



**OTP BANK Ltd.**

Reference number: IR-048/2005

April 29, 2005

## **Extraordinary announcement**

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

OTP Bank Ltd. announces that at its Annual General Meeting (AGM) of April 29, 2005 the following resolutions were made:

#### **1/2005**

The AGM accepted the board of directors' report on 2004 business activities of the company and concluded that the bank had fulfilled the designated strategic and profit goals.

#### **2/2005**

The AGM accepted the supervisory board's report on the non-consolidated and consolidated 2004 annual reports and its proposal on profit distribution.

#### **3/2005**

The AGM accepted the auditor's report on the investigation into the non-consolidated and consolidated 2004 annual reports.

#### **4/2005**

The AGM accepted the bank's non-consolidated 2004 balance sheet and profit and loss account with the following key figures:

Total assets: HUF 3,044,772 million

Profit after tax: HUF 104,818 million of which

HUF 10,482 million is transferred to the general reserve, while

HUF 41,206 million paid as dividend and

the retained earnings for the year is 53,130 million.

HUF 146 dividend is paid after each ordinary share, HUF1,460 after the voting preference share, i.e. 146% of the face value of the shares. The exact amount of dividend payable to the shareholders will be calculated and paid in pursuance of the By-Laws of the Bank. Dividend payment begins on June 13, 2005 in pursuance of the By-Laws of the Company.

The AGM accepted the bank's consolidated 2004 balance sheet and profit and loss account with the following key figures:

Total assets: HUF 4,182,444 million

Profit after tax: HUF 125,875 million, of which

HUF 11,890 million is transferred to the general reserve, while

the retained earnings for the year is HUF 72,783 million.

#### **5/2005**

The AGM re-elected Deloitte Könyvvizsgáló és Tanácsadó Kft. as the bank's auditor for 2005, with Zoltán Nagy (No. 005027 chartered auditor) as the person responsible for auditing. Mr. Nagy can be substituted by Ms. Zsuzsanna Szépfalvi (No. 005313 chartered auditor).

The auditor's fee for 2005 will be HUF 45,000,000+VAT (HUF 39,000,000+VAT for unconsolidated and HUF 6,000,000+VAT for consolidated report auditing).

#### **6/1/2005**

Dr. Gábor Horváth was elected to the bank's supervisory board until the closing AGM of the fiscal year 2007.

**6/2/2005**

Dr. Gábor Nagy was elected to the bank's supervisory board until the closing AGM of the fiscal year 2007.

**6/3/2005**

Dr. Sándor Pintér was elected to the bank's supervisory board until the closing AGM of the fiscal year 2007.

**6/4/2005**

Dr. Tibor Tolnay was elected to the bank's supervisory board until the closing AGM of the fiscal year 2007.

**6/5/2005**

Mr. Antal Kovács was elected to the bank's supervisory board until the closing AGM of the fiscal year 2007.

**6/6/2005**

Ms. Klára Vécsei was elected to the bank's supervisory board until the closing AGM of the fiscal year 2007.

**7/2005**

The AGM accepted the following monthly remunerations as from May 1, 2005:

For the chairman and vice chairman of the board of directors, HUF 575,000;

For the members of the board of directors, HUF 500,000;

For the chairman and vice chairman of the supervisory board, HUF 415,000;

For the members of the supervisory board, HUF 335,000.

**8/2005**

The AGM approved the modification of the rules of procedure of the Supervisory Board as detailed in the appendix.

**9/2005**

The AGM approved the management share options programme for the years from 2005 to 2009 as detailed in the appendix and authorized the Board of Directors to establish the detailed rules of it.

**10/2005**

The AGM did not approve the modification of the By-Laws of the Company.

**11/2005**

The General Meeting authorized the Board of Directors in order to create the necessary supply for the administration of the option and bonus share programs operating at OTP Bank Ltd. and to prevent the price fluctuations of the shares to purchase up to 28,000,000 shares issued by OTP Bank on the Budapest Stock Exchange. The purchase price of the shares at each transaction shall not be lower than the face value of the share and not be higher than 150% of the highest price registered on the BSE on the day before the transaction. The Board of Directors is entitled to the acquisition of own shares until April 30, 2006.

**12/2005****Repeated voting**

The AGM did not approve the modification of the By-Laws of the Company.

OTP Bank Ltd.

# Appendix

## Modification of the procedural rules of the Supervisory Board

### 1. The 3rd article of point 1. to be replaced with the following provision

'The Supervisory Committee makes decisions with regard to all matters submitted to it by the General Meeting or members of the Supervisory Board.'

### 2. The f) article of point 1. to be replaced with the following provision and the marking of f) and g) articles to be replaced with marking g) and h)

f) ensuring compliance with §92 (4) of the Credit Institutions Act, notably providing for the satisfactory operation of credit institutions, financial enterprises and investment service providers in which OTP Bank Ltd. holds a controlling stake, by performing the following tasks:

- reviewing and approving the annual auditing schedules of subsidiaries – prior to approval by the competent executive body of the given subsidiary – and where necessary, making proposals with regard to their supplementation or amendment,
- evaluating the annual audit reports of subsidiaries – prior to approval by the competent executive body of the given subsidiary – and either endorsing them with an approval clause or supplementing them with professional comments,
- discussing in detail the area-specific audit conducted by the Internal Audit Department in the operation and regulation of internal auditing departments at subsidiaries, and requesting that the competent executive bodies of the given subsidiaries implement the necessary measures.'

### 3. The last article of point 1. to be replaced with the following provision

'The prior agreement of the Supervisory Board is required in order to make decisions regarding the creation or termination of an employment relationship with the managers and employees of the Internal Audit Department, or regarding their remuneration. The Supervisory Board executes decisions made in these rights through its chairman.'

### 4. The 7th article of point 4. to be replaced with the following provision

'The Supervisory Board passes resolutions by open vote. The results of the voting shall be recorded in the minutes. In the event of tied votes, the proposal is considered ignored.'

## **EXECUTIVE SHARE OPTION PROGRAM FOR 2005-2009**

### **1. Objective and duration of the Executive Share Option Program**

The objective of the Executive Share Option Program (hereinafter "Program") is to help attain OTP Bank Ltd.'s strategic objectives for the financial years 2005 – 2009, to recognise the achievement, both at the level of the bank and the group, of the Bank's management and its key officers, as well as of the management of the Bank's subsidiaries, and to provide an appropriate incentive to them for the future. The Program is intended to reward achievements for the financial years 2005 – 2009.

### **2. Precondition for exercising the Program**

A precondition for the exercising of the Program is that the OTP Bank Group's consolidated performance indicators in respect of a given financial year ("assessed financial year") are met, based on Hungarian accounting regulations, as follows:

- The increase in the profit after tax must be twice the level of inflation in the given year, or 10% (whichever is greater)
- The return on average assets must be at least 2.1% for the given year
- The return on average equity must be at least 20% in real terms (nominal ROAE minus Hungarian inflation) for the given year.

When assessing the indicators, the figures of domestic and foreign group members will be taken into account that belonged to the consolidated circle of companies throughout the entire assessed financial year, with the proviso that following approval of the Program, the figures of a company that is included in the consolidated circle may – by virtue of that company's being an investment that serves the Bank's strategic interests, and based on a decision of the Bank's Board of Directors – be disregarded for a maximum of 3 years.

Of the above-mentioned targets, at least two must have been fulfilled in order for the Program to be exercised in respect of the assessed financial year. The Bank's Board of Directors will make this decision at the first or second Board meeting following the general meeting that closes the assessed financial year (first in 2006).

### 3. Circle of participants and the annual extent of reward

Those who participate in the Program may receive different rewards in terms of share options, depending on their position, as follows:

<b>Executive level</b>	<b>No. of persons</b>	<b>Maximum no. of shares*</b>
Chairman and CEO	1	200.000
Vice Chairman, Deputy CEO	1	120.000 – 160.000
Deputy CEO	5	80.000 – 120.000
Managing directors of level 3 central organisational units, the head of a level 3 central organisational unit based on a specific rating by the Chairman and CEO, managers of network profit centres, top managers of category I subsidiaries on the basis of the ratio of achieved revenue, profit and operations conducted independently of OTP Bank	29	20.000 – 40.000
Chairman and Deputy Chairman of the Supervisory Board, external members of the Board of Directors, heads of level 3 central organisational units, the head of a level 3 central organisational unit based on a specific rating by the Chairman and CEO, top managers of category II subsidiaries on the basis of the ratio of achieved revenue, profit and operations conducted independently of OTP Bank, deputy-CEOs of DSK BANK EAD, and the top managers of OTP Funds	33	10.000 – 20.000
Members of the Supervisory Board, independent departmental heads of level 3 central organisational units, top managers of category III subsidiaries on the basis of the ratio of achieved revenue, profit and operations conducted independently of OTP Bank, and, on the basis of a decision by the Chairman and CEO, bank employees in charge of other than level 3 organisational units in positions such as managing director, deputy managing director, director, or departmental head	14	10.000
<b>Total:</b>	<b>83</b>	<b>2.920.000</b>

\*The number of participants in the Program and the number of shares may change during the five-year term of the Program, due to the expansion of the Bank's organisational structure and the Bank Group; however, the number of OTP shares announced and available for purchase within the framework of the Program may not exceed 3 million in any assessed financial year.

The Bank's Board of Directors will determine the participation of subsidiaries in the Program (granting and terminating the right to participate), the criteria for assigning the subsidiaries to categories, and classifying or reclassifying the subsidiaries on the basis of their strategic objectives and the rating of their operations.

In the case of executives who are bank employees, the Chairman and CEO will make the decision regarding their participation in the Program, as well as grant and terminate their right to participate.

If a person is entitled to participate in the Program by virtue of his/her employment with the Bank, or as an executive of a subsidiary, he or she will not be entitled to additional share options on the basis of his or her membership in an executive body.

### 4. Precondition for participation

A precondition for participation in the Program is membership of an executive body for a period of at least 6 months during the assessed financial year that is still valid on the last day of the assessed financial year, or the existence of an employment contract associated with the given position. In the

event of outstanding performance, the Bank's Board of Directors may legitimately depart from the above stipulation with respect to members of executive bodies, while the Chairman and CEO may do so with respect to managers employed by the Bank, and the managers of subsidiaries.

## **5. Determining the extent of the right to participate**

In the case of non-executive **members of the Board of Directors and the Supervisory Board**, the right to participate depends on whether the Bank's general targets have been met. If the Program is exercised, this group of officers is entitled to purchase the maximum number of shares.

The entitlement of the Bank's **Chairman and CEO** as well as the extent of the reward is determined by the Board of Directors on the basis of an individual assessment.

The extent of the reward to be granted to **executives employed by the Bank** is determined by the Chairman and CEO on a case-by-case basis, depending on the size of the area under a given executive's control, as well as on the executive's scope of responsibilities, and based on the degree of fulfilment of annual targets and the rating of the executive's performance of his/her duties.

In the case of the **top executives** of the subsidiaries, the extent of the reward will be determined by the Chairman and CEO on the basis of an assessment of the company's activities, its performance in the given financial year, the extent to which the company has contributed to the Bank Group's profit, and whether the targets have been met.

## **6. Commencement of the option period**

The option period with respect to the assessed financial year will commence – based on a decision by the Board of Directors to the effect that the conditions for exercising the Program have been met – on the date set out in the personalised notice that specifies, in accordance with point 5, the extent of the right to participate, which date may not be later than 31 August of the given year. The right will be valid for two calendar years. During this period the holder of the option right may – subject to legal limitations – exercise the option right to purchase shares at any time.

At the request of the option right holder, the Bank's Board of Directors, in the case of non-executive members of the Board of Directors and the Supervisory Board, or the organisational unit or person that determines the extent of the right in any other case, may extend the option period to, at most, the expiry date of the option period in the last business year of the Program. In this case the option purchase price will be:

- the same purchase price with the original conditions if the income component of the option right realised by a private individual during the extended period is not greater than the difference between the weighted average stock market price during the last three months of the originally specified option period and the purchase price specified with respect to the option period,
- if during the extended option period the income that results from exercising the purchase right is greater than this, then the original option purchase price will be increased by the difference between the weighted average stock market price during the last three months of the originally specified option period and the market price effective at the time the purchase right is exercised.

## **7. Determining the option purchase price**

The purchase price of shares for sale in a given option period is the average of daily mid-rates recorded at the Budapest Stock Exchange in the month when the annual ordinary general meeting is held in the assessed financial year (first in 2005) and in the calendar month preceding that month. The Bank's Board of Directors determines the option purchase price in their first or second meeting following the month in which the annual ordinary general meeting is held in the assessed financial year.

## **8. Prohibition on alienation and encumbrance**

Seventy percent of the shares purchased by the option right holder are subject to a prohibition on alienation for a period of one calendar year starting from the day of the purchase.