

## **Resolutions made at OTP Bank's AGM**

OTP Bank Plc. announces that at its Annual General Meeting of 27 April 2012 the following resolutions were made:

### **1/2012**

The Annual General Meeting accepts the Board of Directors' Business Report on 2011 business activities of the Company, as well as the proposal for the Bank's separate – in accordance with Hungarian Accounting Standards – and consolidated financial statements – in accordance with International Financial Reporting Standards (IFRS) – for the year 2011, together with the proposal for distribution of profit after tax, based on the reports of the Supervisory Board and the Auditor.

The AGM approves the Bank's unconsolidated 2011 balance sheet with HUF 6,717,325 million balance sheet total and with HUF 136,607 million after tax profit. The AGM will distribute the HUF 136,607 million after-tax profit as follows: HUF 13,661 million will be set aside for general reserves, and HUF 28,000 million will be paid out as dividend, and thus the retained earnings will amount to HUF 94,946 million.

Dividends will be HUF 100 per share, representing 100% of the face value of each share. The actual amount of dividends to be paid to the individual shareholders will be calculated and disbursed in accordance with the Company's Bylaws, that is, the Company will distribute the dividend calculated in respect of all the shares qualifying as treasury shares among the shareholders entitled to receive dividends. Dividends will be disbursed from 11 June 2012, in accordance with the procedural order set forth in the By-Laws.

The AGM approves the Bank's consolidated 2011 balance sheet with HUF 10,200,527 million balance sheet total and with HUF 83,800 million net income of which HUF 83,147 million is attributable to equity holders.

### **2/2012**

The Annual General Meeting accepts OTP Bank Plc.'s 2011 Report on Corporate Governance.

### **3/2012**

Based on the appraisal of senior office holders' (i.e. members of the Board of Directors) 2011 business activities, the Annual General Meeting hereby certifies that senior office holders of the Company conducted their activities and performed their tasks by keeping the Company's interests at the fore during the fiscal year.

#### **4/2012**

Based on Section 3 Para 66 Act CXII of 1996 (Act on Credit Institutions and Financial Enterprises) – concerning the audit of OTP Bank Plc.'s unconsolidated and consolidated 2012 financial statements – the AGM is electing Deloitte Auditing and Consulting Ltd. as the Bank's auditor from 1 May 2012 until 30 April 2013. The Annual General Meeting 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, the Annual General Meeting proposes the appointment of Zoltán Nagy (No. 005027 chartered auditor) to be the individual in charge of auditing.

The General Meeting establishes the total amount of HUF 60,500,000 + VAT as the Auditor's remuneration for the audit of the 2012 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 48,000,000 + VAT shall be paid in consideration of the audit of the unconsolidated annual accounts, and HUF 12,500,000 + VAT shall be the fee payable for the audit of the consolidated annual accounts.

#### **5/1/2012**

The Annual General Meeting decides to amend the Company's By-Laws in accordance with the Proposal of the Board of Directors, through one resolution.

#### **5/2/2012**

The Annual General Meeting accepts the amendment of section 12/A.2, sections 13.5 and 13.8 as well as Article 15 of the Company's By-Laws pursuant to the proposal of the Board of Directors, in accordance with the annex of the minutes to the Annual General Meeting.

#### **6/1/201**

The Annual General Meeting elects Mr. Tamás Erdei to the member of the Bank's Board of Directors until the closing AGM of the fiscal year 2015 but latest until April 30, 2016.

#### **6/2/2012**

The Annual General Meeting elects Dr. István Gresa to the member of the Bank's Board of Directors until the closing AGM of the fiscal year 2015 but latest until April 30, 2016.

#### **7/2012**

The Annual General Meeting approves the Remuneration Guidelines of OTP Bank Plc in accordance with the annex to the minutes of the General Meeting, and authorizes the Company's Board of Directors to amend the detailed rules of the Remuneration Policy of OTP Bank Plc and the Bank Group in line with the attached, approved proposal.

#### **8/2012**

The Annual General Meeting accepts the remuneration of the members of the Board of Directors and Supervisory Board stated in its resolution no. 10/2011 without amendment.

## **9/2012**

The Annual General Meeting is hereby authorizes the Board of Directors to acquire treasury shares (shares issued by OTP Bank Plc) in order to provide the necessary shares for the Remuneration policy of 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 2013. Authorization granted to the board of Directors by Resolution No. 11/2011 of the Annual General Meeting is hereby repealed.

OTP Bank Plc.

OTP Bank Plc.

Postal address: P.O.B.: 501

Budapest H-1876 Hungary

Phone: +36 1 473 5460

Fax: +36 1 473 5951

E-mail: [investor.relations@otpbank.hu](mailto:investor.relations@otpbank.hu)

Internet: [www.otpbank.hu](http://www.otpbank.hu)

Address:

Nádor street 16. Budapest H-1051 Hungary

Metropolitan Court as Court of Registration:

01-10-041585

2/2012

## 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, while also endeavouring 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**.

## **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. Management bodies***

#### **Board of Directors**

The Company's executive 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 (59) graduated from the College of Finance and Accountancy in 1974 with a bachelor's degree in business administration and in 1980 from the Budapest University of Economic Sciences 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, between 1983 and 1986, he was a departmental head at the Ministry of Agriculture and Food Industry. From 1986 to 1989 he worked as a head of department at Magyar Hitel Bank. He was deputy CEO of K&H Bank from 1989 to 1992. Since 1992 he has been Chairman & CEO of OTP Bank Plc, where he is responsible for the Bank's strategy and overall operation. He is a member of the European Board of Directors for MasterCard, one of the world's leading payment card companies, and is Vice Chairman of the Board of Directors of MOL Plc, Co-Chairman of the National Association of Entrepreneurs and Employers (VOSZ), and until April 2011 was a member of the Board of Directors of the Hungarian Banking Association. He has been Chairman of the Hungarian Football Association (MLSZ) since July 2010. As of 31 December 2011 he held 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 of the Board of Directors, Deputy CEO for Administrative Affairs Staff Division**

Dr. Antal Pongrácz (66) graduated from the Budapest University of Economic Sciences and earned a PhD 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 held various executive positions at the Ministry of Finance. After that, 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 CEO, and then Chairman & CEO, of the European Commercial Bank Rt. Between 1994 and 1998 he was Chairman & CEO of Szerencsejáték Rt, then in 1998-99 he served as CEO of Hungarian flagship carrier, Malév. Since 2001 he has been executive director of OTP Bank's Staff Division and more recently, Deputy CEO. He has been a member of OTP Bank's Board of Directors since 2002 and Deputy Chairman since 9 June 2009. As of 31 December 2011 he held 200,000 ordinary OTP shares.

### **Non-executive members:**

#### **Mihály Baumstark** **Agricultural engineer, economist**

Mr. Mihály Baumstark (63) holds degrees in agricultural engineering and agricultural economics. He was employed by the Ministry of Agriculture and Food Industry between 1978 and 1989. When he left the Ministry he was deputy head of the Investment Policy Department. After this he was managing director of Hubertus Rt., and from 1999 to 2012 he was deputy CEO and then Chairman & CEO of Villányi Winery Ltd. (now Csányi Winery Ltd.). He was a member of OTP Bank's Supervisory Board from 1992 to 1999, and has been a non-executive member of OTP Bank's Board of Directors since 1999.

As of 31 December 2011 he did not hold any ordinary OTP shares.

**Dr. Tibor Bíró**  
**Head of Department**  
**Budapest Business School**

Dr. Tibor Bíró (60) graduated from the Budapest University of Economic Sciences with a degree in business administration. He is a certified auditor and chartered accountant. He was the Head of the Financial Department of the City Council of Tatabánya from 1978-82. He began teaching at the College of Finance and Accountancy in 1982 and has been head of department since 1992. He is a member of the Educational Committee of the Chamber of Hungarian Auditors. He has been a non-executive member of OTP Bank's Board of Directors since 1992. As of 31 December 2011 he held 30,681 ordinary OTP shares.

**Péter Braun**  
**Electrical Engineer**  
**Former Deputy CEO, OTP Bank Plc.**

Péter Braun (76) earned a degree in electrical engineering from the Technical University of Budapest. 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 Plc. from 1993 until his retirement in 2001. Since the second half of 2009 he has been the chairman of the Chief Information Officers' Association (VISZ). He has been a member of OTP Bank's Board of Directors since 1997. As of 31 December 2011 he held 527,905 ordinary OTP shares.

**Zsolt Hernádi**  
**Chairman & CEO**  
**MOL Plc.**

Zsolt Hernádi (52) graduated in 1986 from the department of industrial design at the Karl Marx University of Economic Science. Between 1989 and 1994 he held a number of positions at Kereskedelmi és Hitelbank Rt., where from 1992 to 1994 he was deputy CEO of the financial institution. Between 1994 and 2001 he was CEO and a member of the Board of Directors at Magyar Takarékszövetkezeti Bank Rt. He has been a member of MOL's Board of Directors since 1994, and its Chairman since 2000, while since 11 June 2001 he has been the company's Chairman and CEO. He is also a member of the Corporate Governance and Remuneration Committee of MOL's Board of Directors. He has been a member of OTP Bank's Board of Directors since 29 April 2011. As of 31 December 2011 he held no ordinary OTP shares.

**Dr. István Kocsis**  
**Managing Director**  
**Merkantil Bank Zrt.**

Dr. István Kocsis (60) obtained his degree in mechanical engineering from the Mechanical Engineering Faculty of the Technical University of Budapest in 1976, and earned his PhD in 1985. Career highlights: 2002-2005 Paks Nuclear Power Plant, CEO; 2005-2008 Hungarian Power Companies Ltd. (MVM Zrt.), CEO; 2008-2011, CEO of Budapest Transport Corporation (BKV Zrt.); since 2011 Managing Director of Merkantil Bank Zrt. Offices held: Chairman of the Ányos Jedlik Society; chairman of the Scientific Society For Measurement, Automation and Informatics; member of the Social Senate of the University of Pecs; member of the national Presidium of the Hungarian Chamber of Commerce and Industry; chairman of the endowment advisory board of the Duna-Mecsek Regional Development Foundation. Non-executive member of OTP Bank's Board of Directors since 1997. As of 31 December 2011 he held 81,600 ordinary OTP shares.

**Dr. László Utassy**  
**Chairman & CEO**  
**Merkantil Bank Ltd.**

Dr. László Utassy (60) graduated from the Faculty of Law of ELTE University in Budapest in 1978. He held various positions at the State Insurance Company between 1978 and 1995 and then went on to work at ÁB-Aegon Rt. He was Chairman & CEO of OTP Garancia Insurance from 1996 to 2008. He was managing director of OTP Bank Plc. between 2009 and 2010. Since 1 January 2011 he has been Chairman & CEO of Merkantil Bank Ltd. He has been a member of OTP Bank's Board of Directors since 2001.

As of 31 December 2011 he held 260,000 ordinary OTP shares.

**Dr. József Vörös**  
**Professor, Head of Institute**  
**University of Pécs**

Dr. József Vörös (61) earned a degree in economics from the Budapest University of Economic Sciences in 1974. In 1984 he earned a PhD in economics from the Hungarian Academy of Sciences, and a Doctor of Science degree in 1993. Between 1990 and 1993 he was the dean of the Faculty of Business and Economics, Janus Pannonius University (JPTE). In 1993 he attended the Advanced Management Program (AMP) at Harvard Business School. Since 1994 he has been a professor at JPTE, and was the senior Vice Rector of the University from 2004-2007, between 2007 and 2011 he was chairman of the Board of Trustees, and in 2009 he took up the post of Head of Institute. He has been a non-executive member of OTP Bank's Board of Directors since 1992.

As of 31 December 2011 he held 117,200 ordinary OTP shares.

The **Board of Directors** meets as and when 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 2011, and of the attendance at these meetings:

**Board of Directors meetings  
2011**

Date	Present	Absent
14.02*	8	-
16.03	8	-
31.03	8	-
29.04**	9	-
06.06	8	1
19.09	9	1
07.11	9	-
15.12	9	-

**Note:**

*In 2011 the Board of Directors met on a total of 8 occasions. In addition, resolutions were passed on 94 occasions by written vote.*

*\*With effect from 1 February 2011 – when Dr. György Szapáry stood down – the number of members of the Board of Directors changed from 9 to 8.*

*\*\*On 29 April 2011 the General Meeting elected a nine-member Board of Directors (new member: Zsolt Hernádi).*

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.

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 (4 persons) to the total number of Supervisory Board members (6 persons) is 67%.

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 Építő Zrt.**

Tibor Tolnay (61) graduated from the Budapest University of Technology with a degree in civil engineering and then in economic engineering, and subsequently received a degree in economics from the Budapest University of Economics. In 1994 he was appointed Chairman & CEO of Magyar Építő Rt. He has been Chairman of OTP Bank's Supervisory Board since 1999. He was a member of the Audit Committee between 27 April 2007 and 29 April 2011.

As of 31 December 2011 he held 54 ordinary OTP shares.

**Dr. Gábor Horváth**

**Deputy Chairman of the Supervisory Board**

**Lawyer**

Dr. Gábor Horváth (56) earned a degree in law from ELTE University in Budapest. 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 finance and corporate governance. He has been a member of OTP Bank Plc.'s Supervisory Board since 1995, and a member of the Board of Directors of MOL Plc. since 1999. Since 27 April 2007 he has been deputy chairman of OTP Bank's Supervisory Board, and between 27 April 2007 and 29 April 2011 he was chairman of the Audit Committee.

As of 31 December 2011 he held 10,000 ordinary OTP shares.

**Kovács Antal**

**Deputy CEO, Retail Division**

**OTP Bank Plc.**

Mr. Antal Kovács (59) graduated from the Budapest University of Economics with a degree in economics in 1985. He began his professional career in 1990 at the Nagyatád branch of K&H Bank, where he worked as a branch manager between 1993 and 1995. He has been working at OTP Bank Plc. since 1995, first as a county director and from 1998 as the executive director of OTP Bank's South Transdanubian Region. Since 1 July 2007 he has served as OTP Bank's Deputy CEO. He has received additional training at the International Training Centre for Bankers and on various courses held by the World Trade Institute. He has been a member of OTP Bank's Supervisory Board since 2004.

As of 31 December 2011 he held 23,000 ordinary OTP shares.

**András Michnai**  
**Executive Director, Compliance Directorate**  
**OTP Bank Plc**

András Michnai (57), who represents the employees of OTP Bank, graduated from the College of Finance and Accounting with a degree in business economics.

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 held a management position in the central network coordination department and then in the 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 (since 2011 a Directorate) as executive director. He further expanded his professional skills, earning a masters degree at the College of Finance and Accounting, and is a registered tax advisor. He has been a member of OTP Bank's Supervisory Board since 25 April 2008.

He has been a member of OTP Bank's Supervisory Board since 25 April 2008.

As of 31 December 2011 he held 15,600 ordinary OTP shares.

**Pierre Lefèvre**  
**CEO**  
**Groupama International SA**

Pierre Lefèvre (55) has a degree in general engineering and industrial management. He began his career in 1980 at the internal audit department of Unilever Benelux. In 1984 he joined the AXA Group where he held various management positions, first in Belgium (management control, life and asset insurance), and then from 1994 in the United Kingdom – it was here that he first worked in the position of CEO, and later as CEO & Chairman. Following his appointment in 1998 he worked as Chairman of the Board of Directors of AXA Nederland BV, and from 2002 onwards as Chairman & CEO of the UK company Groupama Insurances. On 1 November 2007 Pierre Lefèvre was appointed CEO of the Italian Groupama subsidiaries. Since 1 January 2011 he has been head of Groupama's international division, and since 29 April 2011 a member of OTP's Supervisory Board.

As of 31 December 2011 he held no ordinary OTP shares.

**Márton Gellért Vági**  
**General Secretary**  
**Hungarian Football Association**

Dr. Márton Gellért Vági (50) graduated in 1987 from the Karl Marx University of Economic Science with a degree in Foreign Economics, and in 1994 obtained his doctorate from the same institution.

Between 2000 and 2006 he worked at the State Holding and Privatisation Co. (ÁPV Zrt.), as managing director, deputy CEO and then CEO. Between 2006 and 2010 he was Chairman of the National Development Agency. From July 2002 until 1 January 2011 he was a member of the Board of Directors of FHB Nyrt., during which period he also spent four years as Chairman of the Board. Since 2010 he has been general secretary of the Hungarian Football Association. He has authored or co-authored more than 80 research papers, essays and books. He has been a member of OTP's Supervisory Board since 29 April 2011.

As of 31 December 2011 he held no ordinary OTP shares.

The Supervisory Board meets at least six times a year.

The meetings of the Supervisory Board are convened by the chairman. The meetings 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 2011, and of the attendance at these meetings:

**Supervisory Board Meetings  
2011**

<b>Date</b>	<b>Present</b>	<b>Absent</b>
18.02	5	-
18.03	4	1
31.03	5	-
29.04*	5	1
10.06	4	2
23.09	6	-
11.11	6	-
15.12	5	1

**Note:**

In 2011 the Supervisory Board met on a total of 8 occasions.

\*On 29 April 2011 the General Meeting elected a six-member Supervisory Board (the mandate of Jean-Francois Lemoux expired; two new members: Pierre Lefèvre and Márton Gellért Vági).

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.

Determining the remuneration of the Board of Directors and the Supervisory Committee is in the competence of the Company's supreme body, the General Meeting. The principles and frameworks of the long-term remuneration and incentives system for employees in senior positions are also determined by the General Meeting. Accordingly – on the basis of the provisions on remuneration policy set forth in the Act on Credit Institutions, which complies with the relevant EU directives – the Bank's Annual General Meeting of 2011, in its resolution no. 9/2011, approved the principles and rules of the remuneration policy of OTP Bank Plc. and the Bank Group, and the Board of Directors issued the internal regulations and procedures necessary for their implementation. At the Annual General Meetings the Board of Directors gives a briefing on the annual and medium-term objectives providing the basis for performance-based remuneration, and on their fulfilment.

### **Audit Committee**

The Audit Committee supported the work of OTP Bank Plc's Supervisory Board and performed the functions of formulating opinions, making evaluations and making recommendations. The establishment of the Audit Committee in 2006 was mandatory under the Companies Act; however, in view of the exceptions specified in the Credit Institutions Act and the Capital Market Act, and based on experience gained over the past few years, at the General Meeting held on 29 April 2011 a proposal was made to dissolve the Committee.

Experience has shown that under the dual governance system the Supervisory Board has the authority and duties necessary for fully performing the tasks of the Audit Committee, and therefore in the interest of simplifying operation and rendering it more efficient the General Meeting resolved to formally terminate operation of the Committee. At the same time, it made a rule on the separate recording of votes cast by the independent members of the Supervisory Board in decisions made

when exercising the powers ascribed to the Audit Committee in the Companies Act and the Capital Market Act.

Prior to its dissolution the Audit Committee met once in 2011.

**Audit Committee Meetings  
2011**

<b>Date</b>	<b>Present</b>	<b>Absent</b>
31.03	3	-

The agenda of the Audit Committee meeting included the Bank's non-consolidated financial statements for 2010 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 auditing company and approve the person responsible for the audit, and the determination of the remuneration for this work.

### **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.

#### Management Coordination Committee

The primary function of the committee is to act as an operative decision-making forum to ensure that the Bank can respond flexibly and effectively to market and regulatory factors and that the Bank as a whole can act in a coordinated fashion. The committee does not diminish the competence of the Bank's related standing committees (TÉÁB, ALCO, HLB, LIIB) and acts as an operative forum of coordination between the special areas in order to resolve complex questions. Similarly to the Management Committee, it fulfils a coordination and decision-making function in the Bank as a whole, but its role – unlike the strategic role of the MC – is operative in nature. Owing to the operative nature of the committee, it holds its meetings on an ad hoc basis, without a preliminary work plan, generally on a monthly basis.

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) Other committees:**

Ethics Committee

A special committee of the Bank that is elected by the Board of Directors and operates under the management of one of the external members of the Board of Directors.

Remuneration Committee

The Remuneration Committee is a committee that was established by the Board of Directors and meets on a continuous basis, which assists in elaborating the principles for the remuneration of the CEO and the deputy CEOs (hereinafter: Management) and the members of the Board of Directors and Supervisory Board (hereinafter: Office Holders), makes a recommendation in respect of the system or remuneration, and monitors it.

The Remuneration Committee exercises its authority as a body.

Communication Consultation Committee

The task of this committee, which was established in 2011, is to coordinate the processes related to communication work at group level, and to ensure fulfilment of the objectives and principles articulated in the communication strategy. Its chairperson and composition are determined by the Management Committee, and its rules of procedure are approved by the Management Coordination Committee.

**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 of the Board of Directors,**

**Deputy CEO for Administrative Affairs**

**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**

Mr. László Bencsik (42) 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 executive director of the Bank Operations Management Directorate, and the manager with overall responsibility for controlling and planning.

From 2000, until he joined OTP Bank, he was a project manager at consulting firm McKinsey & Company.

Between 1996 and 2000 he worked as a consultant at Andersen Consulting (now Accenture).

In 1996 he graduated from the Faculty of Business Administration at the Budapest University of Economic Sciences, and in 1999 he obtained a Masters in Business Administration (MBA) from INSEAD Business School in France.

As of 31 December 2011 he held no ordinary OTP shares.

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

Dr. István Gresa (59) graduated from the College of Finance and Accountancy in 1974 and received a degree in economics from the Budapest University of Economic Sciences in 1980. He earned a PhD 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 executive 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 at OTP Factoring Ltd. Since 22 May 2007 he has been chairman of the Board of Directors at the OTP National Health Fund. As of 31 December 2011 he held 63,758 ordinary OTP shares.

**Dániel Gyuris**  
**Deputy CEO**  
**Real Estate, Small Enterprises and Agriculture Division**  
**Chairman & CEO**  
**OTP Mortgage Bank Ltd. and OTP Building Society Ltd.**

Mr. Dániel Gyuris (53) obtained a post-graduate degree in agricultural engineering from Gödöllő University of Agricultural Sciences in 1998. Two years earlier he graduated in economics from the Budapest University of Economic Sciences, where he majored in bank management. In the same year he obtained a post-graduate diploma from the College of Finance and Accountancy. He is a certified accountant and property valuation specialist. He began his career as an agricultural engineer at an industrial cooperative, where as deputy production manager he was responsible for the overall management of the production processes.

In 1989 he was appointed a head of department at Agrobank Ltd., and then from 1991 he held a similar position at Inter-Europe Bank Ltd. From 1999 he was CEO of FHB Land Credit and Mortgage Bank Plc., and was the executive director responsible for the operation of the bank group. Since 1 November 2010 he has been deputy CEO of OTP Bank Plc., and is also the head of the Real Estate, Small Enterprises and Agriculture Division, as well as Chairman & CEO of OTP Mortgage Bank Ltd. and OTP Building Society Ltd.

As of 31 December 2011 he did not hold any ordinary OTP shares.

**Ákos Takáts**  
**Deputy CEO**  
**IT and Bank Operations Division**

Ákos Takáts (52) 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 2011 he held 153,347 ordinary OTP shares.

**László Wolf**  
**Deputy CEO**  
**Commercial Banking Division**

László Wolf (52) graduated from the Budapest University of Economic Sciences in 1983. After graduation, he worked at the Bank Relations Department of the National Bank of Hungary for 8 years, and then served as head of Treasury at BNP-KH-Dresdner Bank between 1991 and 1993. From April 1993 he was executive director of OTP Bank's Treasury Directorate, and since 1994 he has been Deputy CEO of the Commercial Banking Division. As of 31 December 2011 he held 654,640 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.

#### **Internal audit**

The main function of internal audit 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 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 and operational risk, and the other main risk exposures, it also takes into account changes in the prevailing economic situation.

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 defined in the Act on Credit Institutions as included in the scope of consolidated supervision. 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 internal audit organisation prepares objective and independent reports for the management bodies at quarterly and annual intervals. In its quarterly reports it gives a group-level, summary account of the audits conducted in the given quarter, the risks identified in the course of its own audits and audits conducted by the authorities, and the success of any action taken to eliminate them. The audit organisation reports annually on the performance of the tasks stipulated in the group-level annual audit schedule, the audits conducted and other activities, and on the circumstances of the organisation's operation, 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.

### **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 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 a 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 an independent organisational unit (the Compliance Directorate) operates at the Company, with the task of exploring and managing compliance risks. This function is supported by the appropriate regulatory documents: the compliance policy, strategy and work plan. 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 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 Compliance Directorate 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**

The General Meeting has the authority to elect the company performing the audit, and to approve the nomination of the member responsible for the audit.

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 the Capital Market Act, the Credit Institutions Act, the Investment Services Act, the Companies 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 2011, and found them to be satisfactory.

### ***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

- o the shareholding as at the time of the shareholder matching procedure is corroborated by the result of the shareholder matching procedure;
- o the holder of the shares has been effectively entered into the Company's Share Register;
- o 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 the rules related to the conducting of the General Meeting***

The Company requests a shareholder-matching procedure for the date of the General Meeting, as a corporate event, from the Central Clearing House and Depository (Budapest) Ltd. (KELER Zrt.). The shareholder-matching procedure may take place only in the period between the 7<sup>th</sup> and 5<sup>th</sup> trading day at the stock exchange prior to the General Meeting. The rules pertaining to the shareholder-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
- h) the time of ownership verification and closure of the Share Register,
- i) the fact that in order to exercise shareholder's rights the shareholder must be listed in the Share Register at the time of its closure, but subsequent to this the shares may be freely traded without this affecting the ability to exercise shareholder's rights,
- j) the conditions, stipulated in the Bylaws, for exercising the shareholder's right to request information,
- k) the conditions, stipulated in the Bylaws, for exercising the shareholder's right to supplement the agenda of the General Meeting, and

- l) information regarding the time, place and means (including the address of the Company's website) of accessing the motions and proposed resolutions on the agenda of the 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 voting devices 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 amendment to the Act on Credit Institutions and Financial Enterprises – in line with the relevant European Union directive – introduced a number of provisions that placed tighter restrictions on the freedom to make decisions on remuneration than under the previous legislation, and credit institutions were obliged to comply with these requirements by 31 May 2011 at the latest. Accordingly the Bank's General Meeting and Board of Directors provided for the drafting of a Remuneration Policy for OTP Bank Plc and the Bank Group, which brought about a significant change to the existing remuneration structure.

The purpose of the Bank Group's Remuneration Policy is, remaining within the limits of the Bank Group's risk-bearing capacity, to recognise and provide motivational support for the achievement of Bank and Group-level results by the management and holders of key positions at OTP Bank, and the managers of subsidiaries in the Bank Group.

The Bank Group's Remuneration Policy applies to the members of OTP Bank Plc.'s Board of Directors and Supervisory Board, and – among the employees in an employment relationship with OTP Bank Plc. – the members of the Bank's Management (Chairman & CEO and his deputies), and those level 3-4 managers who materially influence the Bank's risk assumptions, and all managers whose salaries fall into the same size category as those of managers who are subject to the Remuneration Policy because of their function, and among the managers employed by the subsidiaries in the Bank Group, the chief executives of the subsidiaries and, at certain subsidiaries, their level-two managers (deputies). The resolution on the persons to whom the Bank Group's Remuneration Policy applies is made by the Bank's Board of Directors.

The members of the Board of Directors and the Supervisory Board receive an honorarium of a fixed amount for their work in this capacity, and do not receive performance-based remuneration.

For the other personnel included in the scope of the Remuneration Policy, the remuneration is composed of fixed and performance-based components. The proportions of fixed and performance-based components of remuneration are determined by the Bank's Board of Directors based on the function, size and complexity of the unit being managed.

The most important basic principle of the Bank Group's Remuneration Policy is that the extent of performance-based remuneration – subject to a preliminary and retrospective assessment of the risks – depends on the extent to which Bank Group/Bank/Subsidiary-level and individual targets are met.

In the case of managers in an employment relationship with OTP Bank Plc., the evaluation of performance, besides an assessment of the return on risk-weighted assets (RORAC) indicator for the given activity, takes place on the basis of the criteria used to measure individual performance (financial indicators and indicators of the quality of work performance). In the case of managers at subsidiaries in the Bank Group the evaluation of performance takes place in a differentiated manner, in keeping with the characteristics of the companies' activities. The target values of the indicators are determined by the Bank's Board of Directors on the basis of the effective financial plan for the given year.

The performance evaluation-based, variable remuneration takes the form of a cash bonus and – where permitted by national legislation – a preferentially-priced share package, in equal proportions. At all the members of the Bank Group, the share-based part of the variable remuneration is provided to the employees concerned by OTP Bank Plc.

In keeping with the Credit Institutions Act, as a general rule, payment of 60% of the variable remuneration is staggered over a period of three years, during which period the deferred amount is determined annually in equal proportions. Determination of eligibility to receive the deferred instalments takes place on the basis of a retrospective assessment of the risks. The assessment of the risks is based both on quantitative criteria used to measure prudent operation, and on qualitative evaluation criteria. Based on the assessment of the risks related to the activities of the employees concerned, the deferred part of the performance-based remuneration may be reduced or withheld completely. A further prerequisite for entitlement to the deferred part is a continuing employment relationship.

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, while with respect to the remuneration policy, OTP Bank complies with its public disclosure obligation in accordance with the provisions of Govt. Decree 234/2007 (IX. 4.).

## **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 management 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 amendment to the Act on Credit Institutions and Financial Enterprises – in line with the relevant European Union directive – introduced a number of provisions that placed tighter restrictions on the freedom to make decisions on remuneration than under the previous legislation, and credit institutions were obliged to comply with these requirements by 31 May 2011 at the latest. Accordingly, the Bank's General Meeting and Board of Directors provided for the drafting of a Remuneration Policy for OTP Bank Plc and the Bank Group, which brought about a significant change to the existing remuneration structure.

The purpose of the Bank Group's Remuneration Policy is, remaining within the limits of the Bank Group's risk-bearing capacity, to recognise and provide motivational support for the achievement of Bank and Group-level results by the management and holders of key positions at OTP Bank, and the managers of subsidiaries in the Bank Group.

The Bank Group's Remuneration Policy applies to the members of OTP Bank Plc.'s Board of Directors and Supervisory Board, and – among the employees in an employment relationship with OTP Bank Plc. – the members of the Bank's Management (Chairman & CEO and his deputies), and those level 3-4 managers who materially influence the Bank's risk assumptions, and all managers whose salaries fall into the same size category as those of managers who are subject to the Remuneration Policy because of their function, and among the managers employed by the subsidiaries in the Bank Group, the chief executives of the subsidiaries and, at certain subsidiaries, their level-two managers (deputies). The resolution on the persons to whom the Bank Group's Remuneration Policy applies is made by the Bank's Board of Directors.

The members of the Board of Directors and the Supervisory Board receive an honorarium of a fixed amount for their work in this capacity, and do not receive performance-based remuneration.

For the other personnel included in the scope of the Remuneration Policy, the remuneration is composed of fixed and performance-based components. The proportions of fixed and performance-

based components of remuneration are determined by the Bank's Board of Directors based on the function, size and complexity of the unit being managed.

The most important basic principle of the Bank Group's Remuneration Policy is that the extent of performance-based remuneration – subject to a preliminary and retrospective assessment of the risks – depends on the extent to which Bank Group/Bank/Subsidiary-level and individual targets are met.

In the case of managers in an employment relationship with OTP Bank Plc., the evaluation of performance, besides an assessment of the return on risk-weighted assets (RORAC) indicator for the given activity, takes place on the basis of the criteria used to measure individual performance (financial indicators and indicators of the quality of work performance). In the case of managers at subsidiaries in the Bank Group the evaluation of performance takes place in a differentiated manner, in keeping with the characteristics of the companies' activities. The target values of the indicators are determined by the Bank's Board of Directors on the basis of the effective financial plan for the given year.

The performance evaluation-based, variable remuneration takes the form of a cash bonus and – where permitted by national legislation – a preferentially-priced share package, in equal proportions. At all the members of the Bank Group, the share-based part of the variable remuneration is provided to the employees concerned by OTP Bank Plc.

In keeping with the Credit Institutions Act, as a general rule, payment of 60% of the variable remuneration is staggered over a period of three years, during which period the deferred amount is determined annually in equal proportions. Determination of eligibility to receive the deferred instalments takes place on the basis of a retrospective assessment of the risks. The assessment of the risks is based both on quantitative criteria used to measure prudent operation, and on qualitative evaluation criteria. Based on the assessment of the risks related to the activities of the employees concerned, the deferred part of the performance-based remuneration may be reduced or withheld completely. A further prerequisite for entitlement to the deferred part is a continuing employment relationship.

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, while with respect to the remuneration policy, OTP Bank complies with its public disclosure obligation in accordance with the provisions of Govt. Decree 234/2007 (IX. 4.).

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

No

See: 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.***

No

The Audit Committee supported the work of OTP Bank Plc's Supervisory Board and performed the functions of formulating opinions, making evaluations and making recommendations. However, in view of the exceptions specified in the Credit Institutions Act and the Capital Market Act, and based on experience gained over the past few years, at the General Meeting held on 29 April 2011 a proposal was made to dissolve the Committee. Experience has shown that under the dual governance system the Supervisory Board has the authority and duties necessary for fully performing the tasks of the Audit Committee, and therefore, in the interest of simplifying operation and rendering it more efficient the General Meeting resolved to formally terminate operation of the Committee. At the same time, it made a rule on the separate recording of votes cast by the independent members of the Supervisory Board in decisions made when exercising the powers ascribed to the Audit Committee in the Companies Act and the Capital Market Act.

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

No

See: previous point

***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 audit organisation cannot perform its internal audit activities based on the mandate of the Audit Committee. The former members of the Audit Committee participate in the execution of this task in their capacity as members of the Supervisory Board.

***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 assigning powers of oversight to the Audit Committee would run contrary to these statutory requirements. The former members of the Audit Committee participate in the execution of this task in their capacity as members of the Supervisory Board.

**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 management 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.

Yes

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

5/2/2012

**1.) Amendments concerning the publication of announcements (By-Laws [15.§])**

“Article 15  
Notices

The Company shall publish its notices specified in the statutory regulations and in these By-Laws and announcements on its own website ([www.otpbank.hu](http://www.otpbank.hu)), on the website of the Budapest Stock Exchange (BSE) ([www.bet.hu](http://www.bet.hu)), and on the website operated by the Supervisory Authority ([www.kozzetetelek.hu](http://www.kozzetetelek.hu)).”

**2.) Review of the terms “qualified influence” and “controlling stake” as per the Credit Institutions Act, clarification (By-Laws [section 12/A.2.]**

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

- a.) they have a qualified interest or a controlling ~~interest~~ influence in any company as defined in the Credit Institutions Act;
- b.) any of his/her close relatives has a qualified interest or a controlling ~~interest~~ influence in any company as defined in the Credit Institutions Act;
- c.) after his/her appointment, an event occurred that disqualifies him/her from serving as a senior officer.”

**3.) Clarification and coordination of the rules of the ownership identification procedure [By-Laws sections 13.5 and 13.8]**

“13.5. The payment of dividends shall be started within 60 days from the adoption of the relevant resolution by the General Meeting. The Company will request an ownership identification with respect to ~~the starting date of dividend payment as a company event~~ the dividend payment, as a company event, from Keler Zrt. The date of the ownership identification is the 5<sup>th</sup> (fifth) trading day before the starting date of dividend payment. The rules of ownership identification are contained in the effective regulations of Keler Zrt.

The date of the (General Meeting) resolution on the starting date of dividend distribution shall precede such date by at least 20 business days.”

“13.8. The Company shall take into account the dividend to be paid on shares that qualify as own shares and consider it as a share to be paid to shareholders who are entitled to receive dividends in proportion to the ratio of shares held by them (i.e. the Company shall distribute it among shareholders who are entitled to receive dividends). At least 10 working days must pass between the publication of the announcement containing the dividend per share which has been adjusted by the dividend paid on the shares that qualify as own shares and which is based on the resolution concerning the amount of the dividend and the starting day of dividend payment on the one hand, and the first day of dividend payment on the other. ~~Between the date of the announcement’s publication and the first day of dividend payment the Company shall ensure that the portfolio of its own shares does not change.~~”

**7/2012**

## **REMUNERATION GUIDELINES OF OTP BANK PLC.**

The amended Act on Credit Institutions and Financial Enterprises is, in line with the relevant European Union directive, stricter than the previous regulations. It has introduced changes that restrict the degree of freedom that companies have when making remuneration decisions – and these are requirements that credit institutions must comply with from 31 May 2011 at the latest. The Bank's Board of Directors submitted a proposal to the General Meeting for the year 2011, which is in line with the new statutory regulations. The remuneration policy for the year 2012 is included in the current document.

### **1. The objective of the Remuneration Policy**

The objective of the Bank Group's Remuneration Policy is to acknowledge the performance, within the risk-tolerance capacity of the Bank Group, of the management of OTP Bank and of individual managers occupying key positions, as well as of the heads of the subsidiaries of the Bank Group in contributing to results at the bank and at the group level, and to provide an incentive for performance.

### **2. Effect of the Remuneration Policy**

**The following individuals fall under the effect of the Bank Group's Remuneration Policy:**

- members of the Board of Directors of OTP Bank Plc.
- members of the Supervisory Board of OTP Bank Plc.

and

from the employees of OTP Bank Plc.

- the Bank's CEO
- the Bank's deputy CEOs
- 3<sup>rd</sup>-level managers heading the independent central organisational units
- heads of the regional profit centres
- based on case-by-case assessment, 4<sup>th</sup>-level managers, primarily in respect of departments that discharge controlling and risk-management functions
- all managers who in terms of their income fall into the same category as the managers who come under the effect of the remuneration policy based on their functions
- dealers working in the treasury trading department

as well as,

of the managers employed by the subsidiaries of the Bank Group that are subject to consolidated supervision,

- the 1<sup>st</sup>-level managers of the subsidiaries
- in the case of certain subsidiaries, the 2<sup>nd</sup>-level (deputy) managers of the subsidiaries.

Decisions on the persons subject to the scope of the Bank Group's Remuneration Policy are made by the Board of Directors of the Bank.

### 3. The framework for applying the Bank Group's Remuneration Policy to the subsidiaries

All basic decisions under the remuneration policy shall be made by OTP Bank Plc., while the subsidiaries shall be responsible for complying with local statutory regulations and obligations.

- In the case of **credit institutions that have their registered seat in Hungary**, the remuneration policy shall be comprehensively applied in respect of level 1 and level 2 managers.
- In case of **foreign subsidiaries**, the performance-based components of compensation specified in the remuneration policy shall be applied in a manner being in accordance with the restrictions of local regulations, with the proviso that at subsidiaries outside the European Union, the principle of proportionality shall be kept with respect to the instruments and the payment process of performance-based remuneration.
- In the case of **Investment Fund Management Companies and Financial Enterprises**, the remuneration policy will be applied using the principle of proportionality, with the proviso that in the case of companies operating within EU member states the payment of performance-based remuneration will be deferred.
- In the case of **Auxiliary Enterprises** – in view of the nature of their activities – the current forms of remuneration (basic salary and bonus) will continue to be applied.

### 4. The ratio of fixed and variable remuneration

Members of the **Board of Directors** and the **Supervisory Board** shall receive a fixed honorarium and will not be awarded performance-based remuneration in this capacity of theirs.

With respect to the persons covered by the remuneration policy, remuneration shall consist of fixed and variable components. The ratio of fixed and performance-based remuneration components shall be determined by the Bank's Board of Directors, according to the function, size and complexity of the organization managed.

The current ratios of fixed and performance-based remuneration are as follows:

Management categories covered by the remuneration policy of the OTP Bank Group	Structure of remuneration	
	ratio of fixed remuneration	ratio of variable remuneration
members of the Board of Directors of OTP Bank Plc.*	100%	
members of the Supervisory Board of OTP Bank Plc.*	100%	
<b>of the employees of OTP Bank Plc.</b>		
the Bank's CEO	20%	80%
the Bank's deputy CEOs	20%	80%
3 <sup>rd</sup> -level managers heading independent organizational units**	20 - 50%	50 - 80%
certain 4 <sup>th</sup> -level managers of departments responsible for special management functions who participate in the preparation of decisions	30 - 70%	30 - 70%
managers classified on the basis of the amount of their income	30 - 50%	50 - 70%
dealers working in the treasury trading department	35%	65%
<b>of the managers employed by the subsidiaries of the Bank Group that are subject to consolidated supervision</b>		
the 1 <sup>st</sup> -level managers of the subsidiaries	20 - 80%	20 - 80%
in the case of key subsidiaries, 2 <sup>nd</sup> -level (deputy) managers	25 - 65%	35 - 75%

\* fixed honorarium

\*\* including the heads of the regional profit centres of the network

## 5. The method and instruments of performance assessment linked to variable remuneration

In the case of **managers employed by OTP Bank Plc.**, performance is assessed, in addition to the RORAC index<sup>1</sup> reflecting the Bank Group's return on risk adjusted capital, on the basis of criteria measuring individual performance (financial indices, as well as indices measuring the quality of work).

In the case of the **managers of the Bank Group's subsidiaries**, performance is assessed on a differential basis, in view of the nature of the companies' respective activities.

The target values of the indices are determined by the Bank's Board of Directors on the basis of the prevailing annual financial budget. The Board of Directors may modify such target values in consideration of statutory changes implemented after the determination thereof and/or changes in market circumstances that have a significant objective effect on the Bank's profit and/or the achievement of the target values set.

## 6. Determining entitlement to variable remuneration

In respect of the year evaluated, the entitlement to variable remuneration and the extent thereof must be determined within 30 days following the ordinary annual General Meeting closing the year in question.

- For **senior managers of OTP Bank Plc.** (CEO and deputy CEOs) the entitlement to variable remuneration and the extent of such compensation shall be determined by the Board of Directors, in proportion to the fulfilment of annual objectives.
- The entitlement of **managers employed by the Bank** to variable remuneration and the extent thereof shall be determined by the CEO, with the proviso that in respect of the heads of Risk Management, Internal Audit and Compliance the Remuneration Committee has the right of joint decision-making.
- The entitlement of the **managers of the Bank Group's subsidiaries** to variable remuneration and the extent of compensation shall be determined by the body exercising ownership rights, with the preliminary approval of the Remuneration Committee of OTP Bank Plc.

## 7. Principles and rules concerning the payment of variable remuneration

- Upon assessing the performance of the year evaluated ("T year"), the amount of performance-based remuneration is determined and broken down to the level of individuals. The amount of performance-based remuneration is determined in consideration of individual performance, as well as the ratio of fixed and variable compensation.
- As a principal rule, performance-based variable remuneration shall be paid out in the form of a cash bonus and a share allowance granted at a discount, at a ratio of 50-50%.
- The number of shares per person that may be used as a share allowance granted at a discount must be determined on the basis of the quotient of the amount of share-

---

<sup>1</sup> This index is calculated on the basis of the figures of Hungarian and foreign group members that were subject to consolidation throughout the entire economic year assessed.

based performance remuneration and the value of the share allowance granted with a discount in effect at the time of performance assessment.

- The value of share allowance granted at a discounted price in effect at the time of performance assessment must be determined on the basis of the average of the daily mean quoted price of the ordinary shares issued by OTP Bank, as registered by the Budapest Stock Exchange, on the three business days preceding the date of performance assessment.
- The share allowance granted at a discounted price may contain a maximum discount of HUF 2,000 at the time of performance assessment, and the profit content per share may amount to maximum HUF 4,000 at the time of vesting the share compensation. In respect of the year assessed, the specific content of the share allowance granted at a discounted rate shall be decided upon by the Board of Directors of the Bank, within 30 days from the General Meeting closing the economic year evaluated.
- As a principal rule, 60% of variable remuneration shall be deferred for a period of 3 years, within which the extent of deferred payment shall be identical every year.
- Entitlement to deferred payment shall be determined in consideration of the subsequent assessment of risks. The assessment of risks takes place, on the one hand, on the basis of criteria pertaining to prudent operations – that is, in consideration of the fulfilment of the requirements concerning an amount of capital that is in excess of the minimum guarantee capital specified in the Act, and ensuring operations without the need to take advantage of the deposit insurance fund – and, on the other hand, it is linked to the activities of the persons concerned. On the basis of the assessment of risks related to the activities of the persons concerned, deferred amounts may be partially or fully reduced in case of a significant breach of the internal regulations, with special respect to those concerning risk management.

Entitlement to deferred amounts is linked to the subsequent assessment of risks and effective employment at the time of paying out the deferred amount. Any valid deviations from the above may only be authorized in respect of managing directors (CEO, deputy CEOs) by the OTP Bank's Board of Directors. In the case of exceptional performance, deviations may be permitted in respect of bank employees in management functions and heads of the subsidiaries, on the basis of a decision made by the OTP Bank's CEO.

- 50% of the first (non-deferred) share allowance granted at a discounted price shall be retained for a period of 1 year (entitlement will be awarded, but the compensation may actually be drawn in the period between 1 June and 31 December of the year following the year in which such compensation was awarded).
- The period within which share allowances granted at a discounted price may be vested shall be determined by the Board of Directors of OTP Bank Plc. Its maximum length is 2 years, it can be prolonged once with the proviso that the total length of the draw down period shall not exceed 2 years.

For dealers employed in treasury trading department, performance-based remuneration shall not contain any component linked to shares. Performance-based remuneration shall be settled in three instalments, by the end of the year following the period assessed.

The Board of Directors shall be entitled to adopt decisions on the settlement of share allowances by way of an agreement qualifying as a special share-based legal transaction, which must be in line with the actual market price of the share allowance.

For all members of the Bank Group, the share-based portion of variable remuneration shall be made available by OTP Bank Plc.