dropped by 10% y-o-y. The maturing debt (EUR 750 million senior bonds and cca. HUF 120 billion HUF denominated mortgage bonds) exceeded the volume of collected domestic retail bonds. There was no international bond issuance in 2009.

CONSOLIDATED CAPITAL ADEQUACY RATIO (IN ACCORDANCE WITH BASEL II)

On 31 December 2009 regulatory capital of OTP Group represented HUF 1,195 billion, while the risk weighted assets (RWA), taking into account the capital needs for market risk and operational risk too, stood at HUF 6,886 billion. CAR stood at 17.3% with Tier1 (after deducting goodwill and intangible assets) at 13.8% and Core Tier1 (further deducting hybrid instruments) at 12.1% respectively.

By the December deadline OTP Bank has not drawn down the EUR 200 million subordinated loan facility offered by EBRD; the utilization period of the contract has been prolonged to 20 June 2010.

HUNGARIAN CORE BUSINESS OF OTP BANK[4][5]

OTP Core's statement of recognised income:

Statement of recognised income (HUF million)	2008	2009	Change (%)
OTP CORE after-tax profit w/o dividends and net cash transfer	132,831	178,289	34%
OTP CORE pre-tax profit	146,085	194,153	33%
Operating profit	191,112	265,970	39%
Total income	371,392	445,574	20%
Net interest income	270,910	320,579	18%
Net fees and commissions	88,322	88,379	0%
Other net non-interest income	12,160	36,616	201%
Operating expenses	-180,280	-179,604	-0,4%
Total provisions	-45,027	-71,817	59%
Provisions for loan losses	-24,889	-72,530	191%
Other provisions	-20,138	713	-104%
Revenues by Business Lines	2008	2009	Change (%)
RETAIL			
Total income	322,269	325,673	1%
Net interest income	233,711	241,774	3%
Net fees and commissions	84,671	78,805	-7%
Other net non-interest income	3,887	5,094	31%

[4] This section is based on the consolidated, audited IFRS financial statements of the following subsidiaries: OTP Bank, OTP Mortgage Bank, OTP Building Society, OTP Faktoring, OTP Financing Netherlands B.V., OTP Financing Cyprus and Projekt 1. Ltd. The consolidated after tax results were adjusted by the after tax result on open FX-position, by dividends and by one-off cash transfers, as well as by the net interest income of subsidiary financing and by the interest expenses of Lower and Upper Tier2 funding. Those two items are shown as part of the Corporate Centre. Also, the net result of interest swaps concluded with OTP Bank Romania (OBR) as part of its financing were booked within the adjusted profit after tax of OBR.

[5] As a result of the repurchases the volume of Upper- and Lower Tier 2 capital declined by 6% compared to YE 2008 (2008: HUF 303 billion, 2009: HUF 284 billion). From the originally issued EUR 500 million UT2 capital altogether EUR 157 million was repurchased during 2009.

CORPORATE			
Total income	41,036	32,335	-21%
Net interest income	31,052	20,094	-35%
Net fees and commissions	8,847	10,751	22%
Other net non-interest income	1,136	1,489	31%
Treasury ALM			
Total income	10,975	84,901	674%
Net interest income	6,147	58,711	855%
Net fees and commissions	105	1,274	1118%
Other net non-interest income	4,724	24,917	427%
Indicators (%)	2008	2009	Change (%-point)
ROA	2.8%	3.3%	0.5%
ROE	16.9%	19.6%	2.7%
Total income margin	7.75%	8.27%	0.52%
Net interest margin	5.66%	5.95%	0.30%
Cost of risk/average gross loans	0.77%	2.15%	1.38%
Cost/income ratio	48.5%	40.3%	-8.2%
Effective tax rate	9.1%	8.2%	-0.9%

- ***Rising corporate lending, 4% volume growth on a yearly base***
- ***Successful deposit collection and retail bond issuance: net loans / (deposit + retail loans) ratio at 86% (-12%-points y-o-y)***
- ***Increasing NII (+18% y-o-y), stable net F&C income (+0.1% y-o-y) and strict cost control: nominal operating costs below the level of 2008 (-0.4% y-o-y)***
- ***2009 profit after tax (including one-offs)at HUF 178 billion***

Earnings developments

2009 net profit of OTP Core is HUF 178.3 billion, representing a growth of 34% y-o-y. The result on one hand represents an outstandingly strong core operating profitability: net interest income increased by 18% y-o-y, F&C income remained stable nominally and strong cost control was applied (operating costs were below the base level, cost/income ratio dropped from 49% to 40% y-o-y). The improvement of profitability was positively affected by the approx. HUF 27.7 billion (pre-tax) trading profit realised on the repurchase of Upper Tier2 Capital (UT2)[5] accounted within the other non-interest income (latter trebled y-o-y). Additional positive effect was due to the lower tax burden (effective tax rate 8% in 2009 vs. 9% in 2008). Low 2009 effective tax burden reflected the one-off effect of a change in the Hungarian regulation: significant portion of the goodwill write-off in 2008 could not be accounted as part of the corporate tax base that time, but a legal change in 2009 stipulated that under IFRS the Bank can account that in a single amount in the current year, whereas under HAR in four equal tranches in the next four years. That move trimmed the IFRS tax burden by HUF 11.7 billion in 2009.

In 2009 the risk costs of OTP Core increased by 59% (risk cost rate rose from 0.77% to 2.15%). The DPD90+ rate stood at 7.4% at the end of the year, whereas the provision coverage of the non-performing portfolio was 74.9%. In addition the positive effects of the debtor protection programme on portfolio quality and risk costs became visible in the second half of 2009. The household loans involved in the program represented approx. 4.4% of the retail portfolio by end-2009. The pace of the restructuring decelerated significantly in November and December.

Net interest income increased by 18% y-o-y as a result of the 0.30%-points growth of NIM (2009: 5.95% vs. 2008: 5.66%). The good performance is resulted on one hand from the repricing of assets since end-2008: interest on existing mortgage- and consumer loans was raised in 4Q 2008 (about 100-150 bps in case of FX-mortgages) and the interest for new retail loans were higher too. Furthermore spreads of new corporate disbursements were also above the pre-crisis levels. Net interest income in 2H 2009 also improved since the Bank's funding costs started moderating together with the sinking HUF base rate and the calm down of competition in the deposit market. The yearly increase in the net interest income was however supported by a remarkable one-off item: revaluation result of derivative transactions resulted a significant profit in the NII in 4Q 2009, which was counterbalanced by about the same amount of losses booked on the revaluation result of securities line.

Net fees stagnated on a yearly basis (+0.1%). Good performance was supported by the fact that both deposit- and cash transfer commissions (representing 48% of total commissions in 2009) and card commissions (2009: 37% of total) were relatively stable: income resulting from these items decreased by

3% and 5% y-o-y respectively. The ratio of loan related commissions being hit by the crisis the most is relatively low (5%), the y-o-y drop in this category was 29%. In case of loan related commission it is important to mention that according to IFRS these commissions are accrued during the tenor of the loans, thus the decline in new disbursements resulted only a gradual moderation of this type of F&C income. Securities commissions (11% share of total in 2009) declined only by a mere 3% y-o-y.

Control of operating costs remained continuously strict: the yearly cost amount was nominally below the level of that in the previous year (-0.4% y-o-y). At OTP Bank, closing number of the headcount diminished by 477 persons to 7,820 during 2009 (-6% y-o-y), while number of branches remained flat (382 at the end of the year).

Main components of OTP Core's balance sheet:

Main components of Balance sheet (closing balances, in HUF million)	2008	2009	Change (%)
Total Assets	4,964,333	5,805,466	17%
Gross customer loans	3,348,931	3,396,769	1%
Retail loans	2,189,514	2,186,022	0%
Corporate loans	1,159,416	1,210,747	4%
Allowances for loan losses	-117,635	-188,501	60%
Deposits from customers	3,244,482	3,496,796	8%
Deposits from customers + retail bonds	*3,302,554*	*3,733,529*	*13%*
Retail deposits	2,420,480	2,470,161	2%
Retail deposits + retail bonds	*2,478,552*	*2,706,894*	*9%*
Corporate deposits	824,002	1,026,635	25%
Liabilities to credit institutions and governments	598,386	823,211	38%
Issued securities	1,412,929	1,305,525	-8%
o/w retail bonds	*58,073*	*236,733*	*308%*
Total shareholders' equity	832,333	990,236	19%
Loan Quality (%)	2008	2009	Change (%-point)
90+ days past due loans/gross customer loans	4.3%	7.4%	3.1%
Total provisions/90+ days past due loans	82.5%	74.9%	-7.6%
Market Share (%)	2008	2009	Change (%-point)
Loans	17.6%	17.8%	0.3%
Deposits	24.1%	24.2%	0.2%
Total Assets	23.8%	26.3%	2.5%
Indicators (%)	2008	2009	Change (%-point)
Gross loans to deposits	103%	97%	-6%
Net loans to (deposits + retail bonds)	98%	86%	-12%

Balance sheet trends

During 2009 the economic crisis and the fiscal measurements in Hungary induced a strong adjustment in the balance sheet of OTP Core. Since the beginning of 2009 loan-to-deposit ratio has been on a downward track (4Q 2009: 97%, -6%-points y-o-y), net loan-to- (deposit+retail bond ratio) – taking into account the proxy-deposit savings too – shows an even stronger adjustment (year-end 2009: 86%, -12%-points y-o-y).

The FX-adjusted customer loan portfolio has stagnated in 2009 (+0.4% y-o-y, w/o FX-adjustment +1% y-o-y) due to the materially lower loan demand. In 2009 within the FX-adjusted retail loans the portfolio of consumer and SME loans demonstrated a slight increase (+6% and +5% y-o-y respectively). The consumer loan growth primarily is the result of the portfolio growth of overdrafts. Mortgage loan portfolio had been decreasing during the year (-3% y-o-y, -1% q-o-q). Corporate loans increased by 3% y-o-y.

Disbursement of retail loans dropped significantly in 2009 partially due to the tightening of lending conditions from mid-November 2008 and partially as a negative effect of the financial crisis on loan demand. Disbursement of mortgage loans decreased by 82% y-o-y to HUF 64 billion while the origination of personal loans – representing the biggest part within consumer loans – dropped by 54% (disbursement in 2009: HUF 55 billion). In case of both types of loan after bottoming out in 1Q 2009 following quarters already showed a slight improvement in the disbursement activity (mortgage loan disbursement in HUF billion: 1Q: 11.8; 2Q: 16.8; 3Q: 19.6; 4Q: 16.0; personal loan disbursement in HUF billion: 1Q: 12.0; 2Q: 15.1; 3Q: 15.5; 4Q: 12.1).

During the year with the aim of boosting loan disbursements the Bank cut the offered interest rate of its market-priced mortgage loans several times (both in case of HUF and FX loans), and in accordance with the recommendations of the Code of Conduct in retail lending it stopped selling adjustable rate mortgages and launched new floating rate mortgage products. For the outstanding portfolio the type of interest payment has not changed automatically, but customers were enabled to refinance themselves with new mortgages. Results of these movements were experienced through continuously increasing disbursement of EUR denominated loans during the year. Disbursement of subsidised HUF loans were negatively influenced by the amendment of the subsidy scheme (between the suspension of the former system in July and the introduction of the new system in October in the interim period there was not any available subsidised mortgage loan product on the market).

In line with the intention of the management both within the disbursement of mortgage loans and personal loans the ratio of HUF denomination grew remarkably in 2009: in case of mortgage loans from 12% to 55%, in case of personal loans from 31% to 96% respectively. Simultaneously, amongst FX denominated disbursements EUR became dominant (42% of newly disbursed mortgage loans and 4% of personal loans were EUR denominated in 2009).

OTP Core's deposit base grew by 8% y-o-y. The y-o-y growth is even higher taking into consideration the amount of retail bond portfolio considered as a proxy-deposit by the retail customers. Adjusted by the bond volumes the increase of customer deposits and retail deposits were 13% and 9% y-o-y respectively. Since 4Q 2008 the retail bond portfolio has been growing steadily, by the end of 2009 the outstanding portfolio amounted to HUF 237 billion (+HUF 179 billion y-o-y). Average maturity of the bonds (typically 1 year) exceeds that of term deposits (typically 3-6 months).

Other significant driver of the deposit growth was the increase in the deposits of medium and large corporates (+32% y-o-y, due to this the corporate deposit portfolio grew by 25% y-o-y). Within the medium and large corporate segment term deposits medium and large corporates grew nicely (+HUF 59 billion y-o-y) but significant increase was generated by the growing term deposit taking of the investment funds managed by OTP Fund Management as well (+HUF 112 billion). The municipal deposits produced a 7% increase y-o-y.

The outstanding bond portfolio of OTP Core (4Q 2009: HUF 1,306 billion, -8% y-o-y) was remarkably influenced during the year by the maturity and repayment of EUR 750 million senior note in February (q-o-q negative effect of approx. HUF 203 billion). This was significantly counterbalanced by the HUF 179 billion increase in retail bond volumes y-o-y. At the same time the outstanding volume of mortgage bonds decreased by approx. HUF 120 billion. New international transaction was issued only after closing of the balance sheet: in February 2010 OTP returned to the international capital markets with a senior unsecured bond of CHF 100 million with 2 years tenor This issue was the first ever CHF denominated bond issue in the Bank's history. Furthermore OTP Mortgage Bank issued a mortgage bond of EUR 300 million in March 2010 under its European Medium Term Note (EMTN) program. Near one third of the total issued notional was underwritten by external investors.

Funding and liquidity position of OTP Core was influenced by the fact that the Hungarian State granted a facility to the Bank to enhance its lending activity to Hungarian corporates. As a result liabilities against the financial institutions and the state grew significantly (at end-2009 the portfolio amounted to HUF 823 billion, +38% y-o-y). The loan was drawn down in two tranches (EUR 1 billion on 1 April 2009, EUR 400 million on 30 June 2009). As a result, despite the crises, OTP Bank could actively support the Hungarian corporate sector: the Bank approached more than 5 thousands entrepreneurships with relevant loan offers. Throughout 2009, loan facilities in the amount of HUF 248 billion have been originated, thus the FX-adjusted outstanding volume of micro, small, medium and large scale enterprise financing increased by 8% y-o-y. However half of the outstanding debt, EUR 700 million, was prepaid by the Bank on 5 November an the second half in March 2010. It was reasoned by the fact that because of the interest rate level and maturity of the state loan facility the Bank could satisfy the demand of only a limited circle of entrepreneurs, thus in the future OTP Bank is willing to support a wider range of potential client interest at the expense of its own liquidity reserve.

In 3Q 2009 an agreement was concluded between OTP and EBRD according to which the international financial institution granted an EUR 200 million subordinated debt facility. As part of the agreement EBRD provided CHF 500 million CHF/HUF swap-line for OTP Bank. The originally 6 months long commitment period has been extended in December 2009 for another 6 months but the subordinated loan facility has not been drown down until now. If utilized, it could further improve the otherwise stable capital position of the Bank. Regarding the swaps: during 2009 several transactions have been concluded and by the end of October the facility has been almost fully used providing a continuous CHF liquidity for FX lending purposes.

Unconsolidated capital adequacy of OTP Bank under Hungarian Accounting Standards

At end-2009, OTP Bank's capital adequacy ratio under the Hungarian regulation stood at 16.2%, which is 8.2 percentage points in excess of the 8% required by the Act on Credit Institutions. The ratio is the quotient of a regulatory capital of HUF 626 billion and risk weighted total assets (RWA) of HUF 3.853 billion. Apart from covering credit risks, the RWA takes into account the capital needs for market risk and operational risk too.

The profit before tax of OTP Bank under the Hungarian Accounting Standards was HUF 114.1 billion, by 99% (HUF 56.7 billion) higher than in 2008. The profit after tax stood at HUF 102.3 billion, by 89% or HUF 48.1 billion higher than in 2008.

After the HUF 10.2 billion general provisioning, the balance sheet profit of OTP Bank for the year 2009 amounted to HUF 92.1 billion.

OTP FUND MANAGEMENT

In 2009 OTP Fund Management realized HUF 5.1 billion after tax profit (+3% y-o-y). The managed volume of securities funds increased by 35% y-o-y reaching HUF 863 billion, while the growth of total assets under management was somewhat lower (+32% y-o-y). In 2009 OTP Fund Management has charged HUF 10 billion management fee, which means 1.44% fee charges on the average portfolio. The wealth management fee amounted to HUF 3.3 billion, representing 10% decrease on a yearly base. It should be emphasized that as a result of strict control operating expenses decreased by 10% y-o-y.

By the end of December 2009 the net asset value of Pension Funds reached HUF 758 billion with a significant increase (+38% y-o-y), net asset value of other institutional funds expanded by about 7% on a yearly base.

OTP Fund Management kept and even improved its leading market position on the domestic fund management market, at the end of December its market share grew to 32.3%. The client base of the Company also increased significantly (at the end of 2009: 190,760, +8% y-o-y) in 2009, mainly due to the popularity of open-ended funds.

MERKANTIL GROUP

In 2009 the aggregated after tax result of Merkantil Bank and Car totalled to 1.8 billion loss compared to the profit of HUF 3.8 billion in 2008. The major reason of the loss was the significant increase of the risk costs. After tax result was also negatively influenced by the HUF 1.8 billion provision made for the stake in the loss-making Romanian leasing unit.

Portfolio quality deteriorated significantly y-o-y, the ratio of the DPD90+ loans increased from 7.7% to 12.3%. As a result of high provisioning the coverage of DPD90+ loans reached 89.4% (+5.9%-point y-o-y).

In 2009 operating income showed an 11% improvement due to curtailed operating costs (-15% y-o-y).

The total income grew by 1% in 2009. The net interest income fell by 3%. On the one hand the margin of newly disbursed loans reflected the growing financing costs from the mother company; on the other hand the deferred interest income declined due to the debtor protection program. The fee income came out at a lower level as a result of the moderate business activity, but the development of fee expenses did not follow this decline because significant part of commission expense occurs independently from business activity. The other net non-interest income more than doubled compared to the low base in 2008.

The car financing loan book decreased by 3% y-o-y, but it has to be taken into account that effective from 2Q 2009 car financing loans comprise car leasing volume, whereas corporate loans include big ticket leasing volume. The FX-adjusted car financing loan book showed a gradual decrease in 2009 and the new disbursements reached only the quarter of 2008 volumes.

IFRS REPORTS OF THE MAIN SUBSIDIARIES

DSK GROUP

Performance of DSK Group:

Statement of recognised income (HUF million)	2008	2009	Change (%)
After tax profit w/o dividends, net cash transfers and one-offs	31,021	24,797	-20%
Pre-tax profit	34,481	27,693	-20%
Operating profit	45,056	54,199	20%
Total income	71,207	84,757	19%
Net interest income	53,064	67,615	27%
Net fees and commissions	16,983	15,555	-8%
Other net non-interest income	1,161	1,587	37%
Operating expenses	-26,151	-30,557	17%
Provision for loan losses	-9,625	-25,855	169%
Other provision	-951	-651	-31%
Main components of balance sheet (closing balances, HUF million)	2008	2009	Change (%)
Total assets	1,171,645	1,207,328	3%
Gross customer loans	1,014,893	1,027,820	1%
Retail loans	816,257	831,729	2%
Corporate loans	198,636	196,091	-1%
Allowances for loan losses	-39,074	-61,810	58%
Deposits from customers	722,880	801,112	11%
Retail deposits	626,576	688,399	10%
Corporate deposits	96,304	112,713	17%
Subordinated debt	92,680	95,049	3%
Total shareholders' equity	165,045	193,214	17%
Indicators (%)	2008	2009	Change (%-point)
90+ days past due loans/gross customer loans	3.0%	7.0%	4.0%
Cost of risk/average gross loans	1.08%	2.53%	1.45%
Total provisions/90+ days past due loans	127.9%	85.8%	-42.1%
ROA	2.8%	2.1%	-0.7%
ROE	21.5%	13.8%	-7.6%
Net interest margin	4.82%	5.68%	0.86%
Cost/income ratio	36.7%	36.1%	-0.7%
Gross loans to deposits	140%	128%	-12%

DSK Group's 2009 net profit of HUF 24.8 billion represents 20% decline y-o-y. Decreasing profit is mainly the result of the 169% y-o-y growth of risk costs. At the same time operating profit without risk costs expanded by 20% compared to the base period as a combined effect of a strong net interest income (+27% y-o-y), slightly diminishing commissions (-8%) and operating costs growing by 17%. An intensive debtor protection programme was launched since August 2009 - altogethert 6.2% of the household loan book was involved in the programme by end-2009. Due to this process, the development of the risk cost was favourable in 2H 2009.

Ratio of DPD90+ loans increased from 3.0% to 7.0% y-o-y. There were favourable developments in 4Q, the DPD90+ ratio decreased in all segment but SME loans. Beside the rescheduling, the sale of HUF 3.1 billion DPD90+ loans (BGN 22.3 million) in 4Q also improved the DPD90+ ratio in the consumer loans segment. The financial result of the transaction was minimal, the HUF 0.2 billion profit on sale lowered the risk costs.

The provision coverage of DPD90+ loans dropped by 42%-points from the level of the last year (from 128% to 86%), due to the increasing non-performing portfolio, but this ratio is still considered to be relatively high among Group members.

With respect to profit development of DSK Bank in 2009, the strong growth of total revenue base was highly favourable (+19% y-o-y). Net interest income increased by 27% y-o-y: the repricing of the retail loan portfolio at the end of 2008 and the fallback of wholesale funding costs during the year 2009 counterbalanced the negative effect of increasing deposit costs, thus net interest margin increased by 86 bps y-o-y (2008: 4.82% vs. 2009: 5.68%). The decline of net commission income (-8% y-o-y) reflected the weaker lending activity: in case of the Bulgarian subsidiary the ratio of lending related commission income is relatively significant, representing almost 36% of total net F&C (2009) and showed a decrease of 33% y-o-y. As for the other two dominant commission types, i.e. deposit- and card-related commissions (their proportion is 37% and 16% respectively): 2009 income increased by 15% y-o-y in case of deposit-related income, while card-related income showed a 10% increase on a yearly base. The profit dynamism was mainly influenced by the weaker HUF exchange rate in 2009, because in BGN terms the change was more moderate on a yearly base (+4%, and -1% respectively).

Operating costs were under stringent control: cost-income ratio was lower than the level realized in 2008 (2009: 36.1%, -0.7%-points y-o-y). The growth of operating costs was much lower in BGN terms only 5% on a yearly base (+16% in HUF terms respectively): personnel expenses grew by 6%, while other expense and depreciation costs increased (+2% and +12%, respectively).

The tightening of lending conditions since autumn 2008 and the moderate credit demand resulted in a stagnating loan portfolio in 2009 (in BGN -1%). Significant portfolio shrinkage was observed only in the SME segment (-14%), where the negative effects of the credit crisis are still heavily influencing the credit demand. Mortgage loans however increased by 1%, whereas consumer and corporate loans dropped by 1% and 3% respectively in local currency. The reason for the shrinking market share of the household-loan portfolio (from 31.2% to 29.3% y-o-y) is that competitors tend to repurchase the previously outsourced portfolios in growing scales.

After slight erosion in 4Q 2008 and 1Q 2009, the deposit base of the Bank has been gradually expanding since 2Q 2009 (y-o-y +8% growth in BGN). The favourable trend is on one hand due to pricing steps, on the other hand to continuous product development and sales incentive programs. Thus the decrease of loan-to-deposit ratio has been going on since 1Q 2009 (2009: 128%, -12%-points y-o-y). Notwithstanding the fact that the retail deposit market showed signs of normalisation during 2H 2009 (the banking sector average of interest paid on retail deposits started sinking after 2Q 2009) the pace of DSK's household deposit base growth even accelerated in 2H 2009: altogether the portfolio grew by 9% y-o-y (in BGN). Corporate deposits performed well in the first three quarters of 2009, mainly due to pension funds' deposit making, whereas in 4Q some deposits were withdrawn by municipalities, as a result the portfolio increased by 14% y-o-y in local currency.

As a consequence of these efforts and despite of the fierce competition, the Bank managed to keep its market share stable in the retail deposit segment, whereas in the corporate segment even managed to improve it.

On the liability side there was no major capital market transaction in 2009: the volume of subordinated debt remained flat y-o-y in BGN.

OTP BANK RUSSIA[6]

Performance of OTP Bank Russia:

Statement of recognised income (HUF million)	2008	2009	Change (%)
After tax profit w/o dividends, net cash transfers and one-offs	8,916	3,086	-65%
Pre-tax profit	11,688	4,400	-62%
Operating profit	30,538	25,975	-15%
Total income	75,412	67,810	-10%
Net interest income	62,151	60,316	-3%
Net fees and commissions	10,165	4,701	-54%
Other net non-interest income	3,097	2,793	-10%
Operating expenses	-44,874	-41,834	-7%
Provision for loan losses	-18,998	-21,040	11%
Other provision	147	-535	-463%
Main components of balance sheet (closing balances, HUF million)	**2008**	**2009**	**Change (%)**
Total assets	529,019	579,941	10%
Gross customer loans	383,118	369,877	-3%
Retail loans	247,927	250,463	1%
Corporate loans	113,378	103,719	-9%
Car financing loans	21,813	15,695	-28%
Allowances for loan losses	-30,389	-38,493	27%
Deposits from customers	224,152	306,646	37%
Retail deposits	137,252	196,744	43%
Corporate deposits	86,901	109,902	26%
Issued securities	8,189	15,955	95%
Subordinated debt	13,657	13,607	0%
Total shareholders' equity	60,665	71,459	18%

[6] From 2Q 2008, figures are based on the aggregated financial statements of OAO OTP Bank and the newly acquired Donskoy Narodny Bank.

Indicators (%)	2008	2009	Change (%-point)
90+ days past due loans/gross customer loans	8.4%	12.4%	4.0%
Cost of risk/average gross loans	5.53%	5.59%	0.06%
Total provisions/90+ days past due loans	94.0%	83.6%	-10.4%
ROA	1.9%	0.6%	-1.3%
ROE	17.4%	4.7%	-12.8%
Total income margin	15.69%	12.23%	-3.46%
Net interest margin	12.93%	10.88%	-2.06%
Cost/income ratio	59.5%	61.7%	2.2%
Gross loans to deposits	171%	121%	-50%

Profit after tax of **OTP Bank Russia** in 2009 totalled to HUF 3.1 billion. The drop in net profits of HUF 5.8 billion is a result of the yearly 54% drop (-HUF 5.5 billion) in commission income due to the moderating transaction activity, and the yearly 11% increase (HUF -2.0 billion) in risk costs. The latter is the result of the y-o-y higher average loan book. The risk profile of the book remained stable: as a result the risk cost rate was unaffected by the crisis (2009: 5.59% vs. 2008: 5.53%). At the same time it is very positive that net interest income increased by 6% y-o-y in LCY (the 3% decrease in HUF terms is due to the strengthening of the HUF) and operating costs were declining by 7% in HUF, while being stable in local currency (+1% y-o-y in RUB).

With respect to profitability, the financial crisis divided the year into two parts. In 1H 2009 the modest POS-lending resulted in the shrinkage of total income and net interest margins, and in parallel with the increase of provisioning had negative effect on the Bank's profitability (1H 2009 ROE: 0.1%). However, the second half of the year 2009 showed extremely positive developments as for net profit dynamics: two factors affected very positively both net interest and total income margins of OTP Bank Russia, furthermore risk cost development was also favourable. As a result of the above mentioned developments, the return on equity significantly surpassed the bottom in 1H 2009 (2009: 4.7%).

The first positive factor was the pick up in POS-lending and credit card loans. In case of POS-lending, following the decline in the winter/spring period, volumes started growing during the summer period as a result of renewed customer demand. In parallel, the Bank took measures to catch up with those developments through hiring agents and signing contracts with nationwide retailers. As a consequence, POS loan disbursement grew by 58% in 3Q 2009 and by 43% in 4Q 2009 q-o-q, respectively, thus resulting in a virtually unchanged level of the total yearly origination (+0% y-o-y). In 4Q 2009, POS disbursement was higher by 3% than the all time high level realised in 4Q 2007. In case of POS business, market share in new disbursements increased continuously over the year (2Q 2009: 15%, 3Q: 23%, 4Q: 24%), and OTP Russia became the second largest player in the market. The success of credit card products was mainly due to the fine-tuned product-line launched in August and the marketing activity that was intensified afterwards. The number of newly activated cards of the fine-tuned product has exceeded the level realised in case of former campaigns.

Taking into consideration the low customer demand characterizing the whole market within other retail product categories, good performance of POS and credit card loans contributed to the fact that OTP Russia's retail loan portfolio was the third fastest growing one in the Russian market in October and November 2009. Consequently the volume of POS loans (which have the highest net interest margin content across OTP Group) and credit card loans increased dynamically (POS-loans: +23% y-o-y, credit card loans +8% y-o-y). Furthermore the growth rate was influenced by significant write-offs of non-performing loans during the year (in the amount of app. HUF 13.6 billion or RUB 2.2 billion). Adjusting the portfolio growth with these write-offs, it would be +33% y-o-y in case of POS-loans, and +18% y-o-y in case of credit card loans, respectively.

The other important factor influencing net interest margin was that due to the successful deposit collection efforts and after some regulatory changes, about USD 460 million excess liquidity collected during 2009 was invested into higher yielding securities and interbank loans in 2H 2009.

These two factors improved significantly OTP Russia's total income and net interest margins in 2H: the former grew to around 13.4% from 12.6% and 12.2% realised in the first two quarters, NIM increased to around 12% from 11% realised in the first half of the year. However, on a yearly base both margins are showing a significant decrease (total income margin: -3.46%-points, interest margin: -2.06%-points), mainly as a consequence of above mentioned factors (stagnating POS-lending in 1H, excess liquidity, and the negative impact of HUF appreciation during the year), while deposit campaigns also had a negative impact on funding costs.

Another positive development was the decline of risk costs in the second half of the year 2009, mainly reasoned by the diminishing risk costs related to credit cards and POS loans. The Bank's risk cost rate remained stable over the year (2009: 5.59% vs. 2008: 5.53%). The ratio of DPD90+ loans has increased by +4.0%-points to 12.4% in 2009, but in the second half of the year the ratio improved, partly because of the previously mentioned write-offs, and partly due to the growing total loan book in 2H. DPD90+ coverage ratio deteriorated in 2009 (83.6%, -10.4%-points), but it's still higher than the average of the group members.

Operating costs were henceforward under stringent control after the cut-back of the headcount by 600 in the last quarter of 2008 and the cut-down on marketing spending and administrative expenses (full year costs decreased by 7% y-o-y, which is virtually a stagnation in RUB terms (+1%)). After the stagnation in 1Q, the headcount grew in 2009 due to the measures taken to increase sales volumes (number of employees at end-2009 stood at 10,295, +1,846 people y-o-y, out of the total closing headcount 4,550 people were POS-loan agents). Number of contractual agents increased to 6,127 person over the year (+884 person y-o-y), therefore the headcount of the total agent network (including agents employed by the Bank as well) amounted to 10,677, representing a y-o-y growth of 2,385 people.

The increase in other provisions in 2009 (HUF -0.5 billion) is caused by provisions made for losses in the securities portfolio.

The liquidity position of the Bank continuously improved during 2009. On the lending side, despite the positive tendencies in POS-lending and credit card loans, other retail and corporate segments still suffered from poor sales performance. The corporate loan portfolio was shrinking during the year. The deposit base, on the contrary was continuously expanding: retail deposits grew by 43% y-o-y, due to the successful promotional campaigns and product developments. Corporate deposits increased for the first time in the second half of the year (+26% y-o-y). The practise of RUB/USD conversion, that characterised the deposit side in the last quarter of 2008 and the first quarter of 2009 has stopped: proportion of FX deposits shrank in 2H 2009 (share of FX deposits within total customer deposits: 3Q 2008: 12%, 4Q 2008: 27%, 4Q 2009: 30%).

As a result of the above mentioned developments, loan-to-deposit ratio of OTP Bank Russia dropped to 121% (-50%-points y-o-y). Parallel to the improvement in the liquidity position, in June 2009 the Bank paid back in full the deposit of National Bank of Russia placed at the end of last year in order to enhance the Bank's liquidity.

OTP BANK JSC (UKRAINE)[7]

Performance of OTP Bank JSC (Ukraine):

Statement of recognised income (HUF million)	2008	2009	Change (%)
After tax profit w/o dividends, net cash transfers and one-offs	16,414	-43,650	-366%
Pre-tax profit	23,077	-44,646	-293%
Operating profit	49,987	51,033	2%
Total income	77,052	74,948	-3%
Net interest income	49,110	62,759	28%
Net fees and commissions	5,736	7,442	30%
Other net non-interest income	22,206	4,747	-79%
Operating expenses	-27,065	-23,916	-12%
Provision for loan losses	-26,433	-94,974	259%
Other provision	-477	-704	48%
Main components of Balance sheet (closing balances, HUF million)	2008	2009	Change (%)
Total assets	847,008	711,155	-16%
Gross customer loans	763,758	670,758	-12%
Retail loans	351,838	311,158	-12%
Corporate loans	331,880	300,795	-9%
Car-financing	80,040	58,806	-27%
Allowances for loan losses	-22,882	-110,583	383%
Deposits from customers	169,888	165,764	-2%
Retail deposits	77,745	98,164	26%
Corporate deposits	89,486	67,600	-24%
Subordinated debt	26,900	40,331	50%
Total shareholders' equity	80,098	90,711	13%

[7] From 4Q 2008 figures are based on the aggregated financial statements of OTP Bank JSC and LLC OTP Leasing Ukraine, while from 4Q 2009 the result of LLC OTP Faktoring Ukraine was also aggregated.

Indicators (%)	2008	2009	Change (%-point)
90+ days past due loans/gross customer loans	4.7%	22.3%	17.6%
Cost of risk/average gross loans	4.08%	13.24%	9.16%
Total provisions/90+ days past due loans	63.2%	73.8%	10.7%
ROA	2.2%	-5.6%	-7.8%
ROE	22.5%	-51.1%	-73.6%
Net interest margin	6.67%	8.06%	1.38%
Cost/income ratio	35.1%	31.9%	-3.2%
Gross loans to deposits	450%	405%	-45%

In 2009 **OTP Bank JSC** made HUF 44.0 billion loss. The main reason for the loss is the higher provisioning for non-performing loans in order to boost coverage ratio, the favourable income dynamics could only partly offset this negative effect. However, when analysing the HUF denominated income statement items, one should note that the average exchange rate of UAH vs. HUF appreciated almost 24% compared to YE2008, while as for the portfolio asset classes, the closing rate of UAH shows weakening against USD as well (-4%).

The operating result without provisions equals the level of 2008: the income from core activities shaped well with stringent control on the cost side. The income dynamics was determined by the 28% growth of net interest income (+68% in UAH) and the 30% growth of net fees and commissions income (+71% in UAH). The significant yearly decrease of non-interest income is due to basis-effect (the previous year was determined by the positive revaluation result of provisions due to UAH/USD weakening and by the significant profit realized on foreign exchange transactions).

Net interest income (NII) shaped well on yearly basis (+28% y-o-y), but the accounting of interest income related to overdue debt payment still played a role in the growth of NII. The share of accrued but not paid interest within gross interest income on loans amounted to 14% at the end of December. The growth of interest expense on deposits (in LCY +32% y-o-y) was significantly lower than the growth of interest income on loans (in LCY +49% y-o-y), although from 3Q the deposit collection recovered due to more favourable offered interest rates. The interest expense of Tier2 funding doubled on a yearly basis.

Net F&C income topped far beyond the base level (+71% y-o-y), primarily because of increasing fee income from the exchange of FX (EUR, USD) instalments of corporate customers (this revenue was stemming from the difference between the official exchange rates of the National Bank of Ukraine and the interbank rates). Within net commission income, the greatest proportion thereof, deposit and transaction related commission income jumped by 42% in LCY, while card related commissions grew by 18%; these elements offset the sluggish development of commissions on loans.

In 2009 the profitability of the Bank was mainly driven by the remarkable deterioration of loan portfolio resulting in a significant growth of provisioning.

The ratio of DPD90+ loans increased in two waves reaching 22.3% by the end of 2009 (+17.6%-point y-o-y). In 1Q 2009 retail loan portfolio experienced significant deterioration, while in 3Q 2009 the corporate loan portfolio was showing a deterioration, however in the last quarter of 2009 – partially as a consequence of the stabilization of macro environment – the portfolio deterioration was moderated. The Ukrainian Bank was the first among OTP Group members launching debtor protection scheme, taking into consideration that the depreciation of UAH was significantly higher than the deprecation of other currencies in the region. Under its debtor protection program the Bank provided an opportunity to lower the monthly instalments temporarily or change the previously taken USD denominated mortgage and car loans into UAH, thus the program actively supported the decrease of portfolio dynamics of non-performing loans after 1Q 2009. The share of rescheduled retail loan portfolio was showing a gradual but decelerating increase during the year and stood at 39% at the end of December 2009.

The yearly risk cost of the Bank increased to HUF 95 billion – partially as a consequence of portfolio-deterioration and in line with the intention of increasing the provision coverage of the non-performing book –, resulting an increase in coverage from 63% to 74%.

2009 was characterised by moderate lending activity: on one hand as a consequence of the measures taken by the National Bank of Ukraine the FX-lending practically stopped. On the other hand lending conditions were tightened by the Bank to protect the portfolio quality. In the retail segment due to moderate demand the portfolio in LCY was below of the level at year end-2008.

On the deposit side due to the retail deposit collection campaign launched in 2009 a moderate increase of the total book was experienced (+2% y-o-y in LCY terms, -2% y-o-y in HUF terms). The retail deposit campaign in autumn offered favourable interest rate for term deposits resulting an almost HUF 10 billion (UAH 422 million) increase and brought in about 1,280 new customers. As a consequence the retail deposit base increased by 26% y-o-y (in HUF terms). Deposits of large corporate clients declined in the firs half of 2009, and though the volumes were stagnating in the second half of the year, on a yearly base they showed a contraction of 24%.

As a result of the deposit collection program the market share also started to grow (at the end of December 2009: 1.80%, +0.55%-points y-o-y). Loan-to-deposit ratio decreased by 45%-points to 405% y-o-y. Taking into consideration that the coverage of total loan portfolio reached 16.5% at the end of December, net loan-to-deposit ratio was significantly lower (2009: 338%).

Due to the effective cost management of the Bank the operating expenses in LCY showed a 10% increase y-o-y. As a result of firing 600 employees in the first half of the year personnel expenses were higher by 6% y-o-y, material expenses were under strict control.

At the end of December CAR of the Bank stood at 17.8% (the mandatory minimum level is 10%). USD 30 million subordinated debt capital granted in 3Q was registered in October 2009 by the Ukrainian Company Registry. In 2009 the Ukrainian unit in total received USD 100 million capital injection and USD 80 million subordinated capital.

Despite significant losses of the current year, shareholders' equity increased by 13% y-o-y. This capital increase was partly the result of the above mentioned capital injections, furthermore it stemmed from guarantees of OTP Bank covering exposures of the Ukrainian unit. According to IFRS standards these guarantees should be accounted as capital injection to the Ukrainian Bank. The risk cost for these guarantees (causing a tax shield effect in case of OTP Core) however was reclassified from the books of OTP Core (where it emerged) to the books of the Ukrainian unit.

OTP BANK ROMANIA

Performance of OTP Bank Romania:

Statement of recognised income (HUF million)	2008	2009	Change (%)
After tax profit w/o dividends, net cash transfers and one-offs[1]	241	1,136	372%
Pre-tax profit	392	1,489	280%
Operating profit	3,609	6,947	92%
Total income	16,810	20,237	20%
Net interest income	7,137	15,876	122%
Net fees and commissions	3,937	2,013	-49%
Other net non-interest income	5,736	2,348	-59%
Operating expenses	-13,201	-13,290	1%
Provision for loan losses	-3,021	-5,332	76%
Other provision	-195	-125	-36%
Main components of Balance sheet[2] (closing balances, HUF million)	2008	2009	Change (%)
Total assets	367,521	365,743	0%
Gross customer loans	316,809	293,116	-7%
Retail loans	207,933	200,738	-3%
Corporate loans	108,876	92,379	-15%
Allowances for loan losses	-4,365	-8,725	100%
Deposits from customers	72,206	96,364	33%
Retail deposits	52,582	81,998	56%
Corporate deposits	19,624	14,366	-27%
Total shareholders' equity	23,245	25,513	10%
Indicators (%)	2008	2009	Change (%-point)
90+ days past due loans/gross customer loans	1.3%	3.4%	2.1%
Cost of risk/average gross loans	1.15%	1.75%	0.60%
Total provisions/90+ days past due loans	103.6%	87.8%	-15.9%
ROA	0.1%	0.3%	0.2%
ROE	1.0%	4.7%	3.7%
Net interest margin	2.15%	4.33%	2.18%
Cost/income ratio	78.5%	65.7%	-12.9%
Gross loans to deposits	439%	304%	-135%

[1] From 2Q 2008 adjusted with result of swap transactions executed with OTP Bank in relation with interbank financing.

[2] Total assets and gross customer loans include both corporate and retail loans that have been transferred. Total shareholders' equity reflect balance sheet numbers after loan transfers in 2008, but from 2009 balance sheet figures before loan transfers are displayed.

In 2009 **OTP Bank Romania** posted an after tax profit of HUF 1.1 billion. The Bank that started up practically as a greenfield investment showed a gradually improving performance and closed its second consecutive profitable fiscal year in 2009 (what is more, profit in 2009 exceeded that in the previous year). Outstanding revenue generating capability, strict cost control and significantly growing risk cost were the main drivers of the 2009 results.

The Bank registered strong total income growth (+20%) while the quality of the revenue structure improved: core banking revenues (net interest income plus net fee and commission income) showed an outstanding 60% increase (the time series of net interest income and NF&C income are not comparable to the 2008 numbers due to the methodological change effective from 2009). Operating expenses practically did not change in a yearly comparison, reflecting efficient cost control.

Although the quality of the portfolio deteriorated somewhat because of the crisis, but the bad debt ratio is the lowest among Group members, thanks to the success of debtor protection program launched in 2Q 2009. The coverage remained above the average of the Group member banks.

Deposits grew by one-third, gross loan volume dropped by 7%, so the loan to deposit ratio improved by 135%-points to 304% in 2009.

OTP BANKA HRVATSKA

Performance of OTP banka Hrvatska:

Statement of recognised income (HUF million)	2008	2009	Change (%)
After tax profit w/o dividends, net cash transfers and one-offs	5,041	3,245	-36%
Pre-tax profit	6,350	4,068	-36%
Operating profit	7,051	6,068	-14%
Total income	19,026	19,540	3%
Net interest income	13,772	13,239	-4%
Net fees and commissions	3,587	3,935	10%
Other net non-interest income	1,667	2,366	42%
Operating expenses	-11,975	-13,472	13%
Provision for loan losses	-851	-1,947	129%
Other provision	150	-52	-135%
Main components of Balance sheet (closing balances, HUF million)	2008	2009	Change (%)
Total assets	462,576	469,304	1%
Gross customer loans	309,564	318,477	3%
Retail loans	191,496	194,021	1%
Corporate loans	115,474	122,183	6%
Allowances for loan losses	-6,045	-9,195	52%
Deposits from customers	315,253	337,935	7%
Retail deposits	268,837	294,348	9%
Corporate deposits	46,416	43,588	-6%
Subordinated debt	0	4	
Total shareholders' equity	55,095	60,626	10%
Indicators (%)	2008	2009	Change (%-point)
90+ days past due loans/gross customer loans	6.2%	8.9%	2.7%
Cost of risk/average gross loans	0.30%	0.62%	0.32%
Total provisions/90+ days past due loans	31.3%	32.4%	1.1%
ROA	1.1%	0.7%	-0.4%
ROE	10.6%	5.6%	-5.0%
Net interest margin	3.11%	2.84%	-0.27%
Cost/income ratio	62.9%	68.9%	6.0%
Gross loans to deposits	98%	94%	-4%

OTP banka Hrvatska in each and every quarter posted positive results and despite doubling risk costs realized a yearly net profit of HUF 3.2 billion. Thus the yearly profit-decline (-36%) was the second lowest among foreign Group members following DSK Bank.

2009 was characterized by modest lending activity and deposit campaigns focusing on retaining market positions. As a results of the successful deposit campaigns, deposit base grew by 7%.

The stagnation of the loan book was the result of the insufficient market demand, the volume of retail loans remained at the level of year-end 2008. In 2009 both the SME and large corporate loan portfolios shrank, but that was in line with market trends. As a consequence, the loan-to-deposit ratio of the Bank remained under the balanced level (94%).

The headcount of the Bank decreased by 33 person (at the end of 2009 the number of employees was 1,014 person), the number of branches has not changed (105).

OTP BANKA SLOVENSKO

Performance of OTP Banka Slovensko:

Statement of recognised income (HUF million)	2008	2009	Change (%)
After tax profit w/o dividends and net cash transfer	1,431	-6,673	-566%
One-off items, after-tax[1]	-108	-244	126%
After tax profit w/o dividends, net cash transfers and one-offs	1,538	-6,429	-518%
Pre-tax profit	1,762	-6,633	-476%
Operating profit	4,017	3,289	-18%
Total income	14,496	13,731	-5%
Net interest income	10,119	10,485	4%
Net fees and commissions	3,027	2,705	-11%
Other net non-interest income	1,350	541	-60%
Operating expenses	-10,480	-10,442	0%
Provision for loan losses	-2,304	-9,029	292%
Other provision	50	-894	
Main components of Balance sheet (closing balances, HUF million)	**2008**	**2009**	**Change (%)**
Total assets	429,122	375,208	-13%
Gross customer loans	314,422	273,269	-13%
Retail loans	158,234	163,779	4%
Corporate loans	156,187	109,490	-30%
Allowances for loan losses	-5,186	-13,633	163%
Deposits from customers	262,787	253,462	-4%
Retail deposits	212,412	219,597	3%
Corporate deposits	50,375	33,865	-33%
Issued securities	75,137	55,457	-26%
Subordinated debt	7,679	7,876	3%
Total shareholders' equity	30,595	24,767	-19%
Indicators (%)	**2008**	**2009**	**Change (%-point)**
90+ days past due loans/gross customer loans	3.6%	8.9%	5.3%
Cost of risk/average gross loans	0.84%	3.07%	2.23%
Total provisions/90+ days past due loans	46.3%	56.1%	9.8%
ROA	0.4%	-1.6%	-2.0%
ROE	5.7%	-23.2%	-28.9%
Net interest margin	2.54%	2.61%	0.07%
Cost/income ratio	72.3%	76.0%	3.8%
Gross loans to deposits	120%	108%	-12%

[1] In 2009 one-off loss booked in relation to loan transfers and exchange rate correction in relation to these loan transfers. In 2008 the sum of other provisioning, other non interest income and other non-interest expense booked in relation to the sale of OTP Leasing a.s.

In 2009 **OTP Banka Slovensko** posted an after tax loss of HUF 6.4 billion. The results were influenced to a great extent by the 18% decrease of operating result. The other key driver of the results was the provision for loan losses that increased to HUF 9 billion (partly as a consequence of the deteriorating loan portfolio quality, partly because the Bank intentionally improved the coverage ratio).

The 5% decline of 2009 total income is attributable to the drop of currency exchange gain; revenues from core banking activities remained stable in HUF terms.

Gross loan volume decreased by 13% and deposits dropped by 4% in 2009, but within total customer deposits the retail deposit base expended by 3%.

In the course of 2009 the Bank has undergone significant organisational changes: the number of employees decreased by 132 persons (-18% y-o-y) to 607, the number of branches changed to 77 since 12 selling points were closed in 2009.

OTP BANKA SRBIJA

Performance of OTP banka Srbija:

Statement of recognised income (HUF million)	2008	2009	Change (%)
After tax profit w/o dividends and net cash transfer	1,670	-8,990	-638%
One-off items, after-tax[1]	1,408	0	-100%
After tax profit w/o dividends, net cash transfers and one-offs	262	-8,990	
Pre-tax profit	519	-9,024	
Operating profit	1,796	-2,278	-227%
Total income	12,316	8,010	-35%
Net interest income	6,756	4,051	-40%
Net fees and commissions	2,329	1,954	-16%
Other net non-interest income	3,230	2,004	-38%
Operating expenses	-10,520	-10,287	-2%
Provision for loan losses	-1,743	-6,277	260%
Other provision	465	-470	-201%
Main components of Balance sheet (closing balances, HUF million)	2008	2009	Change (%)
Total assets	142,647	127,025	-11%
Gross customer loans	94,721	89,878	-5%
Retail loans	34,336	33,607	-2%
Corporate loans	60,408	56,271	-7%
Allowances for loan losses	-5,989	-12,189	104%
Deposits from customers	33,906	32,395	-4%
Retail deposits	24,032	23,546	-2%
Corporate deposits	9,882	8,848	-10%
Subordinated debt	37,323	38,910	4%
Total shareholders' equity	38,090	27,690	-27%
Indicators (%)	2008	2009	Change (%-point)
90+ days past due loans/gross customer loans	10.8%	33.7%	23.0%
Cost of risk/average gross loans	2.21%	6.80%	4.59%
Total provisions/90+ days past due loans	58.7%	40.2%	-18.5%
ROA	0.2%	-6.7%	-6.9%
ROE	0.7%	-27.3%	-28.0%
Net interest margin	5.30%	3.00%	-2.30%
Cost/income ratio	85.4%	128.4%	43.0%
Gross loans to deposits	279%	277%	-2%

[1] One-off gain on sale of investments in 2008

OTP banka Srbija realized HUF 9 billion loss in 2009. This loss was mainly caused by the increasing provision for possible loan losses (+260% y-o-y) and on the other hand by the lower total income compared to the base period (net interest income dropped by 40%, net fee and commission income by 16%), while operating costs decreased by 2% in 2009.

The ratio of DPD90+ loans reached 33.7% at end-2009, as a result of the conservative portfolio classification and portfolio clean up in the last quarter of 2009. As a consequence, the interest income booked earlier than 2009 in relation to clients whose classification changed adversely during 2009 has been released in 4Q not through the reduction of interest income, but through the increase of other costs. The provision coverage of bad loans declined to 40%.

Yearly decline of gross loans reached 5%, while customer deposit base shrank by 4% in 2009. Taking into account the moderating business activity, significant network rationalization measures have been put through in 2009: within the course of branch network rationalization 45 branches out of 95 were closed (-47%) and the headcount decreased by 399 persons to 784 (-34%) compared to YE 2008 figures.

CRNOGORSKA KOMERCIJALNA BANKA

Performance of CKB:

Statement of recognised income (HUF million)	2008	2009	Change (%)
After tax profit w/o dividends, net cash transfers and one-offs	2,949	428	-85%
Pre-tax profit	3,116	430	-86%
Operating profit	5,774	7,227	25%
Total income	11,407	13,400	17%
Net interest income	6,396	10,136	58%
Net fees and commissions	4,749	2,946	-38%
Other net non-interest income	262	318	21%
Operating expenses	-5,634	-6,173	10%
Provision for loan losses	-2,495	-6,730	170%
Other provision	-162	-68	-58%
Main components of Balance sheet (closing balances, HUF million)	2008	2009	Change (%)
Total assets	308,140	234,804	-24%
Gross customer loans	255,021	181,137	-29%
Retail loans	155,430	112,606	-28%
Corporate loans	93,904	68,531	-27%
Allowances for loan losses	-4,350	-10,362	138%
Deposits from customers	205,410	164,317	-20%
Retail deposits	92,783	90,943	-2%
Corporate deposits	110,735	73,374	-34%
Subordinated debt	3,177	7,313	130%
Total shareholders' equity	18,171	23,049	27%
Indicators (%)	2008	2009	Change (%-point)
90+ days past due loans/gross customer loans	1.1%	10.9%	9.8%
Cost of risk/average gross loans	1.14%	3.09%	1.95%
Total provisions/90+ days past due loans	158.1%	52.7%	-105.4%
ROA	1.0%	0.2%	-0.9%
ROE	20.5%	2.1%	-18.4%
Net interest margin	2.25%	3.73%	1.48%
Cost/income ratio	49.4%	46.1%	-3.3%
Gross loans to deposits	124%	110%	-14%

In Montenegro, **Crnogorska komercijalna banka** posted a moderate HUF 0.4 billion net result for the full year. Even though net interest income showed an excellent picture (+66% y-o-y), the sharply increasing risk costs (+170% y-o-y), as well as the declining F&C results (-38% y-o-y) took its toll through weaker earnings. Total assets shrank by 24%.

After the fallback in 1H 2009 retail deposit volumes reached almost the levels of the beginning of the year (-2% y-o-y) due to successful promotional campaigns.

The loan book shrank by 29% y-o-y explained by two major reasons. On the one hand new disbursement was practically stopped after the crisis due to the scarcity of liquidity; as a consequence outstanding household and SME exposures declined throughout the whole year (-14% y-o-y and -40% y-o-y respectively). The other factor is more of a technical nature, OTP Bank purchased a HUF 26 billion corporate loan portfolio from CKB. Due to the above mentioned reasons the loan-to-deposit ratio decreased significantly from 124% to 110%.

STAFF LEVEL AND OTHER INFORMATION

The closing staff number of OTP Group was 31,337 as at 31 December 2009 (+453 people y-o-y). The most significant lay-off was carried through at the Ukrainian and the Serbian subsidiary (559 people, and 399 people respectively), mainly as a consequence of the moderated lending activity, but the headcount of OTP core also decreased significantly (-477 person). As for the closing headcount of the Russian subsidiary it was increased by 2,000 people (POS-selling agents) in order to boost new loan origination.

The Group's branch network included 1,514 branches at the end of December 2009 (-79 branches y-o-y). The most sizeable decline was realized in Serbia (45 branches) within the course of the rationalization of the branch network, but branches were closed in Ukraine (23) and even in Slovakia (12) in the last quarter.

	2008	2009	Y-o-Y
OTP BANK			
Closing staff (persons)	8,297	7,820	-5.7%
Average staff (persons)	8,333	7,977	-4.3%
Per capita total assets (HUF mn)	695.7	863.3	24.1%
Per capita profit after tax (HUF mn)	16.1	19.8	23.3%
GROUP			
Closing staff (persons)	30,884	31,337	1.5%
Average staff (persons)	30,710	31,051	1.1%
Per capita consolidated total assets (HUF mn)	303.7	311.3	2.5%
Per capita consolidated profit after tax (HUF mn)	7.8	4.8	-38.3%

	31 December 2009						Y-o-Y					
	Bank branches	ATMs	POSs	Bank cards (th)	Number of banking clients (th)	Staff (closing)	Bank branches	ATMs	POSs	Bank cards	Number of clients	Staff (closing)
OTP Bank	**382**	**1,995**	**34,270**	**3,812**	**4,625**	**7,820**	***0***	***-20***	***467***	***-155***	***-135***	***-477***
DSK Bank	386	870	4,545	1,204	2,975	4,337	*7*	*20*	*1,064*	*-399*	*36*	*59*
OTP Banka Slovensko	77	116	644	118	188	607	*-12*	*-3*	*42*	*-2*	*0*	*-132*
OTP banka Hrvatska	105	200	1,181	322	546	1,014	*0*	*37*	*9*	*-35*	*98*	*-33*
OTP Bank Romania	106	136	1,076	186	206	1,094	*1*	*4*	*395*	*70*	*27*	*-2*
OTP Bank JSC (Ukraine)	206	215	403	80	282	3,833	*-23*	*7*	*41*	*-21*	*44*	*-559*
OTP Bank Russia	162	251	2,257	3,466	2,838	10,295	*-7*	*59*	*88*	*430*	*19*	*1,846*
OTP banka Srbija	50	195	3,595	125	356	784	*-45*	*-9*	*239*	*30*	*n.a.*	*-399*
CKB	40	105	3,535	201	320	507	*0*	*-90*	*512*	*11*	*17*	*24*
Subsidiaries total	**1,132**	**2,088**	**17,236**	**5,701**	**7,710**	**22,471**	***-79***	***25***	***2,390***	***85***	***241***	***804***
Group total (aggregated)	**1,514**	**4,083**	**51,506**	**9,514**	**12,335**	**30,102**	***-79***	***95***	***3,749***	***-70***	***463***	***-782***

STATEMENT ON CORPORATE GOVERNANCE PRACTICE

Corporate governance practice

OTP Bank Plc., as a Hungarian-registered company has a corporate governance 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 – Vice Chairman
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 available on the website of OTP Bank and 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.

ENVIRONMENTAL POLICY, ENVIRONMENTAL PROJECTS

Responsibility for environment protection

In 2009 OTP Bank steadily continued to achieve the targets set in the Bank's corporate social responsibility strategy (CSR strategy), among these targets particular attention was paid to the development and maintenance of the sustainable environment. Through its activities the Bank has a direct and indirect effect on its environment that is why the recognition and measurement of effects originating from the Bank's operation and the mitigation of the environmental burden is part of the social responsibility strategy.

General measures

The Environmental Protection Guidelines of the Bank was effectuated in January 2009 which set the framework of its environmental protection activity. Besides the exact definition of tasks and responsibilities it draws guidelines and viewpoints for the purpose of the environment-cautious “green” procurement.

Measures taken to minimise the consumption of material and energy

In case of the Bank and the Bank Group the office work is typical and so the material needed to office work constitutes the material usage of the Group. The environmental burden resulted by the operation of the Group derives mainly from the maintenance of the central offices, the branch network and from business trips.

To improve efficiency of energy utilization, the Bank implemented the so-called WakeUp method in 2009, which ensures all working stations both in the central offices and in the network to be switched off after working time. The WakeUp function has been installed to more than 8,600 computers. Among further developments it is worth mentioning that instead of high-powered servers, the Bank started to use virtual servers as well which led to lower energy consumption and consequently, lower CO_2 emission.

Business trips put a significant burden on the environment, nevertheless the car park of the Bank decreased in 2009, the fleet of the Bank consists of only 347 vehicles (compared to the number of employees close to 8,000 persons). Our company cars require a continuous maintenance for the safe and environment friendly operation. The number and utilization of video conference rooms grew further. Currently 21 tools are in operation to make the active communication with foreign subsidiaries easier, thus contributing to push down the number of business flights, being a substitute for them. By using video conference tools, the Bank has cut back its CO_2 emission by approximately 700 tons in 2009.

At several of our premises we have built up so called solar systems operation which is based on the usage of solar energy as a renewable type of energy. The first and largest solar system had been implemented in 2003 on the central building of the recreation area of OTP Bank at Balatonszemes. Since then the utilization of renewable energy has been continuous. As a result of the expansion of the hot water providing systems based on solar energy until today the office buildings in Babér and Lajos street and our holiday home at Mátraszentimre have been equipped with solar cells (almost 460 sqm).

The selective collection, transportation, milling and recycling of paper waste in case of branches and office building is mainly solved. The weight of selectively collected PET bottles reached 1,370 kilograms only in the Babér street office building. The increase of the recycling of waste material is a constant goal of the Bank. The range of environmentally friendly paper’s use was extended in 2009. As a result, besides all promotional leaflets for the branches, the calendars, agendas and memo-pads are printed exclusively on recycled paper. Nearly 45 tons of leaflet was printed on recycled paper in 2009. The excess of such marketing materials are collected and transferred from every branches for recycling.

Environmental education

Integral part of OTP Bank’s social responsibility efforts is to protect the environment, to set an example and last but not least, to encourage people to act environmentally friendly. That is why the Bank – together with WWF Hungary – called the attention of people to the importance of protecting trees and forests. This co-operation raised the attention that switching to green bank account statements results in less tree lumber. As part of the campaign the Bank introduced the so-called green bank accounts, which allow customers to receive account statements electronically instead of being posted hard copies of bank account statements. Per each and every discontinued printed account statement, OTP Bank transferred HUF 40 to WWF to support the financing of its forest protection program. As a result of the campaign more than 38,000 clients switched to green bank accounts.

Awards

OTP Group is a dominant financial service provider in the region, therefore it is important for us to set positive example to all of our stakeholders. The readers of Reader’s Digest magazine awarded ’The most trusted financial institution brand in Hungary’ and ’The most trusted environmental brand’ to OTP. Moreover, due to the exemplary CSR activity and CSR strategy which is reflected in the everyday operation as well, the Bank was awarded by the Hungarian Public Relations Association (CSR Best Practice 2009).

SUPPLEMENTARY DATA

FOOTNOTES FOR THE TABLE "CONSOLIDATED AFTER TAX PROFIT BREAKDOWN BY SUBSIDIARIES (IFRS)"

General note: regarding OTP Core and other subsidiaries, profit after tax is calculated without received dividends and net cash transfers. Regarding dividends and net cash transfers received from non-group member companies, it is shown on a separate line in one sum in the table, regardless to the particular receiver or payer group member company.

(1) Revaluation result of the strategic open FX position. Size and denomination of the short position developed as follows:

01.01.2007-10.01.2008: EUR 570 million short position

21.01.2008: EUR 525 million short position plus USD 65 million short position

22.01.2008-07.09.2008: EUR 515 million short position plus USD 80 million short position

08.09.2008: EUR 495 million short position plus USD 108 million short position

09.09.2008-10.09.2008: EUR 485 million short position plus USD 122 million short position

11.09.2008-12.09.2008: EUR 465 million short position plus USD 150 million short position

13.09.2008-28.12.2008: EUR 315 million short position plus USD 150 million short position

29.12.2008-05.01.2009: EUR 300 million short position plus USD 75 million short position

06.01.2009- : EUR 310 million short position plus USD 61.5 million short position

Since the beginning of 2007, OTP Group has been holding a strategic open FX position in order to hedge its net profit's exposure to the exchange rate movements of the Hungarian forint, stemming from the translation of the foreign subsidiaries' P&L's from local currencies to HUF. Since 1Q 2009, in accordance with the Auditor the Bank re-qualified the strategic open FX-position as a hedge transaction. Consequently, going forward, the exchange rate effect of EUR 310 million short position (83% of the whole strategic position) equal to 2009 and 2010 yearly result of 4 subsidiaries (DSK, CKB, OTP banka Hrvatska and OTP Banka Slovensko) is to be booked against equity. Accordingly in 1Q out of the total HUF 16.2 billion pre-tax revaluation loss generated on the whole strategic open position HUF 13.8 billion was booked against equity and only HUF 2.4 billion debited pre tax profit.

(2) Goodwill impairment charges booked in relation to OTP banka Srbija (Serbia) and OTP Bank JSC (Ukraine) in 4Q 2008.

(3) OTP Core, Corporate Centre and foreign banks aggregated, excluding one-timers.

(4) After tax profit of OTP Core (consolidated result of OTP Bank Plc., OTP Mortgage Bank, OTP Building Society and OTP Faktoring) without the after tax result of strategic open FX position, dividend, net cash transfers, subsidiary financing and interest expense of Tier2 Capital. From 1Q 2008, adjusted after tax profit of OTP Core also excludes the net interest income result of swap transactions realised by OTP Bank Romania in relation to subsidiary financing.

(5) Corporate Centre: Interest expense of Tier2 Capital plus net interest and non-interest income of foreign subsidiary financing realised by OTP Bank and OTP Financing Cyprus, plus net interest income of swap transactions made in relation to subsidiary financing.

(6) Net interest and non interest income of subsidiary financing realised by OTP Bank and OTP Financing Cyprus, plus net interest income of swap transactions made in relation to subsidiary financing.

(7) From 1Q 2008, adjusted after tax profit excludes the fair value adjustment result of swap transactions executed with OTP Bank in relation to interbank financing.

(8) One-off gains realised on the sale of investments in 1H 2008.

(9) One-off other provisioning, other non interest income and other non-interest expense booked in relation to the sale of OTP Leasing a.s. in 4Q 2008.

(10) Aggregated after tax profit of Merkantil Bank and Merkantil Car without dividends and net cash transfer.

(11) One-off other provisioning, other non interest income and other non-interest expense booked in relation to the sale of OTP Leasing a.s. in 4Q 2008.

(12) Until 4Q 2008: OTP Leasing a.s. (Slovakia), since 4Q 2009: OTP Leasing Romania IFN S.A. (Romania), Z plus d.o.o.(Croatia), OTP Leasing d.d. (Croatia), DSK Leasing AD (Bulgaria).

(13) After-tax result of provisioning on losses of foreign insurance subsidiaries.

(14) OTP Garancia poistovna, a.s. (Slovakia), OTP Garancia zivotna poistovna (Slovakia), a.s., DSK Garancia Insurance AD (Bulgaria), DSK Garancia Insurance Life AD (Bulgaria), Asigurarea CECCAR-ROMAS SA (Romania) aggregated

(15) After-tax result of OTP Asset Management without fees and commissions paid to OTP Bank

(16) LLC AMC OTP Capitol (Ukraine) and OTP Asset Management SAI S.A. (Romania)

(17) HIF Ltd. (United Kingdom), OTP Faktoring Slovensko (Slovakia), OTP Holding Limited (Cyprus)

(18) Total Hungarian subsidiaries: sum of after tax results of Hungarian group members including (Corporate Centre) and related eliminations.

(19) Total Foreign subsidiaries: sum of profit after tax (without dividends and net cash transfers) of foreign subsidiaries.

CALCULATION OF THE ADJUSTED LINES IN THE STATEMENT OF RECOGNISED INCOME UNDER IFRS PRESENTED IN THE REPORT

In order to present Group level trends in a comprehensive way in the Interim Management Report, the presented consolidated and unconsolidated profit and loss statements of the Report were adjusted in the following way, and the adjusted P&Ls are shown and analysed in the Report. Consolidated accounting figures together with unconsolidated accounting figures of OTP Bank are still disclosed in the Financial Data section of the Report.

Received dividends, received and paid cash transfers, together with the after tax profit of strategic open FX position is shown separately and after-tax on the adjusted P&L.

Out of net Foreign exchange results, fair value adjustment (FVA) of the spot leg of FX swaps has been added to Net Interest Income.

Any earnings within net gain/loss on securities related to FX swaps have been added to Net Interest Income.

Insurance premiums and insurance expenses are netted and shown as part of other net non-interest income.

Other non-interest income elements stemming from provisioning release in connection with loans originated before the acquisitions have been reclassified to and deducted from the volume of provisions for possible loan losses in the income statement.

Other non-interest income is shown together with gains/losses on real estate transactions, but without the above mentioned income from the release of pre-acquisition provisions and without received cash transfers. However other non-interest expenses stemming from non-financial activities are added to the adjusted net other non-interest income line, therefore the latter incorporates net other non-interest income from non-financial activities.

Out of other expenses, other provisions are deducted and shown separately as other risk costs on the adjusted P&L. Other provisions contain provisioning on off-balance sheet liabilities and on legal contests, provisioning on securities, shares and other investments as well as provisioning on other assets. Paid cash transfers – excluding movie subsidies, which are quasi marketing expenses but kept as paid cash transfer on the P&L – are also deducted from other expenses, together with the above mentioned other non-interest expenses stemming from non-financial activities.

Provisioning accruals of NPLs' interest income at OAO OTP Bank (Russia) is reclassified from other risk costs to net interest income from 4Q 2007. The reclassification is carried out on both consolidated and non-consolidated level.

In 1Q 2008, parallel cash transfer and provision release (having net 0 P&L effect) stemming from the closing of a legal case were netted both on OTP Group consolidated and OTP Core consolidated level.

Cost/income ratio, net interest margin, risk cost to average gross loans as well as ROA and ROE ratios are calculated on the basis of the adjusted profit and loss statement, excluding one timers such as received dividends and net cash transfers, the after tax result of strategic open FX position, the net profit of the sale of OTP Garancia and the after tax effect of the goodwill write-downs. Cost/income ratio is calculated from operating costs, excluding other risk costs.

Regarding consolidated ROA and ROE indicators, until the end of 2008 they are calculated from the adjusted profit after tax of the Group, therefore they are excluding the effect of one-off items. However since the beginning of 2009, they are calculated from the accounting (unadjusted) net profit figures, because in 2009 the profit was not affected significantly by one-off items.

ADJUSTMENTS OF LINES IN THE CONSOLIDATED STATEMENT OF RECOGNISED INCOME UNDER IFRS

in HUF million	2008 Audited	2009 Audited
Net interest income	**437,277**	**589,780**
(+) Foreign exchange result of swap transactions	92,033	0
(+) Gain on securities due to swap transactions	0	0
(+) Other provisioning accruals (other risk costs) after NPLs' interest income (OTP Russia)	-7,971	0
(-) Net interest accruals of agent fees (OTP Mortgage Bank)	5,393	0
Net interest income (adjusted)	**515,946**	**589,780**
Net fees and commissions	**135,230**	**132,913**
(+) Net interest accruals of agent fees (OTP Mortgage Bank)	5,393	0
Net fees and commissions (adjusted)	**140,623**	**132,913**
Foreign exchange result on Consolidated IFRS P&L	**130,527**	**-8,308**
(-) Foreign exchange result of swap transactions	92,033	0
(-) Result of strategic open FX position	-5,899	-2,390
Foreign exchange result (adjusted)	**44,393**	**-5,919**
Gains and losses on real estate transactions	**1,806**	**931**
(+) Other non-interest income	**27,801**	**66,309**
(-) Received cash transfers	32	4
(-) Non-interest income from the release of pre-acquisition provisions	3,405	2,344
(+) Other other non-interest expenses	-6,709	-3,041
Net other non-interest result (adjusted)	**19,462**	**61,851**
Provision for possible loan losses	**-111,448**	**-249,279**
(+) Non-interest income from the release of pre-acquisition provisions	3,405	2,344
Provision for possible loan losses (adjusted)	**-108,043**	**-246,935**
After tax dividends and net cash transfers	**-783**	**-378**
(-) Paid cash transfer due to Bagat transaction	-2,070	0
(-) Film subsidies paid as cash transfer	-1,092	-1,170
After tax dividends and net cash transfers	**2,380**	**792**
Depreciation	**-132,200**	**-45,141**
(-) Goodwill impairment charges (OTP banka Srbija (Serbia), OTP Bank JSC (Ukraine))	-93,592	0
Depreciation (adjusted)	**-38,609**	**-45,141**
Other operating expense, net	**-36,237**	**-29,075**
(-) Other costs and expenses	-9,764	-6,714
(-) Other non-interest expenses	-9,990	-4,318
(-) Other provisioning accruals (other risk costs) after interest income (OTP Russia)	-7,971	0
(-) Other provisioning release of Bagat transaction	2,070	
Other provisions (adjusted)	**-10,584**	**-18,044**
Other administrative expenses	**-146,738**	**-140,482**
(+) Other costs and expenses	-9,764	-6,714
(+) Other non-interest expenses	-9,990	-4,318
(-) Paid cash transfers	-3,281	-1,277
(+) Film subsidies paid as cash transfer	-1,092	-1,170
(-) Other other non-interest expenses	-6,709	-3,041
Other non-interest expenses (adjusted)	**-157,594**	**-148,367**

BALANCE SHEET,
INCOME STATEMENT AND CASH FLOW

HAR UNCONSOLIDATED

OTP BANK PLC. 31 December 2009

ASSETS

Figures in million HUF

		31 December 2008	Reclassification of 2008	31 December 2009
1.	**Liquid assets**	**157,437**	**0**	**177,813**
2.	**Treasury bills and similar securities**	**434,736**	**11**	**951,801**
	a) held for trading	230,036	11	625,632
	b) held as financial fixed assets	204,700	0	326,169
2/A.	Valuation difference on treasury bills	0	0	0
3.	**Loans and advances to credit institutions**	**928,335**	**0**	**996,604**
	a) repayable on demand	16,386	0	7,368
	b) other loans and advances in connection with financial services	911,409	0	988,871
	ba) with remaining maturity of less than one year	537,619	0	701,374
	Showing separately: - to affiliated companies	364,448	0	436,881
	- to other companies linked by virtue of participating interests	15,000	0	10,000
	- to the NBH	0	0	0
	- to clearing houses	0	0	0
	bb) with a remaining maturity of more than one year	373,790	0	287,497
	Showing separately: - to affiliated companies	358,545	0	280,190
	- to other companies linked by virtue of participating interests	0	0	0
	- to the NBH	0	0	0
	- to clearing houses	0	0	0
	c) in connection with investment services	540	0	365
	Showing separately: - to affiliated companies	0	0	0
	- to other companies linked by virtue of participating interests	0	0	0
	- to clearing houses	0	0	0
3/A.	Valuation difference on loans and advances to credit institutions	0	0	0
4.	**Loans and advances to customers**	**2,714,969**	**-154**	**2,602,753**
	a) in connection with financial services	2,714,268	-154	2,602,483
	aa) with a remaining maturity of less than one year	629,636	-48	589,377
	Showing separately: - to affiliated companies	154,286	0	94,524
	- to other companies linked by virtue of participating interests	45	0	12
	ab) with a remaining maturity of more than one year	2,084,632	-106	2,013,106
	Showing separately: - to affiliated companies	848,013	0	939,476
	- to other companies linked by virtue of participating interests	0	0	0
	b) in connection with investment services	701	0	270
	Showing separately: - to affiliated companies	0	0	0
	- to other companies linked by virtue of participating interests	0	0	0
	ba) receivables in connection with investment services on the exchange markets	0	0	0
	bb) receivables in connection with investment services outside the exchange markets	0	0	0
	bc) receivables from customers in connection with investment services	701	0	270
	bd) claims from clearing corporations	0	0	0
	be) receivables in connection with other investment services	0	0	0
4/A.	Valuation difference on loans and advances to customers	0	0	0
5.	**Debt securities, including fixed-income securities**	**621,201**	**0**	**938,429**
	a) issued by local governments and other public bodies	85,887	0	87,044
	(not including treasury bills and similar securities)	0	0	
	aa) held for trading	853	0	2,124
	ab) held as financial fixed assets	85,034	0	84,920
	b) securities issued by other borrowers	535,314	0	851,385
	ba) held for trading	93,197	0	64,096
	Showing separately: - issued by affiliated companies	77,947	0	57,369
	- issued by other companies linked by virtue of participating interests	0	0	0
	- own shares repurchased	8,026	0	3,411
	bb) held as financial fixed assets	442,117	0	787,289
	Showing separately: - issued by affiliated companies	404,742	0	751,235
	- issued by other companies linked by virtue of participating interests	0	0	0
5/A.	Valuation difference on debt securities	0	0	0
6.	**Shares and other variable-yield securities**	**152,935**	**0**	**85,528**
	a) shares and participations in corporations held for trading	145,423	0	79,507
	Showing separately: - issued by affiliated companies	0	0	0
	- issued by other companies linked by virtue of participating interests	0	0	0
	b) variable-yield securities	7,512	0	6,021
	ba) held for trading	0	0	41
	bb) held as financial fixed assets	7,512	0	5,980
6/A.	Valuation difference on shares and other variable-yield securities	0	0	0

		31 December 2008	*Reclassification of 2008*	*31 December 2009*
7.	**Shares and participations in corporations held as financial fixed assets**	**942**	**0**	**930**
	a) a) shares and participations in corporations held as financial fixed assets	942	0	930
	Showing separately: - participating interests in credit institutions	0	0	0
	b) b) adjusted value of shares and participations in corporations held as financial fixed assets	**0**	**0**	**0**
	Showing separately: - participating interests in credit institutions	0	0	0
7/A.	Valuation difference on shares and participations in corporations held as financial fixed assets	0	0	0
8.	**8) Shares and participating interests in affiliated companies**	**398,672**	**0**	**391,135**
	a) shares and participations in corporations held as financial fixed assets	398,672	0	391,135
	Showing separately: - participating interests in credit institutions	299,729	0	320,270
	b) adjusted value of shares and participations in corporations held as financial fixed assets	0	0	0
	Showing separately: - participating interests in credit institutions	0	0	0
9.	**Intangible assets**	**166,983**	**3**	**174,833**
	a) intangible assets	166,983	3	174,833
	b) adjusted value of intangible assets	0	0	0
10.	**Tangible assets**	**71,036**	**58**	**68,178**
	a) tangible assets for financial and investment services	68,060	58	65,371
	aa) land and buildings	45,074	15	45,947
	ab) machinery, equipment, fittings, fixtures and vehicles	19,518	21	16,846
	ac) tangible assets in course of construction	3,468	22	2,578
	ad) payments on account	0	0	0
	b) tangible assets not directly used for financial and investment services	2,976	0	2,807
	ba) land and buildings	2,696	0	2,524
	bb) machinery, equipment, fittings, fixtures and vehicles	228	0	232
	bc) tangible assets in course of construction	52	0	51
	bd) payments on account	0	0	0
	c) adjusted value of tangible assets	0	0	0
11.	**Own shares**	**53,750**	**0**	**3,773**
12.	**Other assets**	**47,328**	**-80**	**30,133**
	a) stocks	604	0	707
	b) other receivables	46,724	-80	29,426
	Showing separately: - from affiliated companies	14,347	-40	20,278
	- from other companies linked by virtue of participating interests	0	0	0
12/A.	Valuation difference on other receivables	0	0	0
12/B.	Positive valuation difference on derivatives	0	0	0
13.	**Prepayments and accrued income**	**119,168**	**0**	**143,950**
	a) accrued income	118,195	0	143,558
	b) accrued costs and expenses	973	0	392
	c) deferred charges	0	0	0
	Total assets	**5,867,492**	**-162**	**6,565,860**
	Showing separately:			
	- CURRENT ASSETS *(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)*	*1,912,906*	-117	*2,281,873*
	- FIXED ASSETS (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 items]	*3,835,418*	*-45*	*4,140,037*

OTP BANK PLC. 31 December 2009

LIABILITIES

Figures in million HUF

		31 December 2008	Reclassification of 2008	31 December 2009
1.	**Amounts owed to credit institutions**	**705,808**	**0**	**963,760**
	a) repayable on demand	25,903	0	96,689
	b) with agreed maturity dates or periods of notice in connection with financial services	679,662	0	866,942
	ba) with remaining maturity of less than one year	535,420	0	700,516
	Showing separately: - to affiliated companies	142,457	0	418,099
	- to other companies linked by virtue of participating interests	0	0	9,404
	- to the NBH	114,998	0	0
	- to clearing houses	0	0	0
	bb) with remaining maturity of more than one year	144,242	0	166,426
	Showing separately: - to affiliated companies	0	0	0
	- to other companies linked by virtue of participating interests	0	0	0
	- to the NBH	0	0	0
	- to clearing houses	0	0	0
	c) in connection with investment services	243	0	129
	Showing separately: - to affiliated companies	0	0	0
	- to other companies linked by virtue of participating interests	0	0	0
	- to clearing houses	0	0	0
1/A.	Valuation difference on amounts owed to credit institutions	0	0	0
2.	**Amounts owed to customers**	**3,243,056**	**25**	**3,357,638**
	a) savings deposits	214,680	0	183,896
	aa) repayable on demand	123,722	0	111,581
	ab) with remaining maturity of less than one year	90,958	0	72,315
	ac) with remaining maturity of more than one year	0	0	0
	b) other liabilities in connection with financial services	3,027,518	20	3,172,937
	ba) repayable on demand	926,589	20	904,269
	Showing separately: - to affiliated companies	31,157	0	15,143
	- to other companies linked by virtue of participating interests	37	0	79
	bb) with remaining maturity of less than one year	2,079,497	0	2,254,987
	Showing separately: - to affiliated companies	8,444	0	9,898
	- to other companies linked by virtue of participating interests	730	0	725
	bc) with remaining maturity of more than one year	21,432	0	13,681
	Showing separately: - to affiliated companies	0	0	0
	- to other companies linked by virtue of participating interests	0	0	0
	c) in connection with investment services	858	5	805
	Showing separately: - to affiliated companies	0	0	0
	- to other companies linked by virtue of participating interests	0	0	0
	ca) liabilities in connection with investment services on the stock exchange markets	0	0	0
	cb) liabilities in connection with investment services outside the stock exchange markets	0	0	0
	cc) liabilities to customers in connection with investment services	858	5	805
	cd) liabilities to clearing corporations	0	0	0
	ce) liabilities in connection with other investment services	0	0	0
2/A.	Valuation difference on amounts owed to customers	0	0	0
3.	**Debts evidenced by certificates**	**619,185**	**0**	**616,618**
	a) debt securities in issue	603,242	0	604,346
	aa) with remaining maturity of less than one year	256,712	0	445,220
	Showing separately: - to affiliated companies	0	0	0
	- to other companies linked by virtue of participating interests	0	0	0
	ab) with remaining maturity of more than one year	346,530	0	159,126
	Showing separately: - to affiliated companies	0	0	0
	- to other companies linked by virtue of participating interests	0	0	0
	b) other debt securities issued	241	0	239
	ba) with remaining maturity of less than one year	241	0	239
	Showing separately: - to affiliated companies	0	0	0
	- to other companies linked by virtue of participating interests	0	0	0
	bb) with remaining maturity of more than one year	0	0	0
	Showing separately: - to affiliated companies	0	0	0
	- to other companies linked by virtue of participating interests	0	0	0

Figures in million HUF

		31 December 2008	Reclassification of 2008	31 December 2009
	c) debt instruments treated as securities for accounting purposes, which are not	15,702	0	12,033
	recognized as debt securities under the Capital Markets Act	0		
	ca) with remaining maturity of less than one year	8,788	0	6,735
	Showing separately: - to affiliated companies	0	0	0
	- to other companies linked by virtue of participating interests	0	0	0
	cb) with remaining maturity of more than one year	6,914	0	5,298
	Showing separately: - to affiliated companies	0	0	0
	- to other companies linked by virtue of participating interests	0	0	0
4.	**Other liabilities**	**39,246**	**691**	**221,523**
	a) with remaining maturity of less than one year	39,246	691	35,694
	Showing separately: - to affiliated companies	858	14	4,468
	- to other companies linked by virtue of participating interests	171	8	64
	b) with remaining maturity of more than one year	0	0	0
	Showing separately: - to affiliated companies	0	0	185,829
	- to other companies linked by virtue of participating interests	0	0	0
4/A.	Negative valuation difference on derivatives	0	0	0
5.	**Accruals and deferred income**	**141,761**	**-4,044**	**153,654**
	a) deferred income	749	0	4,781
	b) deferred costs and expenses	141,012	-4,044	148,648
	c) deferred income	0	0	225
6.	**Provisions for liabilities and charges**	**86,471**	**0**	**107,514**
	a) provisions for pension and severance pay	1,000	0	1,000
	b) provisions for contingent liabilities and for (future) commitments	26,962	0	55,593
	c) general risk provisions	43,344	0	40,729
	d) other provisions	15,165	0	10,192
7.	**Subordinated liabilities**	**302,878**	**0**	**309,695**
	a) subordinated loan capital	170,488	0	174,275
	Showing separately: - to affiliated companies	0	0	0
	- to other companies linked by virtue of participating interests	0	0	0
	b) other contributions received from members in respect of co-operative credit institutions	0	0	0
	c) other subordinated liabilities	132,390	0	135,420
	Showing separately: - to affiliated companies	0	0	0
	- to other companies linked by virtue of participating interests	0	0	0
8.	**Subscribed capital**	**28,000**	**0**	**28,000**
	Showing separately: - own shares repurchased on nominal value	1,742	0	219
9.	**Subscribed capital called but unpaid (-)**	**0**	**0**	**0**
10.	**Capital reserve**	**52**	**0**	**52**
	a) difference between the par value and the purchase price of shares and securities (premium)	0	0	0
	b) other	52	0	52
11.	**General reserve**	**101,670**	**0**	**111,903**
12.	**Profit reserve (±)**	**495,270**	**0**	**598,133**
13.	**Tied-up reserves**	**55,305**	**0**	**5,274**
14.	**Revaluation reserve**	**0**	**0**	**0**
	a) revaluation reserve on value adjustments	**0**	**0**	**0**
	b) fair value reserve	**0**	**0**	**0**
15.	**Profit or loss for the financial year (±)**	**48,790**	**3,166**	**92,096**
	Total liabilities	**5,867,492**	**-162**	**6,565,860**
	Showing separately:			
	- SHORT-TERM LIABILITIES (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)	4,088,177	716	4,629,179
	- LONG-TERM LIABILITIES (1/bb+2/ac+2/bc+3/ab+3/bb+3/cb+4/b+7)	821,996	0	840,055
	- EQUITY CAPITAL (8-9+10+11+12+13+14+15)	729,087	3,166	835,458

	OFF BALANCE SHEET LIABILITIES	**5,264,349**	**-**	**5,914,336**
1.	**Contingent liabilities**	1,495,081	**-**	2,183,169
2.	**Off balance sheet commitments**	3,769,268	**-**	3,731,167

	OFF BALANCE SHEET ASSETS	**5,568,837**	**-**	**5,773,282**
1.	**Contingent assets**	1,640,168	**-**	1,929,534
2.	**Off balance sheet assets**	3,928,669	**-**	3,843,748

OTP BANK PLC. 31 December 2009

STATEMENTS OF OPERATIONS

Figures in million HUF

		2008	Reclassification of 2008	2009
1.	Interest received and similar income	544,491	-157	717,616
	a) interest received and similar income from fixed-income securities	70,596	-	115,464
	Showing separately: - from affiliated companies	36,923	-	53,899
	- from other companies linked by virtue of participating interests	-	-	-
	b) other interest received and similar income	473,895	-157	602,152
	Showing separately: - from affiliated companies	79,769	-	68,847
	- from other companies linked by virtue of participating interests	846	-	1,084
2.	Interest paid and similar charges	351,130	4	511,086
	Showing separately: - to affiliated companies	22,402	-	34,421
	- to other companies linked by virtue of participating interests	1,139	-	748
	BALANCE (1-2)	**193,361**	**-161**	**206,530**
3.	Income from securities	138,264	-	32,986
	a) income held for trading from shares and participations in corporations (dividends and profit-sharing)	135	-	1
	b) income from participating interests in affiliated companies (dividends and profit-sharing)	137,121	-	32,542
	c) income from other securities (dividends and profit-sharing)	1,008	-	443
4.	Commissions and fees received or due	156,658	-14	160,808
	a) in connection with other financial services	144,904	-9	150,307
	Showing separately: - from affiliated companies	49,747	22	56,405
	- from other companies linked by virtue of participating interests	13	-	19
	b) in connection with investment services (not including trading operations)	11,754	-5	10,501
	Showing separately: - from affiliated companies	7,807	-	5,798
	- from other companies linked by virtue of participating interests	-	-	-
5.	Commissions and fees paid or payable	28,096	13	24,339
	a) in connection with other financial services	27,440	13	23,866
	Showing separately: - to affiliated companies	4,909	10	3,825
	- to other companies linked by virtue of participating interests	1,455	-	1,070
	b) in connection with investment services (not including trading operations)	656	-	473
	Showing separately: - to affiliated companies	22	-	31
	- to other companies linked by virtue of participating interest	9	-	16
6.	Net profit or net loss on financial operations [6.a)-6.b)+6.c)-6.d)]	-112,649	-21	5,709
	a) in connection with other financial services	36,669	-4	41,165
	Showing separately: - from affiliated companies	939	-1	3,819
	- from other companies linked by virtue of participating interests	2,979	-	1,840
	- valuation difference	-	-	-
	b) in connection with other financial services	60,235	29	56,234
	Showing separately: - from affiliated companies	-133,145	25	-15,234
	- from other companies linked by virtue of participating interests	777	-	-1,234
	- valuation difference	-	-	-
	c) in connection with investment services (income from trading operations)	53,040	6	62,076
	Showing separately: - from affiliated companies	7,094	-	5,524
	- 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)	142,123	-6	41,298
	Showing separately: - to affiliated companies	6,682	-	452
	- to other companies linked by virtue of participating interests	-	-	-
	- value adjustments in respect of securities held for trading	-	-	-
	- valuation difference	-	-	-
7.	Other operating income	133,611	-54	144,186
	a) income from operations other than financial and investment services	10,191	-2	9,350
	Showing separately: - from affiliated companies	4,388	-2	2,407
	- from other companies linked by virtue of participating interests	-	-	24
	b) other income	123,420	-52	134,836
	Showing separately: - from affiliated companies	65,977	-40	120,467
	- from other companies linked by virtue of participating interests	-	-	-
	- value readjustments in respect of stocks	-	-	-
8.	General administrative expenses	135,783	-3,827	129,581
	a) staff costs	80,309	-3,904	74,780
	aa) wages and salaries	53,160	-858	47,621
	ab) other employee benefits	8,369	91	7,445
	Showing separately: - social security costs	3,674	-	3,877
	= costs relating to pensions	2,716	-	2,799
	ac) contributions on wages and salaries	18,780	-3,137	19,714
	Showing separately: - social security costs	16,255	-2,872	17,545
	= costs relating to pensions	13,197	-2,382	14,789
	b) other administrative expenses (materials and supplies)	55,474	77	54,801

		2008	Reclassification of 2008	2009
9.	Depreciation	20,448	-39	14,332
10.	Other operating charges	250,892	-435	182,566
	a) charges on operations other than financial and investment services	8,587	-8	7,510
	Showing separately: - to affiliated companies	1,102	-6	1,347
	- to other companies linked by virtue of participating interests	405	-	680
	b) other charges	242,305	-427	175,056
	Showing separately: - to affiliated companies	92,985	-2	667
	- 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	60,024	-	138,237
	a) value adjustments in respect of loans and advances	37,164	-	85,412
	b) risk provisions for contingent liabilities and for (future) commitments	22,860	-	52,825
12.	Value readjustments in respect of loans and advances and risk provisions for contingent liabilities and for (future) commitments	24,182	-	62,839
	a) value readjustments in respect of loans and advances	18,081	-	36,732
	b) risk provisions for contingent liabilities and for (future) commitments	6,101	-	26,107
12/A.	Difference between formation and utilization of general risk provisions	-74	-	2,615
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	4,722	-	10,199
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	7,180	-	2,994
15.	**Profit or loss on ordinary activities**	**40,568**	**4,038**	**119,413**
	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]	38,964	4,032	117,573
	- PROFIT OR LOSS ON OPERATIONS OTHER THAN FINANCIAL AND INVESTMENT SERVICES [7.a)-10.a)]	1,604	6	1,840
16.	Extraordinary income	29,050	-	27,679
17.	Extraordinary charges	12,224	-22	32,966
18.	Extraordinary profit or loss (16-17)	16,826	22	-5,287
19.	**Profit or loss before tax (+15+18)**	**57,394**	**4,060**	**114,126**
20.	Taxes on income	3,183	894	11,797
21.	**Profit or loss after tax (+19-20)**	**54,211**	**3,166**	**102,329**
22.	General reserve (±)	-5,421	-	-10,233
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)**	**48,790**	**3,166**	**92,096**

Mandatory layout of the cash-flow statement

Figures in million HUF

		2008	2009
1.	Interest income	544,491	717,616
2.	+ Income from other financial services (except value adjustments in respect of securities and the positive valuation difference of receivables)	181,097	189,639
3.	+ Other income (except value readjustments in respect of provisions, value adjustments in respect of stocks and readjustments in respect of extraordinary depreciation)	108,200	123,097
4.	+ Income from other investment financial services (except value adjustments in respect of securities and positive valuation difference)	64,794	72,577
5.	+ Income from operations other than financial and investment services	10,191	9,350
6.	+ Dividend income	138,264	32,986
7.	+ Extraordinary income	39	27,663
8.	- Interest charges	-351,130	-511,086
9.	+ Charges on other financial services (except value adjustments in respect of securities and the negative valuation difference of receivables)	-85,565	-77,512
10.	- Other charges (except provisions, value adjustments in respect of stocks, and extraordinary depreciation)	-200,939	-168,760
11.	+ Charges on investment services (except value adjustments in respect of securities and negative valuation difference)	-142,779	-41,771
12.	- Charges on operations other than financial and investment services	-8,587	-7,510
13.	- General administrative expenses	-135,783	-129,581
14.	- Extraordinary charges (not including corporate tax payable for the financial year)	-3,452	-32,868
15.	- Corporate tax payable for the financial year	-3,183	-11,797
16.	- Dividends paid	-57	-539
17.	**Operating cash-flow**	**115,601**	**191,504**
18.	± Variation in liabilities (increase (+), decrease (-))	425,294	558,884
19.	± Variation in receivables (increase (-), decrease (+))	-586,022	14,120
20.	± Variation in stocks (increase (-), decrease (+))	-115	-103
21.	± Variation in securities shown under current assets (increase (-), decrease (+))	36,271	-309,780
22.	± Variation in securities shown under fixed assets (increase (-), decrease (+))	-210,220	-406,500
23.	± Variation in tangible assets in course of construction (including payments on account) (increase (-), decrease (+))	1,216	913
24.	± Variation in intangible assets (increase (-), decrease (+))	48,891	-13,790
25.	± Variation in tangible assets (except tangible assets in course of construction and payments on account) (increase (-), decrease (+))	10,194	-6,903
26.	± Variation in prepayments and accrued income (increase (-), decrease (+))	-10,999	-24,782
27.	± Variation in accruals and deferred income (increase (+), decrease (-))	98,908	15,937
28.	+ Issue of shares at par value	0	0
29.	+ Non-repayable funds received by virtue of legal regulation	0	1,226
30.	- Non-repayable funds transferred by virtue of legal regulation	-1,226	-350
31.	- Nominal value of shares and share certificates withdrawn	0	0
32.	**Net cash-flow**	**-72,207**	**20,376**
	showing separately:		
33.	- variation in cash in hand (HUF and foreign currencies, checks)	20,575	-19,971
34.	- variation in account balances (HUF and foreign currency accounts placed with the NBH, deposit accounts with	-92,782	40,347

PROPOSAL FOR THE DISTRIBUTION OF THE 2009 PROFIT AFTER TAX OF OTP BANK AND FOR DIVIDEND PAYMENT

PROPOSAL FOR THE DISTRIBUTION OF THE 2009 PROFIT AFTER TAX OF OTP BANK AND FOR DIVIDEND PAYMENT

	HUF million
PROFIT BEFORE TAX	114,126
TAX PAYMENT LIABILITY	11,797
PROFIT AFTER TAX	102,329
GENERAL RESERVES	10,233
USE OF ACCUMULATED RETAINED EARNINGS FOR DIVIDENDS OR PARTICIPATION	0
DIVIDEND	0
BALANCE SHEET PROFIT FOR THE FINANCIAL YEAR	92,096

Proposal for resolutions:

The AGM approves the distribution of the after-tax profit of HUF 102,329 million as follows:
the amount of general provisioning should be HUF 10,233 million, no dividends will be paid from the after-tax profit, thus the balance sheet profit for the financial year amounts to HUF 92,096 million.
(The text above is a selected part of the proposal for resolution of the AGM.)

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

IFRS CONSOLIDATED

OTP BANK PLC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009
(in HUF mn)

	Note	2009	2008
Cash, amounts due from banks and balances with the National Banks	4	505,649	530,007
Placements with other banks, net of allowance for placement losses	5	440,851	415,656
Financial assets at fair value through profit or loss	6	256,100	131,288
Securities available-for-sale	7	1,354,285	486,878
Loans, net of allowance for loan losses	8	6,412,716	6,778,701
Associates and other investments	9	18,834	10,467
Securities held-to-maturity	10	188,853	330,158
Property and equipment	11	208,730	200,359
Intangible assets	11	267,628	269,342
Other assets	12	101,486	214,868
TOTAL ASSETS		**9,755,132**	**9,367,724**
Amounts due to banks, the Hungarian Government, deposits from the National Bank of Hungary and other banks	13	802,749	848,730
Deposits from customers	14	5,688,887	5,258,167
Liabilities from issued securities	15	1,410,348	1,565,947
Financial liabilities at fair value through profit or loss	16	118,468	125,487
Other liabilities	17	262,240	200,372
Subordinated bonds and loans	18	280,834	320,050
TOTAL LIABILITIES		**8,563,526**	**8,318,753**
Share capital	19	28,000	28,000
Retained earnings and reserves		1,210,132	1,160,935
Treasury shares	21	(52,678)	(146,749)
Non-controlling interest	22	6,152	6,785
TOTAL SHAREHOLDERS' EQUITY		**1,191,606**	**1,048,971**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**9,755,132**	**9,367,724**

Budapest, 26 February 2010

OTP BANK Nyrt.
elnök-vezérigazgató

Dr. Sándor Csányi
Chairman and Chief Executive Officer

OTP BANK PLC.
CONSOLIDATED STATEMENT OF RECOGNIZED INCOME
FOR THE YEAR ENDED 31 DECEMBER 2009
(in HUF mn)

	Note	2009	2008
Interest Income:			
Loans		780,161	720,650
Placements with other banks		350,742	172,586
Securities available-for-sale		31,373	32,402
Securities held-to-maturity		45,804	26,624
Amounts due from banks and balances with the National Banks		7,514	16,161
Securities held for trading		5,556	7,029
Total Interest Income		*1,221,150*	*975,452*
Interest Expense:			
Amounts due to banks, the Hungarian Government, deposits from the National Bank of Hungary and other banks		244,744	226,809
Deposits from customers		290,516	221,607
Liabilities from issued securities		79,770	72,750
Subordinated bonds and loans		16,340	17,009
Total Interest Expense		*631,370*	*538,175*
NET INTEREST INCOME		**589,780**	**437,277**
Provision for impairment on loan and placement losses	5, 8	249,278	111,449
NET INTEREST INCOME AFTER PROVISION FOR LOAN AND PLACEMENT LOSSES		**340,502**	**325,828**
Incomes from fees and commissions		170,335	181,765
Expenses from fees and commissions		37,422	46,534
NET PROFIT FROM FEES AND COMMISSIONS	23	**132,913**	**135,231**
Foreign exchange (losses) and gains, net		(8,308)	130,527
Gains and (losses) on securities, net		7,458	(1,096)
Gains on real estate transactions		931	1,807
Dividend income		894	2,466
Insurance premiums, net		-	13,254
Gain on sale of insurance business line		-	121,186
Other operating income		66,308	27,801
Other operating expense	24	(29,075)	(36,237)
NET OPERATING INCOME		**38,208**	**259,708**
Personnel expenses		155,517	167,461
Depreciation and amortization	11	45,141	132,201
Other administrative expenses		140,483	146,738
OTHER ADMINISTRATIVE EXPENSES	25	**341,141**	**446,400**
PROFIT BEFORE INCOME TAX		**170,482**	**274,367**
Income tax	26	(20,276)	(33,299)
NET PROFIT FOR THE PERIOD		**150,206**	**241,068**
From this, attributable to:			
Non-controlling interest		**(839)**	**596**
Equity holders		**151,045**	**240,472**
Consolidated earnings per share (in HUF)			
Basic	37	**577**	**938**
Diluted	37	**572**	**935**

OTP BANK PLC.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2009
(in HUF mn)

	2009	*2008*
NET PROFIT FOR THE YEAR (EQUITY HOLDERS)	**151,045**	**240,472**
Fair value adjustment of securities available-for-sale	9,941	(12,475)
Derivative financial instruments designated as Cash-flow hedge	431	788
Hedges of net investment in foreign operations	(1,543)	-
Foreign currency translation difference	(8,213)	(21,978)
NET COMPREHENSIVE INCOME	**151,661**	**206,807**

OTP BANK PLC.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2009
(in HUF mn)

OPERATING ACTIVITIES	Note	2009	2008
Profit before income tax		**170,482**	**274,367**
Income tax paid		(34,273)	(35,475)
Goodwill impairment	11	-	93,592
Depreciation and amortization	11	45,141	38,609
Provision for impairment on loan and placement losses	5,8	249,278	111,449
Net provision for impairment on securities	7,10	8,027	3,403
Provision for impairment on permanent diminution in value of equity investments	9	118	463
Provision for impairment on other assets	12	5,811	7,887
Net provision on off-balance sheet commitments and contingent liabilities	17	4,087	4,731
Net decrease in insurance reserves		-	(183,211)
Share-based payment	2,29	6,802	28
Unrealized gains/(losses) on fair value adjustment of securities held for trading		4,579	(5,010)
Unrealized gains on fair value adjustment of derivative financial instruments		9,891	71,673
Changes in financial assets at fair value through profit or loss		(123,644)	166,562
Decrease/(increase) in other assets before provisions for losses		111,857	(38,596)
Increase/(decrease) in other liabilities		68,414	(66,260)
Net Cash Provided by Operating Activities		**526,570**	**444,212**
INVESTING ACTIVITIES			
Net increase in placement with other banks before allowance for placements losses		(30,013)	(45,076)
Net increase in securities available-for-sale		(856,007)	(32,100)
Net increase in equity investments, before Provision for impairment		(8,485)	(990)
Net cash outflow from acquisition of subsidiaries		-	(4,806)
Net decrease/(increase) in securities held-to-maturity		141,305	(4,572)
Net increase in advances for investments, included in other assets		(1,874)	(246)
Net decrease/(increase) in loans, net of allowance for loan losses		92,396	(1,177,351)
Net additions to property, equipment and intangible assets		(51,798)	(53,126)
Net Cash Used in Investing Activities		**(714,476)**	**(1,318,267)**

OTP BANK PLC.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2009
(in HUF mn)
[continued]

FINANCING ACTIVITIES	Note	2009	2008
Net (decrease)/increase in amounts due to banks, the Hungarian Government, deposits from the National Bank of Hungary and other banks		(45,981)	50,576
Net increase in deposits from customers		430,720	170,441
Net (decrease)/increase in liabilities from issued securities		(156,412)	601,769
(Decrease)/increase in subordinated bonds and loans		(39,216)	18,625
(Decrease)/increase of non-controlling interest		(633)	1,432
Foreign currency translation losses		(8,213)	(21,978)
Payments to ICES holders		(5,223)	(11,202)
Net effect of Treasury share transactions		-	(7,499)
Net change in Treasury shares		44,513	(36,172)
Written put option on ordinary shares		(55,468)	-
Net (increase)/decrease in compulsory reserves at the National Bank of Hungary		(11,035)	192,194
Dividends paid		(539)	(57)
Net cash Provided by Financing Activities		**152,513**	**958,129**
Net decrease in cash and cash equivalents		**(35,393)**	**84,074**
Cash and cash equivalents at the beginning of the period		**278,934**	**194,860**
Cash and cash equivalents at the end of the period		**243,541**	**278,934**

Analysis of cash and cash equivalents

	Note	2009	2008
Cash, amounts due from banks and balances with the National Banks		530,007	638,127
Compulsory reserve established by the National Banks		(251,073)	(443,267)
Cash and cash equivalents at the beginning of the period		**278,934**	**194,860**
Cash, amounts due from banks and balances with the National Banks	4	505,649	530,007
Compulsory reserve established by the National Banks	4	(262,108)	(251,073)
Cash and cash equivalents at the end of the period		**243,541**	**278,934**

OTP BANK PLC.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2009
(in HUF mn)

	Note	Share capital	Capital reserve	Share-based payment reserve	Retained earnings and reserves	Put option reserve	Treasury shares	Non-controlling interest	Total
Balance as at 1 January 2008		**28,000**	**52**	**19,153**	**957,020**	**-**	**(114,001)**	**5,353**	**895,577**
Net comprehensive income		-	-	-	206,807	-	-	-	206,807
Share-based payment	29	-	-	28	-	-	-	-	28
Net effect of Treasury share transactions		-	-	-	(7,499)	-	-	-	(7,499)
Treasury shares									
– loss on sale		-	-	-	(3,424)	-	-	-	(3,424)
– acquisition		-	-	-	-	-	(32,748)	-	(32,748)
Payments to ICES holders	20	-	-	-	(11,202)	-	-	-	(11,202)
Non-controlling interest		-	-	-	-	-	-	1,432	1,432
Balance as at 31 December 2008		**28,000**	**52**	**19,181**	**1,141,702**	**-**	**(146,749)**	**6,785**	**1,048,971**
Net comprehensive income		-	-	-	151,661	-	-	-	151,661
Share-based payment	29	-	-	6,802		-	-	-	6,802
Closed share-based payment		-	-	(19,153)	19,153	-	-	-	-
Sale of Treasury shares		-	-	-	-	-	110,637	-	110,637
Written put option on ordinary shares		-	-	-	-	(55,468)	-	-	(55,468)
Treasury shares									
– loss on sale		-	-	-	(48,575)	-	-	-	(48,575)
– acquisition		-	-	-	-	-	(16,566)	-	(16,566)
Payments to ICES holders	20	-	-	-	(5,223)	-	-	-	(5,223)
Non-controlling interest		-	-	-	-	-	-	(633)	(633)
Balance as at 31 December 2009		**28,000**	**52**	**6,830**	**1,258,718**	**(55,468)**	**(52,678)**	**6,152**	**1,191,606**

REPORT OF THE SUPERVISORY BOARD ON 2009 FINANCIAL REPORTS AND PROPOSAL FOR DISTRIBUTION OF AFTER TAX PROFIT OF THE BANK

THE SUPERVISORY BOARD CONDUCTED ITS ACTIVITIES AND PERFORMED ITS TASKS IN 2009 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 2009, 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 the Bank's interim results,
- 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, and
- 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 2008,
- the business-policy plans of OTP Bank and the Bank Group with respect to the year 2009,
- the necessity of changes to be introduced in the Bank's Bylaws
- the authorisation from the Board of Directors pertaining to the increase in capital,
- the authorisation from the Board of Directors pertaining to the acquisition of own shares,
- report of the Audit Committee on the annual financial statements of 2008 and its proposal for use of the after-tax profit,
- the amendment of the Audit Committee's rules of procedure,
- proposals for amendments to the corporate governance guidelines, made in the interests of ensuring fuller compliance,
- the practice of corporate governance in 2008,
- OTP Bank Plc.'s guiding principles of remuneration,
- amendment of the regulations on personal transactions, conflicts of interest and insider dealing,
- OTP Bank Plc.'s compliance system, the amendment of the Code of Ethics,
- the status of the group-level implementation of the Unified Internal Audit System and the improvement of the system,
- the lessons learnt from customer feedback regarding the Bank's services,

- the conditions of the corporate loan program approved by the Management Committee, development of the portfolio of loans provided to Hungarian enterprises, and fulfilment of the conditions of the cooperation agreement concluded with the Ministry of Finance,
- the development of group-level treasury operations, elimination of the deficiencies revealed by the Internal Audit Department, the group-level treasury strategy and measures related to development,
- in relation to the Supervisory Board's new task resulting from the amendment to its rules of procedure, the content of the annual report on risk management, internal control mechanisms and the operation of corporate governance functions, and
- the business plan for 2010.

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, by giving an opinion on, and approving, the policy on "The internal audit procedures of OTP Bank Plc." that determines the operating conditions of the internal audit organisation (Internal Audit Department), which is supervised directly by the Supervisory Board, and by giving an opinion on, and approving, the directive issued by the Internal Audit Department defining the controlling tasks of the units in the network, as well as through the audits performed by the internal audit organisation.

After giving its preliminary opinion on the **annual audit plan** of the Internal Audit Department, the Supervisory Board approved the plan, which was compiled primarily on the basis of the Bank's major strategic and business policy objectives, the statutory provisions, the resolutions and recommendations of the internal committees and external auditing bodies, and the suggestions of the heads of specialist departments and the companies under its supervision, the risk levels of the various banking activities and organisational units, the results of risk analyses related to earlier audits, the Business Continuity Plan, and other risks arising from changes.

Based on its annual audit schedule for the year 2009 and other extraordinary assignments, the Internal Audit Department carried out **170 audits**, was involved in the work of **2 projects, made 1,182 accepted proposals** in connection with audits, caused **79 employees to be held personally accountable**, and reviewed the **draft versions of 406 internal regulations**.

Pursuant to the Act on Credit Institutions and Financial Enterprises, the Supervisory Board of a credit institution subject to **consolidated supervision** is **obliged to ensure** the appropriate functioning of the internal audit of credit institutions, financial enterprises and investment companies that are under its control

In almost two years of applying the Unified Internal Audit System (EBER) at OTP Bank Plc and the group members under its supervision, advances have been made towards the establishment of an internal audit system with a standardised approach and methodology; the control regime has been strengthened, and information put to more effective use.

In the course of bringing subsidiaries under consolidated supervision, the compulsory applicable EBER regulations and methodology documents were handed over and implemented. The **OTP Group's Internal Audit Quality Assurance and Development Program** (BEMFP) was also handed over, which, in line with international best practice, offers guidance and provides information regarding the standard of control at the affected subsidiaries, the quality of the work of auditors, and the control risks of the given company.

In the context of providing audit-related oversight, the findings of processed audit reports that indicated high risks necessitated the conduct of **out-of-turn** audits, with the **on-site participation** of staff from the Internal Audit Department.

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, the findings of group-level specific-theme audits of key importance from the point of view of achieving the set business policy targets, completion of the tasks undertaken in action plans drawn up by the audited departments, as well as extraordinary events and findings that came to light in the course of internal audit activities and which are also of significance at group level.

As part of the Unified Internal Audit System, in 2009, 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 checking the risk management and collateral evaluation of mortgage-based lending, collection activities, the event-logging of key IT systems, the tools and practice of ex-post control, and procurement processes implemented by the Company within the scope of its own authority, based on a local decision. 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 2008, and
- their audit plan for 2009

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 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 April-May 2009 the State Financial Supervisory Authority (PSZÁF) conducted a group-level targeted audit of limited breadth and scope at OTP Bank Plc and designated subsidiaries. The audit pertained to the risks inherent in the Bank's operation, the standards

of risk management, the degree to which operations are regulated, and the compliance of processes with internal regulations and the statutory provisions.
The Supervisory Authority presented the Bank with requirements and calls for action, and the targeted audit was closed without the application of any supervisory measures.

In 2009 the Hungarian Financial Supervisory Authority conducted additional targeted audits at the Bank, which, beyond the recommendation associated with each report, were closed without the application of any supervisory measures. These audits were the following:

- Checks on compliance with the statutory provisions on the avoidance and prevention of money laundering and the financing of terrorism.
- Based on an individual complaint, an investigation regarding the announcement of multiple reductions in the interest on youth savings deposits.
- A consumer protection audit, the aim of which was to check compliance with the statutory provisions pertaining to the provision of customer information, and to monitor application of the supervisory recommendation issued by the PSZÁF Supervisory Council on the provision of preliminary customer information and consumer protection principles for retail lending.
- An audit to reveal the Company's practices for the unilateral amendment of contracts, and an investigation of the legality of such practices and their compliance with the stipulations of the Act on Credit Institutions.
- An audit to ascertain whether the regulatory capital requirement for loan risks is calculated in compliance with the statutory provisions, and to check the compliance of the related procedures for reporting to the Supervisory Authority.

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 2009 business year, prepared in accordance with Hungarian Accounting Standards (HAS),

*with **a balance sheet total of HUF 6,565 billion 860 million,** and*

the consolidated annual report on the 2009 business year, prepared in accordance with International Financial Reporting Standards,

with **a balance sheet total of HUF 9,755 billion 132 million,** and

the proposal in respect of the distribution of the **after-tax profit under HAS of *HUF 102 billion 329 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 2009.

REPORT OF THE AUDIT COMMITTEE ON 2009 FINANCIAL REPORTS

AND PROPOSAL FOR DISTRIBUTION OF AFTER TAX PROFIT OF THE BANK

IN 2009 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 AMENDED RULES OF PROCEDURE APPROVED BY THE BANK'S SUPERVISORY BOARD.

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

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 unconsolidated report prepared in accordance with the International Financial Reporting Standards (IFRS) in respect of the year 2008,
- the Bank's results – approved by the auditor – prepared in accordance with the Hungarian accounting rules, in respect of the 1st half of 2009,
- the Bank's unconsolidated report prepared in accordance with the International Financial Reporting Standards (IFRS) in respect of the 1st half of 2009, and
- the Bank's results – approved by the auditor – in the 3rd quarter of 2009.

During the year the Audit Committee's rules of procedure were amended, in the course of which – in line with the Supervisory Board's rules of procedure – a new task was also defined for the body. To facilitate performance of this task, the Audit Committee debated and approved elements of the content and form of reports on the operation of risk management, internal control mechanisms and the corporate governance functions. OTP Bank Plc.'s Internal Audit Directorate will submit the report to the Supervisory Board for approval after the Audit Committee has issued a preliminary opinion regarding it.

The Audit Committee continuously monitored

- changes in the size and composition of the qualified portfolio, in the recognition of impairment and in risk provisioning,
- compliance with the indicators set out in the Credit Institutions Act, and
- development of 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 for 2008 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 Hungarian Financial Supervisory Authority.

In 2009 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 recognised 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.

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 2009, prepared in accordance with Hungarian Accounting Standards (HAS),

with **a balance sheet total of HUF 6,565 billion 860 million,** and

the consolidated annual report on the business year 2009, prepared in accordance with International Financing Reporting Standards

with **a balance sheet total of HUF 9,755 billion 132 million,** and

the proposal in respect of the distribution of the **after-tax profit under HAS of HUF 102 billion 329 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 2009.

Reports of the Auditor on the results of the audit of the 2009 financial reports

Free translation of the Hungarian original

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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 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, 2009 - which shows total assets of 6,565,860 mnHUF and a retained profit for the year of 92,096 mnHUF -, 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, 2008 and issued an unqualified opinion. Reference is made to our report dated March 20, 2009.

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, 2009. The Business Report corresponds to the figures included in the financial statements.

Budapest, February 26, 2010

The original Hungarian version has been signed.

Gion Gábor

Deloitte Auditing and Consulting Ltd.
1068 Budapest, Dózsa György út 84/C.

000083

Nagyváradiné Szépfalvi Zsuzsanna

registered statutory auditor
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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 statement of financial position as at December 31, 2009, and the related consolidated statement of recognized and comprehensive income, statement of changes in equity and statement of cash flows 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.

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, 2009, 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, February 26, 2010

Gion Gábor
Deloitte Auditing and Consulting Ltd.
1068 Budapest, Dózsa György út 84/C
000083

Nagyváradiné Szépfalvi Zsuzsanna
registered statutory auditor
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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 fully meet these diverse objectives and expectations, as early as during 2008 we reviewed our corporate governance practices, **proposing new developments** in several areas.

As a result of this, several amendments were also approved in 2009:
Among these changes, the General Meeting approved amendments aimed at expanding the rights of shareholders. These included, for example, the opportunity for documents to be sent electronically at the written request of the shareholder, or the option for shareholders to make decisions regarding proposed amendments to the Bylaws separately, one by one, or collectively, as a whole, depending on the resolution of the shareholders.
The General Meeting also approved the guidelines for remuneration of the Company's senior office-holders, which are drawn up by the Board of Directors and are subject to an opinion by the Supervisory Board.
The Remuneration Committee was established, and the procedures for disclosing information were set forth in the Disclosure Guidelines; the rules of procedure for committees were amended, and the Independence Guidelines, regarding the independence of committee members, were published. These amendments have raised the effectiveness and transparency of corporate practices, thereby further contributing to the growth in shareholder value.

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 (57) 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 Ltd., 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, co-chairman of the National Association of Entrepreneurs and Employers (VOSZ), and a member of the Board of Directors of the Hungarian Banking Association.
As of 31 December 2009 he owned 200,000 ordinary OTP shares (while the total number of OTP shares held by him directly and indirectly was 2,700,000).

Dr. Antal Pongrácz
Deputy Chairman, Deputy CEO
Staff Division
Dr. Antal Pongrácz (64) 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 Staff 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 2009 he held 200,000 ordinary OTP shares.

Dr. László Utassy
Advisor to the Chairman, Executive Director
OTP Bank
Dr. László Utassy (58) 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. He has been an advisor to the chairman and an executive director since 2008.
As of 31 December 2009 he held 250,000 ordinary OTP shares.

Non-executive members:

Mihály Baumstark
Chairman & CEO
Csányi Vinery Ltd.
Mihály Baumstark (61) 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 Board, and since 1999 a non-executive member of its Board of Directors.
As of 31 December 2009 he held 0 ordinary OTP shares.

Dr. Tibor Bíró
Head of Department
Budapest College of Business
Dr. Tibor Bíró (58) 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 2009 he held 40,681 ordinary OTP shares.

Péter Braun
Electrical Engineer
Former Deputy CEO
OTP Bank
Péter Braun (74) 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. Since the second half of 2009 he has been chairman of the Hungarian Chief Information Officers' Association. He has been a member of OTP Bank's Board of Directors since 1997.
As of 31 December 2009 he held 527,905 ordinary OTP shares.

Dr. István Kocsis
CEO
Budapest Public Transport Company
Dr. István Kocsis (58) 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.).
Chairman of the Ányos Jedlik Society, chairman of the Scientific Society For Measurement, Automation and Informatics, member of the national Presidium of the Hungarian Chamber of Commerce and Industry, deputy chairman of the Budapest Technical University Economic Council, member of the Hungarian Space Research Council.
A non-executive member of OTP Bank's Board of Directors since 1997. As of 31 December 2009 he held 81,600 ordinary OTP shares.

Dr. Sándor Pintér
Chairman & CEO
CIVIL Security Service Ltd.
Dr. Sándor Pintér (62) 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 2009 he held 101,350 ordinary OTP shares.

Dr. György Szapáry
Professor
Central European University
Department of Economic Science
Dr. György Szapáry (71) 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 2009 he held no ordinary OTP shares.

Dr. József Vörös
Professor,
Chairman of the Economic Council of the University of Pécs
Dr. József Vörös (59) 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 2009 he held 117,200 ordinary OTP shares.

The Board of Directors meets as many times as necessary, but at least eight times a year.
Meetings of the Board of Directors are convened by the Chairman & CEO by means of a written invitation, in accordance with the prevailing work schedule.
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 2009, and of the attendance at these meetings:

Board of Directors meetings
2009

Date	Present	Absent
23/2	10	1
16/3	11	-
07/4	11	-
24/4	11	-
09/6	10	1
14/9*	9	1
10/11	9	1
18/12	10	-

<u>Note:</u>
In 2009 the Board of Directors met on a total of 8 occasions.
**With effect from 01 August 2009, due to the departure of deputy CEO Dr. László Urbán, the number of the members of the Board of Directors changed from 11 to 10.*

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, measures taken to ensure the appropriate management of the Bank's trading books, establishment of the Remuneration Committee, approval of its rules of procedure, the drawing up of the remuneration guidelines and their submission to the General Meeting for approval.
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-representative member of the Board of Directors are 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 (59) 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 2009 he held no ordinary OTP shares.

Dr. Gábor Horváth
Lawyer
Dr. Gábor Horváth (54) 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 Nyrt. since 1999, and a member of OTP Bank Plc.'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 2009 he held 10,000 ordinary OTP shares.

Jean-Francois Lemoux
Head of International
Groupama SA
Jean-Francois Lemoux (62), 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 committee.
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 2009 he held no ordinary OTP shares.

Kovács Antal
Member of the Supervisory Board, Deputy CEO
Retail Division
Antal Kovács (57) 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 2009 he held 23,000 ordinary OTP shares.

András Michnai
Director
Independent Compliance Department
OTP Bank
András Michnai (55), 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 2009 he held 15,600 ordinary OTP shares.

The Supervisory Board meets on at least *six* occasions each year.
The meetings are convened by the Chairman, and 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 2009, and of the attendance at these meetings:

Supervisory Board Meetings
2009

Date	Present	Absent
27/2	4	-
30/3	5	-
07/4	5	-
24/4	4	-
12/6*	4	2
18/9**	5	-
13/11	4	1
18/12	5	-

Note:
In 2009 the Supervisory Board met on a total of 8 occasions.
**With effect from 24 April 2009 – in keeping with the decision of the General Meeting – the number of Supervisory Board members increased from 5 to 6.*
***With effect from 1 September 2009 – due to the resignation of Supervisory Board member Csaba Nagy – the number of Supervisory Board members changed from 6 to 5.*

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.

Audit Committee

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.

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 **Audit Committee** convenes as many times as necessary, but at least twice a year. Meetings of the Audit Committee are called by the chairman of the committee, indicating the objectives and reasons for the meeting; any member of the committee may also request, in writing, that the chairman call a meeting.
The table below provides a brief overview of the number of Audit Committee meetings held in 2009, and of the attendance at these meetings:

Audit Committee Meetings
2009

Date	Present	Absent
7/4	3	-
18/9	3	-
18/12	3	-

Note:
In 2009 the Audit Committee met on a total of 3 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.*
With effect from 24 April 2009 – in keeping with the decision of the General Meeting – the number of Audit Committee members increased from 3 to 4.
On 1 September 2009 – due to the resignation of Audit Committee member Csaba Nagy – the number of Audit Committee members changed from 4 to 3.

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 (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:

Management Committee
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.

Subsidiary Integration and Direction Committee

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.

Remuneration Committee
The Remuneration Committee is a permanent committee created by the Board of Directors, which assists in elaboration of the principles for the remuneration of the CEO and deputy CEOs (hereinafter: management) and the Board of Directors and the Supervisory Board (hereinafter: senior office-holders), makes recommendations regarding the remuneration system, and monitors it.
The Remuneration Committee exercises its authority as an executive body.

The following additional permanent committees 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, Group-Level Operational Risk Management Committee 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 Nomination Committee has not been established at the Bank.

1.3. **Members of OTP Bank Plc's senior management:**

Dr. Sándor Csányi
Chairman & CEO

Dr. Antal Pongrácz
Deputy Chairman, Deputy CEO
Staff Division

Antal Kovács
Member of the Supervisory Board
Deputy CEO
Retail Division

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

László Bencsik
CFO, Deputy CEO
Strategy and Finance Division
László Bencsik (40) has been deputy CEO of OTP Bank Plc., and head of the Strategy and Finance Division, since August 2009.
He joined OTP Bank in September 2003, when he became managing director of the Bank Operations Management Directorate, and the manager with responsibility for controlling and planning tasks.
From 2000 until he joined OTP Bank he was a project manager at the consulting firm McKinsey & Company Inc.
Between 1996 and 2000 he worked as a consultant at Andersen Consulting (Accenture).
In 1996 he graduated from the Faculty of Business Administration at the Budapest University of Economics, and in 1999 he obtained a Masters in Business Administration (MBA) from the INSEAD Business School in France.
As of 31 December 2009 he held no ordinary OTP shares.

Dr. István Gresa
Deputy CEO
Credit Approval and Risk Management Division
Dr. István Gresa (57) 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 2009 he held 63,758 ordinary OTP shares.

Ákos Takáts
Deputy CEO
IT and Bank Operations Division
Ákos Takáts (50) 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 Plc., 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 2009 he held 153,347 ordinary OTP shares.

László Wolf
Deputy CEO
Commercial Banking Division
László Wolf (50) 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 2009 he held 677,640 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 – in conjunction with the Compliance function – 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 Board, 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 internal audit organisation prepares objective and independent reports for the executive bodies at quarterly and annual intervals. In its quarterly reports it gives an account of the audits conducted in the given quarter, the identified risks and the success of any action taken to eliminate them. The audit organisation reports annually on the performance of the tasks stipulated in the annual audit schedule, the audits conducted and other activities, as well as on any changes to the internal audit system.
The organisation annually prepares, for the Supervisory Board, objective and independent reports 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 approve the designation of the member who also bears personal responsibility for the audit.

Risk management

The basis for effective group-level risk management is the introduction of a standardised, "OTP-compatible" organisational structure as well as regulations and procedures at the subsidiaries concerned. 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 risk management practices, the limits, and compliance with these limits.

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 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. The Bank has established an Operational Risk Management Committee at group level.

The Bank's risk management system encompasses the identification of the risks, assessment of their impact, elaboration of the necessary action plans, and the monitoring of their effectiveness and results. The management make their business decisions in knowledge of all the key risks. All significant risks related to internal and external operations, or to compliance with financial and legal requirements, as well as numerous other risks, are evaluated and managed using a clearly-defined and transparent internal mechanism.

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.

The Board of Directors has assessed the effectiveness of information disclosure processes in 2009, and found them to be satisfactory. Besides this, it has also ordered that a survey of external stakeholders be conducted in the interests of further raising the effectiveness of information disclosure.

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 shareholding as at the time of the shareholder matching procedure is corroborated by the result of the shareholder matching procedure;
- the shareholder causes the shares based on which he or she intends to vote at the General Meeting to be sequestered (deposited) for a period lasting from the day of the shareholder matching procedure until the day after the General Meeting;
- 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.

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 Remuneration

The Bank's General Meeting, in its resolution no. 8/2009, approved the Remuneration Guidelines, which the Company has also published on its website.

In 2009 the Company did not publish a Declaration on Remuneration; 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 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 2009, in accordance with section 3 (4) of Act XXII of 1992 on the Labour Code.

2.) CG 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 senior office-holders 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.
Yes

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.
Yes

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.
Yes

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.
Yes

The Supervisory Board commented on the remuneration guidelines.
Yes

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 Remuneration and presented it to the General Meeting.
No
The Bank’s General Meeting, in its resolution no. 8/2009, approved the Remuneration Guidelines, which the Company has also published on its website.

In 2009 the Company did not publish a Declaration on Remuneration; however, it is currently disclosing a part of the data contained in the recommendation.

The remuneration of the members of the OTP Bank Plc.'s Board of Directors and Supervisory Board is determined in a resolution by the General Meeting in accordance with the provisions of the Companies Act and the Bank's Bylaws, which resolution has been published on the Company’s website. The Bank has also published in a similar manner, on its website, the terms of its share purchase program, which constitutes one of the defining elements of the executive remuneration system, and which was approved in respect of the years 2006-2010 by the Bank's General Meeting in its resolution no. 8/2006.

The components of the remuneration and incentives system for the Chairman & CEO and the heads of division are as follows:

- 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), the Chairman & CEO 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 2009, in accordance with section 3 (4) of Act XXII of 1992 on the Labour Code.

The Declaration on Remuneration contains the remuneration of certain members of the Board of Directors, the Supervisory Board, and the management.
No

See the previous point.

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.
Yes

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.
Yes

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).
Yes

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.

Yes

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.

Yes

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.

Yes

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.

Yes

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

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

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

Yes

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

The Remuneration Committee has reviewed the terms and conditions of contracts that were concluded with the management.
No

A review of the terms of contracts concluded with members of the management does not fall within the remit of the Remuneration Committee.

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

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

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

No

The Company operates a Remuneration Committee; it does not operate a Nomination Committee.
See the comments under point 3.3.1 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

The Company operates a Remuneration Committee; it does not operate a Nomination Committee.
See the comments under point 3.3.1 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.
Yes

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.
Yes

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.
Yes
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. See also: point 2.7.2.

4.1.11 The Company has published in its annual report and on its website a Declaration on Remuneration, 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 2.7.7 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.
Yes

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.
Yes

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.
Yes

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.
Yes

In the annual report the Board of Directors informs shareholders of the results of its study concerning the effectiveness of disclosure processes.
Yes

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

Proposal for resolutions:

The AGM accepts OTP Bank Plc.'s 2009 Report on Corporate Governance.

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, namely the **Board of Directors**.

In 2009 OTP Bank Plc's Supervisory Board, in fulfilment of its duties stipulated in the Companies Act and in the Bylaws of OTP Bank Plc, monitored the activities of the Board of Directors and called upon the management to submit regular reports. The Chairman or Deputy Chairman of the Supervisory Board 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 2009 it presented a report on the Bank's activities and results in 2008, and provided information about the business policy plans of the Bank Group for 2009.

The Bank's Board of Directors continuously monitored:

- the statements contained in the reports of the management,
- development of the Bank's results, based on the quarterly interim reports,
- 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,
- placements exceeding HUF 300 million and their positions,
- current and likely future impacts of the deteriorating economic environment on the Bank Group, and opportunities for mitigating the related risks,
- the effects of exchange-rate on business policy and business operations,
- the movements in the Bank's share price, and the impacts of such movements,
- 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; and

The Board of Directors discussed

- the documents and reports presented to the Annual General Meeting,
- the Bank's reports and auditor's reports for 2008,
- OTP Bank Plc.'s business report for 2008,
- the Corporate Governance Report (2008) and
- the report on fulfilment of the 2008 share option program,
- the modification of OTP Bank Plc.'s Bylaws,
- the Bank Group's annual audit report for 2008,
- the amendment to the terms of the Profit Sharing Program for the business years 2007-2010, and
- the OTP Group's operational risk management operations in the past year and a half,

- proposals regarding the OTP Bank Group's business policy in the year 2009,
- OTP Bank Plc.'s Lending Policy in 2009,
- the 2010 business plan of OTP Bank Plc. and the Bank Group, and
- OTP Bank Plc.'s proposal regarding compliance activities in 2008, the annual program of compliance activities in 2009,
- the 2009 audit schedule for the Bank Group,
- the briefings on the security situation of OTP Bank Plc. and the foreign subsidiary banks, and
- the findings of their customer complaint management operations,
- every quarter, the consolidated and group-member controlling reports and
- reports on the Bank Group's liquidity situation,
- proposals regarding development of the portfolio of loans provided to Hungarian enterprises and fulfilment of the conditions set out in the cooperation agreement concluded with the Ministry of Finance; and
- the amendment to the Bank Group Governance Regulations.

The Board of Directors regularly made decisions regarding

- raising and lowering the capital of certain subsidiaries and companies within its scope of interest, the acquisition of companies, and the sale of shares in companies,
- the modification of counterparty limits,
- approvals for transaction values above HUF 3 billion,
- 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 has, as prescribed by the provisions of the Act on Credit Institutions and Financial Enterprises and the accounting laws, and in accordance with them, drafted, and prepared for submission to the General Meeting, the Bank's annual report and 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 met the targets of the 2009 business plan. Overall, the OTP Group successfully overcame the challenges of the financial and lending crisis, which began in 2008 before taking on global proportions, and the group has achieved the objectives previously set by management. Due to the fact that its operating result remained stable at annual level, specifically owing to the high interest revenues and the continuous and effective imposition of cost controls, and despite the significant increase in the cost of risk, the Company closed every quarter with a positive result. 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 excellent even by international standards.

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

Proposal for resolutions:

The AGM accepts the proposal for modification of the rules of procedure of the Supervisory Board pursuant to the proposal, in keeping with the annex of the General Meeting's minutes.

REPORT OF THE BOARD OF DIRECTORS ON THE BANK'S BUSINESS POLICY FOR 2010

SUMMARY

Expected macroeconomic trends in Hungary in 2010

Following a 6.3% decline in the economy in 2009, this year still only promises sluggish growth. At the same time, with Hungary's budget balance improving while public finance deficits and national debts in several EU member countries are growing, the country's relative position has significantly improved.

In 2010 we believe a situation close to stagnation is likely in respect of real GDP, or in concrete numerical terms we expect to see a further 0.2% decline in GDP. As a part of this, household consumption may shrink by 2.9% and investments by 2.5%, while the contribution to growth of exports will remain positive.

Thanks to budgetary adjustments carried out during the year, the deficit in public finances was 3.9% of GDP in 2009, only very slightly worse than the figure of 3.8% in 2008. The budget deficit in 2010, based on ongoing processes in the real economy, is expected to increase to 4.6%; however, due to individual decisions to be made in connection with the assumption of debts at quasi-fiscal companies (MÁV, BKV), the budget deficit may exceed as much as 6%.

Inflation may fall steeply in the second half of the year, due to the fact that the VAT and excise duty hike of last July has been excluded from the base. By the end of the year the extent of price increases may drop to close to the central bank's inflation target figure, and to below it in the time horizon important from the point of view of monetary policy – that is, in the second half of 2011. The central bank's benchmark interest rate is expected to fall to a level of around 5.00%-5.25%. We believe that an exchange rate of around HUF 270-275 to the euro represents the "comfort zone" for monetary decision-makers, and so we expect the forint to return to this band by year's end.

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

In terms of both deposits and loans, we expect a moderately positive development in 2010, since we see total household loans remaining essentially unchanged while demand for credit in the corporate sector increases. As a result of the declining interest differential and regulations on foreign currency loans, credit demand may shift further towards forint loans.

Expected economic and financial environment in the countries of the foreign subsidiary banks in 2010

In countries of our subsidiaries where a system of fixed or quasi-fixed interest rates is in place, the effects of the crisis manifested themselves more slowly, though in these countries we also expect the recovery to be slower. The sole exception is Slovakia, where our outlook for GDP growth is more positive. Thanks to significant fiscal reserves, a flexible exchange rate regime and the steep rise in oil prices that has occurred again in the intervening period, the situation in Russia may prove to be the most favourable in 2010 among the countries of the OTP subsidiaries.

The expansion of loans and deposits will remain modest in the majority of the countries. We expect to see a relatively more rapid rate of growth only in Russia and Romania.

Business policy objectives of the OTP Bank Group in 2010

The OTP Bank Group came out of the global economic crisis of 2008-2009 with a substantial capital surplus and a high liquidity reserve.

Similarly to previous years, the Bank Group will continue its efforts in 2010 to raise the standard of its services and adapt its value propositions to the changing needs of customers. In the context of expected low market growth, improving the efficiency of bank operation processes is an important priority, as is reducing costs. The Bank Group will strive to preserve its capacity for growth and to selectively exploit the market opportunities arising in certain component markets of its operation in the period following the crisis. In addition, the Bank Group will maintain the capital adequacy ratio that guarantees its stable operation, while ensuring a safe level of liquidity reserves appropriate for the changed environment.

The Bank Group will continue to focus on supporting its customers' endeavours in pulling through the period of economic crisis with as few losses as possible.

Financial objectives of the OTP Bank Group in 2010

The cost of risk may affect the extent of profits earned in 2010 in respect of a relatively broad band. For this reason, it would not be professionally responsible to publish specific after-tax profit targets.

The expectations for the business performance of the OTP Group are:

- Growth in the consolidated loan portfolio: ~5%
- Growth in the consolidated deposit portfolio: <5%
- With regard to revenues, we do not expect any one-off items, and a significant decline in the base rate will put pressure on margins
- Continuation of strict cost management

Business policy tasks of the OTP Bank Group in 2010

Of the tasks in Hungary in 2010, the main priorities are to improve operating efficiency and to manage the portfolio of overdue loans through a continuation of the debtor protection programme. Beyond these tasks, highly important initiatives are also being pursued in relation to retail mortgage lending, investment consulting and corporate lending.

In respect of the foreign subsidiaries in 2010, as in Hungary, the priority will be to carry on with the cost reductions and the debtor protection programmes commenced last year. In Russia, key tasks will also include the transformation of retail mortgage lending and of the branch operating model, and in Ukraine, the management of collaterals and the development of the IT system.

EXPECTED TRENDS IN THE OPERATING ENVIRONMENT OF THE OTP BANK GROUP

Economic activity in Hungary is expected to decrease further in 2010 – by 0.2%, according to our forecasts. Weak growth will nevertheless keep inflation in check, and thus by the end of the year the rate of price growth may fall to close to 3%. The base rate is expected to fall to 5.00-5.25%, though in the event of a favourable international environment a benchmark rate of lower than this is conceivable.

EXPECTED MACROECONOMIC AND FINANCIAL MARKET TRENDS IN HUNGARY IN 2010

Expected trends in the macroeconomic environment in 2010

The Hungarian economy in 2010 will be characterized by two contrasting trends: while export-oriented sectors will find their feet sooner thanks to renewed growth in the global economy, the performance of sectors that depend on domestic demand will be slower to return to a path of growth.

We calculate that the decline in the employment level reached its low in the fourth quarter of 2009, although growth can only be expected from the second half of this year. At the same time, we are reckoning on a further drop in real wages in the course of 2010. Due to the unfavourable development of incomes and only slowly increasing lending by banks, we are counting on a further decline in household consumption this year. As a result of uncertain profitability and the continued low utilization of manufacturing capacity, companies will remain restrained in their investment activity.

Due to falling domestic demand, Hungary's GDP-proportionate current account deficit has disappeared, and the current account and the financing position of the domestic economy may be expected to remain close to equilibrium in the coming years.

While the government successfully achieved its 2009 deficit targets, there are numerous risks taking shape in 2010 in relation to the attainability of the government's deficit objectives. According to our present forecast, the ESA 95 budget deficit may reach 4.6% of GDP if fiscal policy remains unchanged (compared to last year's 3.9%), which in itself would significantly exceed the 3.8% agreed with the IMF and the EU. However, this may yet be significantly increased to over 6% of GDP due to the consolidation of state-owned companies, a move which is unavoidable due to previous underfinancing and which, unfortunately, can be described as a habitual occurrence in election years. For this reason, the most important question is whether the new government will succeed in securing international organizations' approval of a higher deficit target. Although we believe there is a realistic prospect of this happening, the IMF and EU will undoubtedly make it conditional on the carrying out of structural reforms and a prospective further reduction of the deficit.

Monetary environment in 2010

According to expectations, the scope of companies to increase prices will remain limited as a consequence of the strong economic decline, greatly helping the central bank to achieve its inflation target. The significant strengthening of the forint exchange rate in recent months also supports disinflationary processes. The central bank's only cause for concern is the substantially rising prices being witnessed on the raw materials markets.

As a result of favourable inflationary processes, the central bank may continue the cycle of interest rate reductions. We maintain our opinion that in 2010 the forint will fluctuate at around HUF 270-275 to the euro, in the vicinity of its current market exchange rate. On the one hand, this level is favourable for the central bank in that it endangers neither inflation targets nor the goal of financial stability. And on the other hand, it is also favourable from the point of view of the real economy because a significantly stronger exchange rate would damage the country's competitiveness, while a significantly weaker one would generate recessionary effects by increasing the burden of repayments on those taking out foreign currency loans and sharply reducing the range of loans on offer from banks.

Key economic indicators	Fact			Forecast	
	2007	2008	2009E	2010	2011
Nominal GDP (at current prices, bn HUF)	25,408	26,543	**26,095**	**26,574**	**27,756**
Real GDP change	1.0%	0.6%	**-6.3%**	**-0.2%**	**2.1%**
Household final consumption	-1.6%	-0.6%	**-6.7%**	**-2.5%**	**1.3%**
Household consumption expenditure	0.3%	-0.5%	**-7.6%**	**-2.9%**	**1.3%**
Collective consumption	-4.3%	-0.3%	**1.0%**	**1.7%**	**1.0%**
Gross fixed capital formation	1.6%	0.4%	**-6.5%**	**-2.5%**	**2.8%**
Exports	16.2%	5.6%	**-9.1%**	**7.8%**	**4.3%**
Imports	13.3%	5.7%	**-15.4%**	**6.6%**	**3.6%**

Key economic indicators	Fact 2007	2008	2009E	Forecast 2010	2011
General goverment balance (ESA'95 based, HUF bn)	-1,264	-1,072	**-1,018**	**-1,231**	**-1,193**
in percent of GDP	-5.0%	-4.0%	**-3.9%**	**-4.6%**	**-4.3%**
Current account (EUR bn)*	-6.9	-7.6	**0.6**	**-0.6**	**-0.6**
in percent of GDP	-6.8%	-7.2%	**0.6%**	**-0.6%**	**-0.6%**
Gross nominal wages**	6.6%	7.0%	**0.8%**	**1.7%**	**4.2%**
Gross real wages	-1.2%	0.9%	**-3.2%**	**-2.4%**	**1.8%**
Gross disposable income***	2.6%	5.7%	**-1.2%**	**0.5%**	**4.0%**
Gross real disposable income	-4.9%	-0.3%	**-5.2%**	**-3.6%**	**1.6%**
Employment (annual change)	-0.2%	-1.1%	**-2.5%**	**-1.2%**	**0.5%**
Unemployment rate (annual average)	7.4%	7.8%	**10.0%**	**11.0%**	**10.6%**
Inflation (annual average)	8.0%	6.0%	**4.2%**	**4.2%**	**2.4%**
Inflation (dec/dec)	7.4%	3.5%	**5.6%**	**2.9%**	**2.2%**
Base rate (end of year)	7.50%	10.00%	**6.25%**	**5.25%**	**5.25%**
1Y Treasury Bill (average)	7.4%	9.0%	**8.6%**	**5.7%**	**5.8%**
Real interest rate (average, ex post)	-0.5%	2.8%	**4.2%**	**1.4%**	**3.3%**
EUR/HUF exchange rate (average)	251.3	251.5	**280.6**	**272.7**	**272.5**
EUR/HUF exchange rate (end of year)	253.4	264.8	**270.8**	**275.0**	**270.0**

Sources: CSO, NBH, OTP Bank

*: *Current account balance (without net errors and omissions)*
**: *Wages and bonuses have been adjusted for whitening and seasonal effects for the private sector; for the government we used accrual basis data*
***: *Disposable income is calculated from the financial and capital accounts*

Main trends expected in the financial markets in 2010

As a consequence of increasingly unfavourable borrowing conditions and cautiously moderate home investment and consumption due to the crisis, households' net financing capacity as a proportion of GDP increased to 3.1% in 2009, compared to the previous year's 1.2%. Net borrowing decreased from 5% in 2008 to -0.3%, while the rate of savings declined from 6.2% to 2.8%.

The increase in the net rate of savings is expected to continue in 2010 due to further declining household consumption and investments, and may reach 3.7% of GDP. However, this will be accompanied by slightly positive net borrowing reaching 0.8% of GDP, as well as a 4.5% savings rate. Even so, these values still fall well short of what we would regard as equilibrium. Our long-term forecast is for a net savings rate of around 2.5-3% of GDP, net borrowing of around 3.5-4%, and a gross savings rate of 6-7%.

FORECAST ECONOMIC AND FINANCIAL ENVIRONMENT IN THE COUNTRIES OF THE FOREIGN SUBSIDIARIES IN 2010

Russia

Russia's GDP decreased by 7.9% in 2009. The deteriorating balance of trade arising as a consequence of the significant decline in hydrocarbon prices, combined with a strict monetary policy aimed at maintaining a quasi-fixed exchange rate regime, have resulted in a deeper recession than was earlier forecast. All components of GDP have declined. Increasing unemployment and slightly falling real wages have combined to result in an 8.5% decline in household consumption. Low capacity utilization, weak demand and the exhaustion of bank financing have led to a 15.5% fall in investments.

Russian public finances followed an anticyclical economic policy last year (when the deficit was 6% of GDP), by spending the fiscal reserves accumulated from budget surpluses in the period before 2009. The recession eased in the last quarter to -2%, thanks to both government spending and rapidly increasing hydrocarbon prices.

Russia may prove to be one of the most dynamically growing countries in the region in 2010, with its GDP potentially expanding by 3.5% this year. The slightly strengthening ruble may help bring inflation down from last year's 11.7% to 8%, while the budget balance may continue to show a deficit, similarly supporting growth.

Net outstanding lending by the banking system, following a 1% decline last year, may approach 3% of GDP in 2010, which even so, falls significantly short of the double-digit values experienced in earlier periods. The placing of new deposits by economic organizations may exceed 5% of GDP. As a consequence of low penetration in the banking system, the growth in the volume of bank products sold may reach 10-20%.

Ukraine

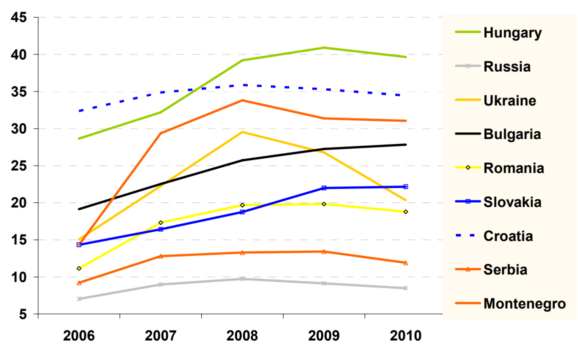
The Ukrainian economy shrank by 15.2% in 2009, which represents one of the deepest recessions among the countries of the region. The 60% weakening in the exchange rate at the end of 2008 exercised its negative effects on growth on the balance sheets of the mainly foreign currency-indebted private sector, while the 50% decline in the price of steel, the country's main export product, eroded corporate and household incomes alike, resulting in a decline in domestic consumption in excess of 20%.

The Ukrainian recession was eased by the total resources of USD 10.6 billion provided by the International Monetary Fund (used partly to finance the deficit, and partly for foreign-exchange-market intervention). It was also helped by the net positive influx of operating capital, as well as by the fact that a far greater proportion of the foreign resources of commercial banks (mainly banks with a foreign parent bank) was renewed than at the time of earlier crises in the balance of payments (e.g. the Asian crisis of 1997).

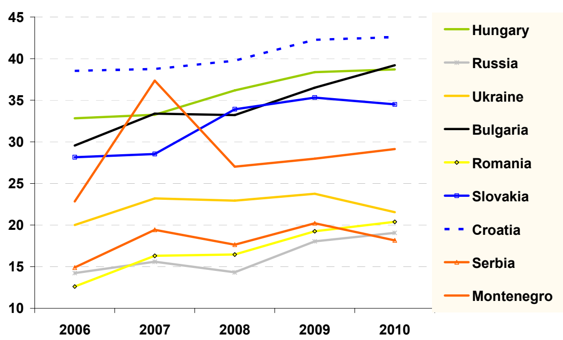
The cooperation with the IMF was not without its problems. Due to the extremely deep recession, the budget deficit exceeded the value envisaged in the programme (the actual figure being 11.5% of GDP), which the Ukrainian authorities did not reduce due to the political situation in the run-up to presidential elections in January 2010. After the IMF withdrew the fourth credit instalment in November, the budget deficit was financed directly by the national bank. Once the new Ukrainian government has been formed in March, acceptance of the 2010 budget and renegotiation of the terms of cooperation with the IMF may take place.

GDP may be expected to expand by 2.5% in 2010. The real exchange rate is weak following the devaluation of the hryvnia, and this may trigger a revival in international demand and subsequent economic growth in Ukraine. Signs of growth are already apparent in industrial production. Exports may grow by 4% in 2010, which is to say that the cost-competitiveness of export products has considerably improved. Net utilization of foreign resources in the banking system, following the double-digit values of preceding years, slipped into the negative in 2009, and this may be followed by a further net outflow of resources in 2010.

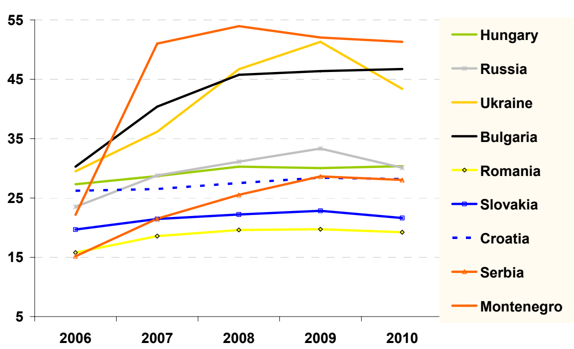
Household's banking loans as a % of GDP



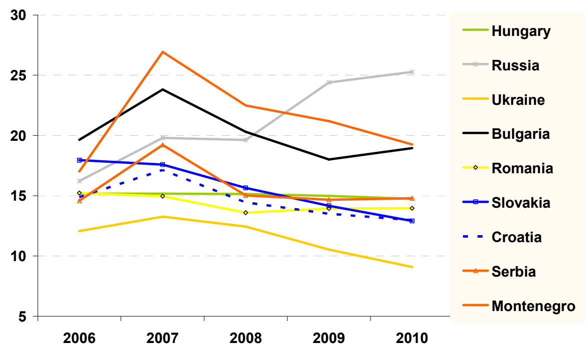
Household's banking deposits as a % of GDP



Corporate banking loans as a % of GDP



Corporate banking deposits as a % of GDP



Bulgaria

Bulgaria saw a 5% drop in GDP in 2009, which represents an average decline in regional comparison.

The country's economic performance may yet stagnate or slightly decline in 2010. Due to the fixed exchange rate regime, exports may expand by only 4.5% (after declining by 9.8% in 2009), still relatively low by regional standards. Domestic demand, meanwhile, will be held back by continued modest lending, rising unemployment and tight fiscal policy, and for this reason we expect an additional 1% drop in household consumption (after the 6.2% decline in 2009), while investments can be expected to fall 3% (having dropped by 27% in 2009).

The structure of the Bulgarian economy is also preventing growth from gathering pace again, as in the coming years the tourism, construction and finance sectors, which earlier drove development, may make only a significantly smaller contribution than before the crisis.

The sustainability of the currency board in Bulgaria is not in question, as guaranteed by the low level of national debt, high and growing level of foreign currency reserves, and strict fiscal policy: Bulgaria's budget deficit as a proportion of GDP was 0.8% last year as reported on a cash basis, while the ESA 95 deficit was less than 2%, the lowest rate in the European Union.

In the present circumstances, the fixed exchange rate regime has a powerful disinflationary effect, and thus average inflation, after the 2.8% rate seen in 2009, is expected to be 1.5% in 2010.

Due to the halting of capital flows, the current account deficit shrank from 25% in 2008 to 8.6% last year, and may be no more than 7% in 2010, which will be financed by operating capital and the positive balance of transfers with the European Union.

The Bulgarian banking system significantly restrained its lending activity last year, and no substantial change is expected in this respect in 2010 either. Growth in total household loans may slow to 3.5%, compared to figures of 7% in 2009 and 33% in 2008, while growth in lending to non-financial companies may stagnate at the 2.2% level seen in 2009. The slowdown in penetration of the financial intermediary system will make its effects felt on the deposit side as well, as household deposits may see an expansion of only 9% compared to last year's growth of 11%. In the case of non-financial companies, however, we expect a 6.8% growth on the deposit side, compared to the sharp decline of 10.5% seen last year.

Romania

As a consequence of overheating in the preceding years and the high budget deficit even prior to the crisis, the recession was deep in 2009 even by regional comparison (at -7.1%), and Romania was forced to seek the help of the IMF in financing its budget.

In 2010, however, the Romanian economy may be expected to grow by 0.7%, as the package of measures introduced by the old government, and the new government formed to manage the crisis following the presidential election, creates the budgetary stability needed to achieve growth. In addition, Romanian industry and exports are less sensitive to cycles, while the low base due to the sharp decline in domestic demand in 2009 will also support growth.

Despite restrained domestic demand, inflation will reach 3.7% in 2010 (compared to 4.5% in 2009), primarily due to the inflationary effects of the devaluated exchange rate.

The rate of growth in household loans within the financial intermediation system in 2010 may accelerate slightly (from last year's 1% to 2.1%), driven by the 13% growth in mortgage loans attributable to state subsidies, while we expect the volume of consumer loans to decline further (-1.4%). A livelier dynamic is likely in the case of corporate loans, with growth set to reach 5%. Although the growth in retail deposits is expected to slow, it will remain in double figures (at 14%, compared to 17% in 2009), while in the case of companies, an 8% expansion in deposits is likely (compared to 2.8% in 2009).

Other foreign subsidiaries

The Slovak economy performed surprisingly well during the crisis, despite the fact that sectors highly sensitive to changes in economic conditions carry such significant weight. This was attributable to the revival of the international economy from the second half of the year, net loan placements that remained in positive territory during the course of 2009, and the relaxation of fiscal policy. At the same time, because the national debt levels remain low, the soaring of the deficit over the course of 2009 has not forced the Slovak government to carry out any significant corrections, and the deficit can be expected to fall considerably as the the economy returns to growth.

In Croatia the effects of the crisis appeared later as the exchange rate of the kuna, thanks to significant foreign currency reserves, essentially remained stable even through the toughest stage of the crisis. However, as a consequence of the government's strict fiscal policy, the Croatian economy has not yet been able to profit from the more favourable external environment. In return, the national debt remained low, while even last year the deficit only slightly exceeded the level specified in the Maastricht criteria. Consequently, Croatia will not need to face a painful fiscal adjustment process in the coming years, and this may provide the foundation for good economic performance in the period to come.

Compared to other economies in the the region, the Serbian economy weathered the most difficult period of the crisis well, and a slightly positive change in GDP of around 1% is expected in 2010. Besides stimulating the economy, the IMF loan guarantees that the budget deficit will be maintained within reasonable limits. Inflation can be expected to decline further (to around 6%), while in the banking markets it is in the corporate sector that we expect to see the highest rate of growth in deposits and loans.

Of the countries where our subsidiaries are present, Montenegro has perhaps been one of the greatest losers in the crisis. The monocultural economy – even despite a better than expected tourist season – shrank by 7-8%, and a further decline of 2.5% is expected this year. A potential agreement with the IMF might help the country; however, a rapid recovery is unlikely without a renewed influx of operating capital. On the banking markets, a decline in loan and deposit volumes may be expected.

BUSINESS POLICY OBJECTIVES OF THE OTP BANK GROUP FOR 2010

BUSINESS POLICY OBJECTIVES OF THE OTP BANK GROUP IN HUNGARY FOR 2010

After the low point in the economic and financial crisis that was the year 2009, we expect to see a stabilizing macroeconomic environment in 2010, with single-digit growth in loan and deposit volumes and declining revenue margins. However, the effects of the upsurge following the crisis will be very modest indeed in 2010, and thus the Bank Group's two main priorities this year will be to improve the efficiency of operations and to manage the overdue loan portfolio emerging in the wake of the crisis. Moreover, in tandem with strict cost control, another important objective will be to maintain or further improve the standard of our services.

When handling overdue loans, our Bank's continued objective will be to return as great a proportion as possible of late-paying customers to a normal repayment schedule, which it will ensure within the flexible framework of debtor protection programmes introduced in several stages. The temporary reduction of loan repayment instalments, and the deferment or rescheduling of repayment of the loan principal, has already helped a great many customers through the temporary difficulties caused by the crisis.

In circumstances of slow market growth, our aim is to preserve and strengthen the market-leading role of OTP Bank. With regard to the key anchor products of mortgage loans and income-transfer current accounts, new products, competitive pricing and the improvement of customer service levels tend to contribute the most to customer satisfaction.

In relation to home and mortgage loans, the aim is to increase the market share of total disbursements, but since repayments are equal to amounts disbursed, we expect volumes to stagnate. We expect both loan applications and disbursements to pick up from the second half of the year. Through the optimization of mortgage lending processes, the shortening of lead times and adaptation to the new regulatory environment, our Bank is ready to play its part in renewed growth in the event of a revival in the housing market.

In the area of retail savings, maintenance of the Bank's market share is a priority objective, while in 2010, rather than deposits, we expect to see relatively dynamic growth in investment funds and securities. With the stabilization of the yield environment and less of a "hunger for funding" on the part of banks, we expect interest rates on fixed deposits to approach the central bank's benchmark rate, which, coupled with the latter's sustained low level, will favour alternative forms of investment. Besides the OTPdirekt Bróker service introduced in the field of securities, our efforts to enhance the level of expertise of our customer relationship and advisory staff in the areas of investment consulting and wealth planning are aimed at improving the level of satisfaction of our retail customers.

In the aftermath of the crisis, OTP Bank, as a financial institution headquartered in Hungary, wishes to pay special attention to serving the micro and small enterprise sector that plays such a key role in terms of domestic economic growth and employment levels. In March 2010, OTP Bank's outstandingly stable position with regard to capital and resources enabled it to fully repay the loan of over HUF 400 billion (approx. EUR 1.4 billion) that it had received from the Hungarian state one year previously, and to finance the needs of its domestic corporate customers from its own liquidity.

While the total volume of corporate loans fell by around HUF 900 billion in Hungary in 2009, OTP Bank's portfolio of such loans increased by around HUF 35 billion, as the Bank disbursed a total of HUF 248 billion in loans to companies in the micro and small enterprise (MSE) and medium and large enterprise (MLE) sectors. OTP Bank plans to continue its intensive financing of Hungarian enterprises in 2010.

With this goal in mind, introducing improvements to the 2009 projects aimed at renewing the value proposition to MSE and MLE customers will be an important task in 2010. We aim to serve micro and small enterprises within the framework of a new service model, through dedicated customer relationship staff, which will improve the standard of service by strengthening advisory functions. We expect this system, to be introduced nationwide in 2010 in the context of renewed economic growth, to primarily result in an upsurge in lending activity and a 15% increase in the MSE loan portfolio.

In the large corporate segment, the goal in terms of improving the process of lending to enterprises is to significantly reduce response times. The reform of processes related to this segment will result in a reduced need for non-automated work, improved training and better supply of information to those handling the customer relationship, and less time required by the Bank to make its decisions. For this reason, and due to the growth in the demand for corporate loans, we expect an increase in the volume of loans to medium and large enterprises in 2010. In the first half of the year we mainly envisage working capital loans to aid export financing, while anticipating an increase in investment loans towards the end of the year.

BUSINESS POLICY OBJECTIVES IN THE COUNTRIES OF FOREIGN SUBSIDIARIES IN 2010

Russia

For OAO OTP Bank in Russia, the most important tasks in 2010 are to increase consumer lending and enhance the efficiency of the branch network. With these goals in mind, the bank will grow its consumer-goods financing business, develop the operational background to credit card cross-selling, and expand its team engaged in collection activity.

A separate project is concerned with the development of the branch sales model and the implementation of a system for measuring the efficiency of the branch network. One of the important priorities of the regional centres that are to be set up will be to enhance the sales performance of the Corporate Business.

The two defining elements of the cost rationalization measures to be carried out in 2010 are headcount optimization and the reduction of building-rental costs. The full integration of DNB Bank is also expected to be completed in the course of the year.

Ukraine

In Ukraine, the handling of retail and corporate customers struggling with payment difficulties remains an especially important priority for OTP Bank JSC, as does the carrying out of the latest phase of the loan protection programme. The enforcement of collaterals, and their management over longer periods, is expected to become necessary in an increasing number of cases.

The bank's efforts to reduce costs – as at the Russian subsidiary bank – will be focused in 2010 on adjusting the branch network and central office headcount to demand and renegotiating branch rental contracts.

In preparation for the renewed upsurge in the market, the bank intends to improve the standard of customer services and to preserve its capacity to flexibly adapt to growth in demand. For this reason, plans also include the forging of new customer relationships (with regard to transactional and current account products and electronic banking), as well as further development of the range of services and improvement of the efficiency of operational and branch processes. Development of the IT operating platform for bank operations is also part of the planned set of tasks for 2010.

Bulgaria

In Bulgaria, the main objective at DSK Bank is to maintain profitability and market share. On the lending side, the focus will be on campaign-supported sales of home loans. On the savings market, preservation of market share is the key task both in the case of deposit products and investment funds. Continuation and enhancement of the debtor protection programme, as well as improvements to the efficiency of monitoring and debt recovery activity in order to prevent increased lending risks, continue to receive great emphasis among the tasks to be carried out.

Other foreign subsidiaries

At the smaller foreign subsidiaries, the focus is on cost and process rationalization, loan protection programmes and enhancement of collection activity, the accumulation and preservation of deposits, and further improvements in sales efficiency. Further important tasks include:

- In Romania, the expansion of the customer base that uses investment products, as well as the introduction of chip cards;
- In Croatia, the planned expansion of consumer loans (primarily personal loans) and corporate loans (with state subsidies), increased sales of investment products, and further development of risk management activity;
- In Slovakia, an ongoing project to enhance the efficiency of branch sales;
- In Serbia, priority given to the handling and collection of overdue loans, as well as the development of new products; in addition, a substantial rationalization of costs and the development of sales support also feature prominently in plans;
- In Montenegro, the planned restructuring of the corporate portfolio and developments in the management of collateral.

MODIFICATION OF THE RULES OF PROCEDURE OF THE SUPERVISORY BOARD

Note: *<u>Modifications made to the text are in italics and underlined</u>*,
the deleted text is marked with ~~strikethrough~~.

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) prior to submission to the Board of Directors, it exercises its right of preliminary agreement in relation to the Bank's Business Policy for the current year. It shall exercise this entitlement in relation to issues which are covered by the „ Co-operation Agreement" signed with the Minister of Finance on 25 March, 2009,~~

~~e) continuous monitoring of loans disbursed to companies based in Hungary; the Board of Directors, as well as the Chairman and Chief Executive Officer shall report to the Supervisory Board on a quarterly base on the development of the loan volumes disbursed to Hungary-based companies, in order to monitor the fulfilment of the "Co-operation Agreement" signed with the Minister of Finance on 25 March, 2009,~~

~~f)~~d)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)~~e) formulating requested protocols and recommendations based on the conclusions of internal audits and on the Supervisory Board's own observations,

~~h)~~f) 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)~~g) regular liaison with the elected auditor,

~~j)~~h) performing all other duties that fall within its scope of authority pursuant to a statutory provision or the Articles of Association;

~~k)~~i) 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 wordings of these Procedural Rules and the related modifications presented in a consolidated format have been approved by the General Meeting in its resolution no. ………../2010.

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.

Proposal for resolutions:

The AGM accepts the proposal for modification of the rules of procedure of the Supervisory Board pursuant to the proposal, in keeping with the annex of the General Meeting's minutes.

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 2010 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 Hungarian Forint **(HUF 56,000,000) + VAT** as the auditor's remuneration for the audit of the annual accounts of 2010, 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 44,500,000 + 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.

Proposal for resolutions:

Based on Section 3 Para 66 Act CXII of 1966 (Act on Credit Institutions and Financial Enterprises) – concerning the audit of OTP Bank Plc's unconsolidated and consolidated 2010 financial statements – the AGM is electing Deloitte Auditing and Consulting Ltd. as the Bank's auditor from 1 May 2010 until 30 April 2011. The AGM approves the nomination of Zsuzsanna Nagyváradiné Szépfalvi (No. 005313 chartered auditor) as the person responsible for auditing. In case any circumstance should arise which ultimately precludes the activities of Zsuzsanna Nagyváradiné Szépfalvi as appointed auditor in this capacity, proposes the appointment of Zoltán Nagy (No. 005027 chartered auditor) to be the individual in charge of auditing.
The AGM establishes the total amount of HUF 56,000,000 + VAT as the Auditor's remuneration for the audit of the 2008 annual accounts, prepared in accordance with Hungarian Accounting Standards as applicable to credit institutions, and for the audit of the consolidated annual accounts prepared pursuant Act on Accounting. Out of total remuneration HUF 44,500,000 + 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. The audit shall be carried out in accordance with the provisions of Act C of 2000 on Accounting.

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. The remuneration guidelines of the board members of the Bank was not modified last year by the AGM, thus the current level of remuneration is set by the resolution 9/2008 of the AGM.

Although the remuneration of the Board members of OTP Bank Plc. as a leading listed company, lags behind the market, — bearing in mind the effects of the financial and economic crisis — the Remuneration Committee proposes a moderated increase (5-6%) in the remuneration of members of the Board of Directors and Supervisory Board, as follows:

Bearing in mind the above said, with regards to the **remuneration of the members of the Board of Directors** effective from 1st May 2010, we would propose the following:

	Monthly honorarium		**Increase (%)**
	Effective (HUF)	**Proposed (HUF)**	
Chairman of the Board	710,000	750,000	5.6%
Deputy Chairman of the Board[1]	---	725,000	---
Members of the Board	610,000	645,000	5.7%

[1] The Deputy Chairman of the Board has been performing his duties from 9 June 2009. The remuneration has not been modified since then, it corresponds to the remuneration of the Chairman and Deputy Chairman of the Supervisory Board.

Bearing in mind the above said, with regards to the **remuneration of the members of the Supervisory Board** effective from 1st May 2010, we would propose the following:

	Monthly honorarium		**Increase (%)**
	Effective (HUF)	**Proposed (HUF)**	
Chairman and Deputy Chairman of the Supervisory Board	690,000	725,000	5.1%
Members of the Supervisory Board	550,000	580,000	5.4%

It remains unchanged, that the members of the Audit Committee would not be entitled to receive any remuneration.

Proposal for resolutions:

The AGM accepts the following monthly remunerations as from May 1, 2010:

for the Chairman of the Board of Directors	HUF 750,000
for the Deputy Chairman of the Board of Directors	HUF 725,000
for the members of the Board of Directors	HUF 645,000
for the Chairman and Deputy Chairman of the Supervisory Board	HUF 725,000
for the members of the Supervisory Board	HUF 580,000
for the members of the Audit Committee	no remuneration.

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 treasury shares pertains to the exclusive authority of the General Meeting.

Resolution No. 11/2009 of the Annual General Meeting has authorized the Board of Directors to the acquisition of treasury shares. This authorization expires on 24 October 2010. This mandate can be renewed according to the Companies Act.

In line with the Companies Act the Board of Directors is still entitled to the acquisition of treasury shares upon a new authorization of the Annual General Meeting.

This authorization is provided by the present proposal. The authorization shall be limited in time and only a certain number of treasury shares can be acquired thereby. These limitations are included in the present proposal.

The purposes of the authorization of the Board of Directors are as follows: to acquire the necessary shares for the incentive option and bonus share system programs operating at OTP Bank Plc.; to ensure the possibility of rapid intervention into share-price fluctuations; to develop and maintain services provided to the Company's customers and to execute transactions aimed at optimizing the Company's equity situation.

Upon the authorization transactions can be executed on a regulated market (stock exchange) or over-the-counter (OTC). In order to avoid the concurrent existence of two authorizations Resolution No. 11/2009 of the Annual General Meeting is hereby repealed. In accordance with the law in force OTP Bank Plc. will publish all relevant data concerning treasury shares and transactions related thereto.

Proposal for resolutions:

The Annual General Meeting is hereby authorized the Board of Directors to acquire treasury shares (shares issued by OTP Bank Plc) in order to provide the necessary shares for the incentive option and bonus share system programs operating at OTP Bank Plc, to ensure the possibility of rapid intervention to restrain share-price fluctuations, to develop and maintain services provided to the Company's customers and to execute transactions aimed at optimizing the Company's equity situation.
The Board of Directors is entitled to acquire 100 HUF face value ordinary shares with the proviso that the volume of treasury shares under this authorization shall not exceed 56,000,000 shares at any time.
If the acquisition of shares is for consideration then the purchase price of the shares at each transaction shall not be lower than the face value of the shares and not be higher than 150%, of the highest price registered on the Budapest Stock Exchange on the day before the transaction with the proviso that if such transaction is executed on the Budapest Stock Exchange the purchase price shall not be higher than 120% of the closing price registered on the Budapest Stock Exchange on the day before the transaction. The Board of Directors is entitled to the acquisition of treasury shares until 31 October 2011.
Authorization granted to the board of Directors by Resolution No. 11/2009 of the Annual General Meeting is hereby repealed.