OTP BANK PLC.

DOCUMENTATION FOR THE COMPANY'S ANNUAL GENERAL MEETING

(ENGLISH TRANSLATION)

APRIL 25, 2008

THE AGENDA OF THE GENERAL MEETING

1. Financial Reports of the Company on 2007 in accordance with the accounting law (non-consolidated report of OTP Bank according to the Hungarian accounting standards and the IFRS-based consolidated report), a proposal for distribution of after tax profit of the Bank.
   - The 2007 Business Report of the Board of Directors.
   - Financial Statements of OTP Bank Plc. on 2007 (balance sheet, income statement and cash flow; HAR non-consolidated)
   - Proposal for the distribution of the 2007 profit after tax of OTP Bank Plc. and for dividend payment
   - Financial Statements of OTP Bank Plc. on 2007 (balance sheet, income statement, cash flow and changes in shareholders' equity; IFRS consolidated)
   - Report of the Supervisory Board on 2007 Financial Reports and proposal for distribution of after tax profit of the Bank;
   - Report of the Audit Committee on 2007 Financial Reports and proposal for distribution of after tax profit of the Bank;
   - Report of the Auditor on the results of the audit of the 2007 Financial Reports;
2. Decision on the approval of the report on Corporate Governance.
3. Evaluation of the activities of the management in the business year, decision on granting exemption in respect of further liability
4. Report of the Board of Directors on the Bank’s Business Policy for 2008.
5. Election of the Company’s auditor, approval of the appointment of official responsible for auditing, setting the remuneration.
6. Modification of points 1., 4., 6., 8., 9.13 and 11/A of the By-Laws.
7. Election of members of the Board of Directors.
8. Election of members of the Supervisory Board.
9. Election of members of the Audit Committee.
10. Establishing the remuneration of the members of the Board of Directors, the Supervisory Board and the Audit Committee.
11. Briefing on the sale of OTP Garancia Insurance Ltd, and decision on a management incentive scheme related to the deal.
12. Modification of the incentive programme of the management for the years from 2006 to 2010.
13. Authorization of the Board of Directors to the acquisition of own shares.

THE 2007 BUSINESS REPORT OF THE BOARD OF DIRECTORS OF OTP BANK PLC.

THE 2007 BUSINESS REPORT OF THE BOARD OF DIRECTORS[1]

OTP Bank Plc – despite what was in many respects an unfavourable macroeconomic environment in Hungary and notwithstanding the US subprime mortgage crisis in the second half of the year – closed a successful business year in 2007: it succeeded in increasing its income by close to the planned figure, exceeding analysts' expectations, and significantly increased its business activity and volumes. The fundamental conditions and equity position of the Bank are stable and balanced, and in December 2007 Moody's confirmed all credit ratings of OTP Bank with a stable outlook.

As at 31 December 2007 the Bank Group's **consolidated balance sheet total was HUF 8,461.9** billion – based on International Financial Reporting Standards (IFRS) – up by 19.2% or HUF 1,364.4 billion from a year earlier.

The 2007 **consolidated after-tax profit** of the Bank Group – based on IFRS – was HUF **208.5** billion, 11.5% higher than in the previous year. In 2007 the Bank's consolidated return on average assets (ROAA) and its consolidated return on average equity (ROAE) were 2.68% and 24.8% respectively (in 2006: 3.04% and 28.0%).

The price of OTP Bank shares in 2007 was extremely volatile due to the unfavourable macroeconomic conditions and capital market situation. Over the course of the year – against a backdrop of exceptionally high trading volumes – the price of OTP shares rose by 25% up to the end of July, from HUF 8,750 to HUF 10,939, and then in the rest of the year it gradually fell back to the start-of-year level, eventually closing at HUF 8,790. The exit of investors from the stock market following the start of the subprime mortgage crisis in America in August had a marked impact on the price of OTP shares, although OTP Bank's operating results were not affected by the crisis and OTP Bank does not have a structured securities portfolio that would have generated any major losses for the Bank. Over the past years, the price of OTP Bank's shares has risen at a significantly higher rate than that of other shares on the Budapest Stock Exchange. The price of OTP shares grew by a factor of almost 93 (in forint terms) from the end of 1995 to the end of December 2007 (representing an average annual growth of 45.9%). By comparison, the BUX index rose over 17-fold (representing an average annual growth of 26.7%) during the same period – due in no small part, it must be said, to the performance of OTP Bank. However, in 2007 the OTP share price stagnated, despite the 5.6% increase in the BUX. At the end of December 2007, the combined market value of the Bank's shares was HUF 2,462 billion, or EUR 9.7 billion, which was 2.75 times the Bank's book value (P/BV).

THE FINANCIAL PERFORMANCE OF OTP BANK PLC IN 2007

CONSOLIDATED FINANCIAL PERFORMANCE

CONSOLIDATED BALANCE SHEET

OTP Group's consolidated balance sheet total as at 31 December 2007 was HUF 8,461.9 billion, up by 19.2%, or HUF 1,364.4 billion, on a year earlier.

The Bank's consolidated equity was HUF 895.6 billion, representing an increase of HUF 107.4 billion, or 13.6%, over the previous year, and which was 25.2% higher than the Bank's non-consolidated equity. The ratio of consolidated equity to total assets decreased from 11.1% at year-end 2006 to 10.6%. The book value of OTP shares (BVPS) was HUF 3,198 on 31 December 2007, which was HUF 383 higher than at the end of the previous year.

On the ***assets*** side, cash, due from banks and balances with the National Bank of Hungary were 33.7% lower than a year earlier. Placements with other banks – thanks in part to the Bank's modified placement structure – grew by 8.7% from the end of December 2006, amounting to HUF 654.8 billion on 31 December 2007.

The fair value of financial assets, as recognised in the profit and loss account, rose by HUF 175.3 billion, to reach HUF 285.9 billion by the end of the year.

The value of securities held for sale increased by 3.1%, or HUF 473.9 billion, over the course of the year.

Loans net of allowances for loan losses rose by 28.4%, i.e. from HUF 4,3447.1 billion on 31 December 2006 to HUF 5,582.4 billion. Net loans represented 66.0% of total assets on 31 December 2007.

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[1] Based on OTP Bank Plc's 2007 audited financial statements. The business report contains the consolidated data of the OTP Group and the data of the subsidiaries in accordance with International Financial Reporting Standards (IFRS)

The consolidated gross customer portfolio increased by 28.7% and amounted to HUF 5,761.1 billion at the end of 2007, of which the share of corporate loans was 38.7% (HUF 2,227.7 billion, annual change +38.4%), that of retail customers 57.3% (HUF 3,302.6 billion, annual change +24.8%), and loans to municipalities 4.0% (HUF 230.8 billion, annual change +5.7%). Within retail loans, housing and mortgage loans represented HUF 1,766.2 billion (annual change +16.2%), and consumer loans represented HUF 1,536.4 billion (annual change +36.4%). The share of the foreign subsidiary banks within the consolidated loan portfolio as at 31 December 2007 was 43.1% (HUF 2,526.6 billion).

The gross loan portfolio increased most dynamically at OBR in Romania (+60.8%), CJSC Bank in Ukraine (+45.1%), at the DSK Group (+43.4%) and at the Russian ISB (+41.4%). Of the total growth increment in the loan portfolio, the largest contributions came from OTP Bank's core operations[2] (HUF +342.8 billion), the DSK Group (HUF +231.0 billion), and the Ukrainian CJSC (HUF +164.9 billion).

Alongside a dynamic increase in the loan portfolio, the quality of the portfolio also improved, and 86.5% of the gross loan portfolio was performing as at the end of 2007, compared to 79.6% at the end of the previous year. The share of 'special watch' loans was 9.3%, and the share of the 'problematic' (non-performing) category was 4.2%, representing a 5.5 and 1.4-percentage-point decrease respectively compared to the previous year. 45.6% of the consolidated qualified portfolio and 55.9% of the non-performing loans were recorded on the balance sheets of the Bank's foreign subsidiaries.

IFRS consolidated risk provisions/impairment was HUF 178.7 billion, and of this, HUF 165.7 billion was related to the qualified portfolio, which resulted in a coverage ratio of 21.3%. Within this, the HUF 243.7 billion set aside to cover the HUF 150.8 billion in non-performing loans represented a coverage ratio of 61.9%.

The portfolio of held-to-maturity securities fell by 18.4% in 2007, with the total value of such securities reaching HUF 317.6 billion on 31 December. The securities portfolio of the Bank contained virtually no structured products or investments carrying a significant exchange rate risk.

On the **liabilities** side, deposits from customers amounted to HUF 5,038.4 billion as at 31 December 2007, up by 19.0% on a year earlier and 70.5% higher than the Bank's portfolio. 64.4% of **customer deposits** came from retail customers, while 29.7% came from corporate customers and 5.9% from municipality customers.

The main contributors to the HUF 806.2 billion growth in deposits were the parent bank (+HUF 264.9 billion), DSK (+HUF 126.6 billion) and ISB (+HUF 37.5 billion). The share of the foreign subsidiaries in the aggregate deposit portfolio grew from 34.2% to 38.9% in 2007.

The portfolio of **issued securities** grew by 26.1% over the year, to HUF 985.3 billion. The subordinated and additional debt increased by 20.1% to HUF 301.2 billion.

CONSOLIDATED RESULTS

OTP Bank's consolidated **after-tax profit** for 2007 – based on IFRS – was HUF 208.5 billion, which was 11.5% or HUF 21.5 billion more than the figure for 2006. The consolidated profit before tax grew even more, by 13.9%, in 2007, reaching HUF 249.0 billion.

In 2007 the Group's consolidated **net interest income** was HUF 431.7 billion, which translates to a growth for the year of 21.3%. The net interest income adjusted by the non-interest type income from swap transactions was HUF 423.7 billion, which was 24.5% higher than in 2006.

Provisions amounted to HUF 58.2 billion, and with the release of provisions created before the acquisitions, HUF 42.1 billion. The ratio of provisions to the average gross loan portfolio was 0.82%, compared to 0.62% in 2006.

The interest margin on the average balance sheet total (HUF 7,779.7 billion) calculated on the basis of the end-of-period data in 2007 (based on calculations that exclude the impact of swap transactions on interest income) was 5.45%, which is merely 8 basis points lower than in 2006.

Non-interest income increased by 35.3%, to HUF 328.3 billion, in 2007. **Adjusted non-interest income**, including net fees, but less FX and securities gains on swap transactions, and adjusted for other revenues from the release of provisions set aside before the acquisitions and restated as a risk reserve, was in total 28.2% higher than one year earlier, and amounted to HUF 284.3 billion.

Net fees and commissions totalled HUF 152.9 billion, representing a 35.4% increase over 2006. The net result of securities trading without swap transactions was a gain of HUF 5.1 billion, as compared to HUF 5.8 billion in 2006. The net exchange rate gain without swap transactions amounted to HUF 16.4 billion, compared to a HUF 5.0 billion gain in 2006. Real estate transactions resulted in a profit of HUF 1.4 billion at consolidated level. Insurance premium revenues amounted to HUF 83.6 billion in 2007, which was 10.6% higher than in 2006. Compared to 2006, insurance expenses grew by 13.7%. The

[2] OTP Bank, OTP Mortgage Bank and OTP Building Society together

net profit on insurance transactions was HUF 14.4 billion. Other non-interest income less income from the release of provisions generated before the acquisitions were HUF 24.0 billion, which is 17.6% higher than in the previous year.
The **total income** of the Bank group less net fees and release of pre-acquisition provisions was HUF 708.0 billion, 26.0% more than in the previous year.
Non-interest expenses, amounting to HUF 452.9 billion, were 28.8% higher than in 2006. Within this, consolidated personnel expenses were 38.4% higher than in the previous year, amounting to HUF 147.8 billion. Depreciation rose by HUF 9.2 billion relative to 2006, to HUF 35.7 billion. Other nom-interest expenses grew by 31.2%, to HUF 164.3 billion. In 2007, non-corporate taxes represented an expense of HUF 30.7 billion – HUF 2.1 billion, or 6.4%, less than in 2006. Within this, the HUF 6.5 billion in 'special tax' imposed on credit institutions and financial enterprises (contribution tax and solidarity tax) was recognised among other expenses (in 2006: HUF 11.2 billion).
The Bank's cost-to-income ratio calculated on the basis of its consolidated, audited figures for 2007 was 57.6%, 121 basis points higher than in the previous year. This figure, calculated on the basis of total income including net commission income and net of released pre-acquisition provisions and operating expenses, was 58.9%, or 206 basis points higher than in the previous year.
Consolidated return on average assets **(ROAA)** was 2.68% (in 2006: 3.04%), while consolidated return on average equity **(ROAE)** was 24.8%, which was 3.2 percentage points lower than that of the previous year. Basic net earnings per ordinary share (**basic EPS**) were HUF 796, up by HUF 74 on the 2007 figure, while diluted EPS was HUF 794 (in 2006: HUF 714).

PERFORMANCE OF OTP BANK'S CORE OPERATIONS IN HUNGARY[3]

BALANCE SHEET

The gross customer loan portfolio related to the core operations of OTP Bank in Hungary[4] was 3,037.5 billion on 31 December 2007, which represents a significant, HUF 342.8 billion, or 12.7%, growth. Of this total, loans to corporate customers accounted for 37.5% (HUF 1,138.9 billion, annual change +13.3%), those to retail customers 55.4% (HUF 1,684.2 billion, +13.8%), and the loans of municipality 7.1% (HUF 214.4 billion, +2.0%). Within retail loans, housing and mortgage loans represented HUF 1,199.9 billion (annual change +5.8%), and consumer loans HUF 484.3 billion (annual change +40.2%).
Alongside a dynamic increase of the loan portfolio, the quality of the portfolio improved over the previous year in terms of the ratio of non-performing loans. 95.3% of the gross loan portfolio was performing as at the end of 2007, while in 2006 the comparative figure was 96.0%. 'Special watch' loans accounted for 3.4% of the portfolio (compared to 1.9% in the previous year) and non-performing loans represented 1.4% of the total (compared to 2.1% in the previous year).
At the end of 2007 the provisions set aside and impairment recognised on the HUF 143.6 billion in qualified loans amounted to HUF 28.9 billion, representing a 20.1% coverage ratio. Within this, the HUF 22.3 billion in impairment provisions set aside for covering the HUF 41.9 billion in non-performing loans represented a coverage ratio of 53.4%.
The Bank Group had a market share of 9.9% in corporate loans, 36.7% in housing loans, 19.6% in consumer loans[5], and 55.0% in municipality loans in Hungary at the end of 2007. The Hungarian credit institution members of the Bank Group had a share of 25.4% of the total assets of the banking sector at the end of 2007.
The total of customer deposits collected within as part of the core operations of OTP Bank in Hungary was HUF 3,086.1 billion at the end of 2007, HUF 295.8 billion higher than in 2006. Of the total customer deposits, 63.7% came from the retail segment, 29.7% from corporate customers and 6.6% from municipalities. Compared to the previous year, corporate and municipality deposits grew considerably, by 28.0% and 21.5% respectively, while the growth in retail deposits was 3.1%.
The Bank Group had a 24.1% market share of Hungarian credit-institution deposits, and within this total, it had a 31.3% share of household deposits, a 53.1% share of municipality deposits and an 11.9% share of corporate deposits.
The stock of mortgage bonds issued for the financing of mortgage loans was HUF 974.7 billion at the end of 2007, which was HUF 13.5 billion, or 1.5%, lower than at the end of the previous year. In 2007

[3] OTP Bank, OTP Mortgage Bank, OTP Building Society together
[4] To OTP Financing Netherlands and OTP Financing Cyprus, practically financing subsidiaries, were taken out from the corporate loans of the growth loan portfolio and were moved into the interbank loans.
[5] Without the market of vehicle loans, without Merkantil Bank

the issue of retail mortgage bonds continued, which provided continuous forint-based funds for the company, and in the middle of the year a new multi-currency domestic mortgage-bond scheme was launched. As a result of the international subprime mortgage crisis, and due to the increase in premiums, from the third quarter on OTP Mortgage Bank decided to defer foreign issues to the following year. With regard to issued mortgage bonds, OTP Mortgage Bank achieved a 63.9% share on the Hungarian market.

RESULTS

In order to better illustrate the underlying fundamentals of the business, we have presented the results of the Hungarian core operation based on the consolidated audited IFRS figures of OTP Bank, OTP Mortgage Bank and OTP Building Society with the following adjustments:
The net interest income has been stripped of the interest expense related to subordinated and additional loan capital as well as of the reported net interest income from the financing of subsidiaries;
Other non-interest income has been stripped of the exchange rate gain on the strategic open position and the non-interest income earned on the financing of subsidiaries;
The non-interest income from foreign currency swaps has been presented among net interest income;
Non-interest income has been stripped of dividend received from the subsidiaries and of funds permanently transferred.
The annual **pre-tax profit** from core operations increased by 13.3%, to HUF 160.8 billion, while the after-tax profit increased by 12.2%, to HUF 136.7 billion. The growth in profit was primarily due to the favourable change in operating expenses and risk expenses; the rate of growth of total income was below that observed in previous years.
Net interest income – as a result of the increasing competition in the retail market, the repricing of subsidised housing loans, and intensive customer acquisition and fundraising campaigns – remained essentially unchanged in 2007, with the HUF 242.2 billion in net interest income representing a growth of just 0.5% over the previous year. The risk-related expenses of loans – as a result of the considerable improvement in the quality of the portfolio – fell significantly, by approximately HUF 3.9 billion, to HUF 21.4 billion.
Of **non-interest income**, net commission income, representing a dominant share of the total, increased by 10.6%, while net interest income as a whole grew by a similar rate of 10.9%.
The **operating costs** of the core activity – due mainly to a nearly HUF 4.3 billion, 15.4%, decrease in taxes accounted among the other expenses – fell by 1.5%. Within this category, personnel expenses increased by 6.9%, while depreciation was 14.8% higher than in the previous year. Other expenses fell by 11.0% overall. The cost-to-income ratio decreased significantly due to the above processes, from 51.1% in 2006 to 48.6% (-252bp).

CAPITAL ADEQUACY (BASED ON THE CREDIT INSTITUTIONS ACT)[6]

As of 31 December 2007, the **equity** of OTP Bank according to Hungarian Accounting Standards (HAS) amounted to HUF 673.0 billion, or 21.7% more than a year earlier. The HUF 119.9 billion increase was a net result of the HUF 12.0 billion growth in the general reserve, the HUF 74.3 billion increase in the profit reserve, the HUF 52.9 billion reduction in the allocated reserve and the balance sheet profit for the year of HUF 107.9 billion. Equity per share of nominal value HUF 100, was HUF 2,404.
The portfolio of repurchased treasury shares grew from a 2006 figure of HUF 1.7 billion to HUF 54.2 billion by the end of 2007.
The **risk-adjusted regulatory capital** of the Bank on 31 December 2007 was HUF 379.6 billion, and its adjusted balance sheet total was HUF 3,461.6 billion.
As of 31 December 2007, the **solvency ratio** calculated according to Hungarian regulations was 10.97%, which is well in excess of the 8% required under the Credit Institutions Act.
The Bank's non-consolidated 2007 pre-tax profit according to HAS was HUF 142.0 billion, which was more than HUF 70.0 billion, or 33.2%, lower than that of 2006. Compared to the 2006 pre-tax result excluding the one-off impact of the ICES programme (HUF 154.6 billion), the fall was 8.1%, which was partly attributable to the growth in interest expenses on the subordinated loan capital taken up to finance the acquisition of the foreign subsidiaries. With a rise in the actual tax rate compared to 2006 (from 12.4% to 15.6%), the **after-tax profit** was HUF 119.9 billion, 35.6% less than in 2006. Compared to the 2006 after-tax result excluding the one-off impact of the ICES programme (HUF 134.8 billion), the fall in the profit after tax was 11.0%.

[6] According to HAS

After setting aside HUF 12.0 billion in general risk provisions, **the balance sheet profit** of OTP Bank for the year 2007 amounted to HUF 107.9 billion (the Bank will not be paying dividends on its profits of 2007).

MAJOR DEVELOPMENT PROJECTS AT OTP BANK IN 2007

In 2007, as a part of the cross-selling project, a system for generating and sending binding, pre-assessed direct marketing offers to customers, in accordance with the requirements of the particular business lines, was created. This project has contributed significantly to an increase in the number of offers, because the division concerned is free to choose the terms and conditions related to its particular target customers, and it is now possible to send out various types of offer.

Within the context of the loan protection program, consumer loans were replaced with personal loans and debt-settlement loans. This means that customers who have several loans can convert them into a single loan, and can repay their overdraft and credit card debts through equal instalments.

Thanks to an addition to OTP Bank’s account-management system, the account management and early collection of receivables sold to Factoring Ltd. can now be handled effectively.

The developments implemented in the ‘Statement Factory’ have led to a fall in costs for the Bank, as it has enabled retail deposit statements prepared for the same group of deposit holders and at the same postal address to be sent at the same time.

The IT processes related to the collecting of debts, payment reminders, write-offs and terminations in respect of distressed accounts were improved, the existing IT solutions were fine-tuned and consistent principles were introduced for debt management. Consequently, the Bank can now monitor bank-account debts and unauthorised overdrafts, produce letters terminating the account or containing payment demands, select the terminated accounts, support measures related to written-off or sold receivables, implement internal transfers required for debt collection, and provide IT support for the termination of accounts.

In retail lending, several new products were introduced, including a repayment insurance with a monthly premium and the ‘Világ’ (World) currency-conversion loan, which is a multicurrency housing and mortgage loan (HUF, EUR, CHF, JPY), in which currencies are converted automatically based on the customer’s request.

Applications for housing and mortgage loans sold by agents are now also available on the internet, and partner-status monitoring on the internet has also been extended.

A simplified process for MSE lending was introduced in the corporate risk management system, as a result of which the program leads the user through the individual steps of the lending process supported by the system, starting from one single screen, and thus the user no longer needs to select the functions to be executed from menus, which reduces the throughput time.

The connection established between the corporate loan account management systems and the risk management system supports the reporting of data required for calculating impairment and provisioning amounts in compliance with the accounting regulations.

By expanding the data in the Transaction Data Warehouse, and the functions based on it, sales support improved, and there was a major increase in the functions supporting the introduction of conditional offers and account packages, cross selling, and the management of overdue receivables.

The results of the START and PARTNER projects were used more extensively, in which context the publication results of the START portal development activities should be highlighted. New modules were added to the REFTAM system, which supports the sales efforts of the relationship managers managing key – large corporate, municipality, private banking, EU and Partner – accounts.

The major change in 2007 related to investment services was the introduction of the MiFID (Markets in Financial Instruments Directive) requirements, defined by the European Union for investment-related activities. The purpose of this directive is to promote the development of a competitive and liquid European market. Despite the fact that in the end certain member states applied for and were granted derogation, as a result of which the original deadline was changed to 31 January 2008, it was still the most significant task of the past year, especially since the majority of the work was performed in 2007.

The Bank made available some of its investment service products for sale by agents. With the help of the related development, the products issued by OTP Fund Management are now sold through the agent network.

Following lengthy preparations, securities lending became available in investment services. As a result of this development, the Bank’s treasury can provide loans in the form of securities to its customers and partners, and if necessary can borrower securities from them.

Under Interest and Currency Risk Limit Supervision, the Equity Risk modules were developed for OTP Treasury and the Balance Sheet Management Department, which made the risks of the business units concerned transparent and manageable on a daily basis.

The OTPdirekt services available on the internet were extended to include the trading of securities listed on the stock exchange. In co-operation with Első Mobilfizetés Elszámoló Zrt. and its partners, a system was developed supporting the payment of parking fees and other services over the internet or through mobile phones. This project also increased the number of services available through electronic channels.

In 2007, the Bank expanded the range of its services available through ATMs to include invoice payment and gaming opportunities, and introduced foreign-currency settlement with merchants who accept AMEX cards.

Work continued at the Bank on the Basel II project, enabling the calculating of the capital requirements of the Bank and of its subsidiaries in compliance with the international regulations.

The CASIR - UNIX platform change also took place, as a result of which processing times were shortened significantly.

DIVISIONAL RESULTS

RETAIL DIVISION

OTP Bank continues to be the largest player in Hungary's retail banking market. At the end of 2007 the OTP Bank Group had a market share – based on the combined balance sheet total of financial institutions – in the credit institution sector of 31.3% in household deposits (OTP Bank: 28.9%), and 31.1% in household loans (OTP Bank: 9.0%).

Retail deposits

By year-end 2007, the volume of retail deposits placed with the Bank had reached HUF 1,844.2 billion, which represents an approximately 1.7% increase over the previous year's figure.

Within retail deposits, the Bank managed to hold nearly the same volume of retail forint deposits as in the previous year, amounting to HUF 1,492.6 billion in December 2007. This gave OTP Bank a share of 27.9% in household forint deposits (OTP Group: 30.7%). Within retail deposits, the share of current account deposits was 81%, which represents a 1.8 percentage-point increase since December 2006 and amounted to HUF 1,209.7 billion in December 2007. The Bank's share of demand deposits in the banking sector remained outstandingly high, at 41.0% in December 2007. The total value of passbook deposits continued to decrease – by a further 1.3 percentage points – within forint deposits, representing slightly more than 17% of the total portfolio in December 2007, amounting to HUF 254.8 billion.

Foreign-currency deposits rose by HUF 32.3 billion, or by 10.1%, in 2007 compared to December 2006; thus the portfolio reached HUF 351.6 billion by the end of 2007. As a result, the share of FX deposits within the total portfolio of retail deposits was 19.1% in December 2007, representing a 1.4% increase over the previous year's figure. The share of OTP Bank in household FX deposits was 34.8% as of 31 December 2007.

Bankcard business

As at 31 December 2007, the number of cards issued by the OTP Bank was nearly 3,991,200, a slight – 1.4% – decrease over the previous year's figure.

At year-end 2007, the number of debit and credit cards issued in the retail division had exceeded 3,844,700.

Of this, the number of retail debit cards in circulation as at 31 December 2007 was 3,570,100. The number of the highly popular Multipont (Multipoint) debit cards was 440,500 at the end of 2007. The number of retail FX cards issued by the Bank increased dynamically, by nearly 82%, and was nudging at 17,500 by December 2007.

OTP Bank's credit cards continue to be extremely popular: on 31 December 2007, their number exceeded 274,600, representing a 13.5% increase over the previous year. Nearly two-thirds of the retail credit cards are the very popular Amex Blue cards. However, in 2007, the credit card portfolio of OTP Bank increased further when the Amex product line was extended to include the Amex Gold credit card, designed for affluent customers, and the 'TV2+én' (TV2+Me) credit card was also launched.

At the end of December 2007, the number of business cards in circulation was 146,500. The number of Széchenyi Cards was more than 7,600 as of December 2007. The decline occurred because in 2006 OTP Bank launched a business credit card on the market to extend its micro and small-enterprise product selection, of which nearly 1,800 were issued by the end of December 2007.

As of December 2007, OTP Bank was operating a network of 1,990 ATM machines for the convenience of its customers. In 2007, the Bank executed 79.5 million transactions through its own ATM network, involving a total of HUF 2,486.4 billion. The Bank's customers performed nearly 70.2 million ATM transactions using cards issued by OTP Bank in 2007, in a total value of HUF 2,131.0 billion. On the acceptance side, the Bank's revenues increased by 8.5% compared to the previous year, to HUF 15.1 billion, while the average value of transactions rose from HUF 30,700 to HUF 31,300.

By 31 December 2007, the number of POS terminals of OTP Bank had increased by 24%, and reached 33,700 terminals. Of those, the Bank operated 3,700 POS terminals in its own branches, 25,100 in commercial and 4,900 in postal acquiring places. The number of transactions performed on the Bank's own commercial POS terminals increased by 25% to 104.3 million in 2007, while the value of the performed transactions also increased by approximately 20% to HUF 849.6 billion. The number of POS transactions performed with cards issued by OTP Bank was close to 73.6 million, while the value of the turnover exceeded HUF 544.5 billion in 2007.

Electronic services

With regard to customers who use telephone-based customer services, the Bank commands one-third of the market; in the case of those that bank over the internet, its market share was an average of around 38% for the year, while it serves more than half of all customers that use mobile phone-based services.

The number of customers with contracts for the use of the Bank's electronic channels continued to increase in 2007 – as it had in previous years. The number of OTPdirekt customers rose by 17% from the year-end 2006 figure, to exceed 1.5 million in December 2007. The number of customers using the telephone helpdesk service increased only moderately in 2007; as of 31 December 2007 slightly more than 939,000 customers had a contract for the telephone helpdesk service. The number of customers using the mobile telephone services on a contract basis continued to increase dynamically, by nearly 24%, and more than 1.1 million customers had contracts at the end of 2007. Similarly to the retail segment, there was also dynamic development in the MSE segment. The same was true for customers with contracts for internet services, where the total increase was approximately 22%, with nearly 673,000 contracts active in December 2007. The total number of SMS messages had grown by 23% by the end of 2007, approaching some 157.1 million, while the number of internet transactions increased by one-fifth in 2007, reaching a total for the year of 23.2 million by December.

OTPdirekt continues to provide the largest selection of services on the Hungarian e-banking market. As a result of its development projects, OTP Bank has introduced unique convenience e-services in Hungary, increasing the importance of customisation and online sales on e-channels and on its website. The industry recognised these sustained developments by awarding the Bank the title of 'Direct Bank of the Year' in 2007.

Elements in the extension of OTPdirekt services:

Motorway toll stickers can now be purchased through all electronic channels, while the range of securities-related functions available through the Internetbank has been extended, with customers now being able to buy and sell shares listed on the Budapest Stock Exchange over the internet, and new bankcard, replacement card and credit-facility applications have also been developed for the Internetbank.

OTP Bank is making efforts to ensure that customers who need it have access to a micro-payments facility. As the first step in this process, customers can now use their mobile phones to pay their parking fees, newspaper subscriptions or motorway tolls directly from their current accounts.

At the same time the Bank is trying to meet the individual needs of its customers by enhancing its website. Using the SajátOTP (My OwnOTP) function, customers can prepare their own webpage from the selection on the website, and the online ordering of OTP Sajátkártya (Own Card) personalised bankcards is supported through a specially developed image-editor interface.

In addition, in 2007 the information Call Center project, which has served to centralise the management of branch telephone calls, continued, supporting more effective operations by easing the workload of the branches and increasing the quality of telephone services.

The issue of technical support to the foreign subsidiary banks is increasing in importance, especially as an objective of the OTP Group is to make OTPdirekt an internationally recognised brand name, which will guarantee uniform functionality and quality in all countries where OTP is present in the market.

Retail loans

The Hungarian Bank Group's[7] retail portfolio at the end of December 2007 stood at HUF 1,684 billion, 13.8% more than at the end of 2006.
The trends in home construction turned out to be more favourable than expected, as the decline in the number of issued construction permits reversed in 2007, and the number of homes taken into occupancy began to rise again as a result of various commercial construction projects, while sales of used homes did not decline either.
The demand for housing loans and mortgage loans did not fall in 2007, and, despite the economic austerity measures, the dominance on both the demand and the supply side of foreign currency-based loans with a more favourable interest rate continued to grow. At the same time, the demand for subsidised forint loans available for new home construction and home purchase continued to decrease. Of the total estimated disbursements, the share of foreign currency-based loans reached 92%.
In 2007, OTP Bank launched a complex project for restructuring mortgage lending, as a result of which numerous products and processes were developed and further steps were taken towards more customer-friendly branch sales and more effective agent sales. The multi-currency OTP Világhitel (OPT World Loan), launched in the autumn, was the major product innovation of the year, as it provides a unique opportunity to customers to achieve the most favourable monthly repayment at the given time, currently with a Japanese yen-based loan, and through the fact that the currency of the loan can be converted each month during the term. The OTP Világhitel is not only popular among customers; it has also earned recognition in the industry and won the 'Retail Loan Product of the Year' award at the MasterCard competition of 2007.
The housing loan portfolio of the Hungarian Bank Group grew by 5.8%, to HUF 1,200 billion, by the end of the year, due to the increase in the foreign currency-based loan portfolio, which now represents more than 25% of the total portfolio. As a result of the restrictions on subsidised housing loans and the relative expansion of foreign currency-based loans, the number of competitors offering property loans grew significantly, and the tendency on the part of customers to make early repayments and retire their loans grew further, which also affected the Bank Group's market share. The market share of the group-level portfolio[8] dropped by 5.0 percentage points, to 36.7%, by the end of 2007.
OTP Bank and OTP Mortgage Bank had a consumer loan portfolio of HUF 484.3 billion at the end of 2007, which was 40.2% higher than at the end of 2006. The consumer loan portfolio of OTP Bank increased by nearly 12%, to HUF 345.2 billion, while the mortgage bank almost trebled its portfolio of 2006, primarily because it began to disburse foreign-currency loans.
The market share of the Bank Group in household consumer and other loans was 2.48%, similar to the market share in 2006[9] .

INVESTMENT SERVICES

Securities trading and securities account management

A modest reversal of the recent changes in portfolio structure could be observed in the Hungarian securities market in 2007: the aggregate portfolio of investment funds increased at the expense of government securities and mortgage bonds, which had come to the fore prior to the introduction of the interest and capital-gains tax in September 2006 – by 26.4%, to HUF 3,234 billion. Primarily with the Hozamduó (Yield Duo) Savings Program launched in June 2007, the OTP Group led the change, as a result of which our market share of household savings held in investment funds increased by 3 percentage points, which was also due in part to the balanced growth of the OTP Real Estate Fund. In recognition of the Bank's highly professional work in the area of product development, the Budapest Stock Exchange awarded the OTP BUX ETF fund an Innovation Prize. In line with the market trend, the turnover of OTP mortgage bonds was negligible, but with the favourable maturity structure, the portfolio decreased only very slightly in 2007. Support for the self-help of retail customers continues to be an important objective of the Bank Group, as clearly shown by the fact that the number of Pension Saving Scheme (NYESZ) accounts was more than twice the target number, increasing to 19,300 in 2007, as a result of which the OTP Group managed to once again retain its market-leading position.

The securities portfolio in the custody of OTP Bank at the end of 2007 was HUF 2,093 billion, 5.9% higher than at year-end 2006. Taking into account the clearly negative stock-exchange and capital-

[7] OTP Bank, OTP Mortgage Bank, OTP Building Society
[8] Calculated with housing loans provided by banks, based on FM, according to HAS
[9] Compared to a market net of vehicle financing loans extended by banks

market trends in the second half of 2007 (with the BUX index falling 9.3% in nominal terms), this was a considerable achievement. The structure of the portfolio (taking into account long-term interests) was favourable, because the focus shifted from the single-fee products (interest-bearing treasury bills, OTP Mortgage Bank bonds) to investment funds generating regular income and higher profitability over the longer term. The portfolio of investment funds increased substantially in 2007; by 42.6%, to HUF 731 billion. At the same time, as a result of a short-term negative impact involving some restructuring, total commission revenues remained at HUF 9.53 billion, which was HUF 0.74 billion lower than in 2006, but HUF 0.66 billion higher than the plan figure (+7.4%).

Preparations related to the Hungarian legal harmonization process stemming from the European capital market standards (MiFID regulations) pinned down significant professional and IT resources in the investment services area in 2007. The Bank Group participated on a continuous basis in the implementation, based on the specifics of the Hungarian capital market, of the new regulations, which affect the entire investment sector and will result in fundamental changes in the industry.

At the end of November 2007, OTP Bank launched its new Premium asset-planning service in 63 branches across the country. The investment advice, which is tailored to the individual circumstances of the customer, and already complies with the MiFID regulations, is a free service offered to the Premium retail customer segment, which is just below the Private Banking segment. As one of the major tasks of 2008, the Premium asset-planning service will gradually be extended to all branches of the Bank that conduct securities administration, thus also helping to increase sales of investment products and the intensity of product use.

Private Banking division

In 2007, the OTP Private Banking division again increased the number of its customers markedly: the further improvement of its value proposition, which focuses on the servicing of affluent customers, was supported by the expansion of its international investment product range (through the addition of the foreign investment funds of BlackRock Merrill Lynch IM), as well as through enhanced tax, legal, offshore and art-market services implemented with the assistance of foreign partners.

The joint private banking/corporate value proposition (the SME Gold account product) and the related service model were further enhanced, offering a unique opportunity on the market for a high-standard, one-stop solution for private and corporate banking transactions. The differentiated private banking service model, launched during the year, was also aimed at increasing the efficiency of the service.

In 2007, the number of private banking contracts grew from 12,405 to 13,748, which represents a 10.8% growth and, together with co-account holders, represents close to 21,000 customers. The value of liquid assets under management grew from HUF 391 billion to HUF 451 billion by the end of the year, which represents an increase of 15.3%. Average assets per customer rose from HUF 31.5 million to HUF 32.8 million.

The number of customers with Preferred Private Banking contracts reached 388 in 2007, and assets under management exceeded HUF 85 billion.

CORPORATE DIVISION

The Bank’s corporate division was again among the market leaders in 2007. The volume of its deposits from corporate clients accounted for 11.5% of the national total as of 31 December 2007, and its corporate loan portfolio for 9.5%.
At HUF 906.2 billion, the corporate deposit portfolio exceeded the December 2006 level by 27.8%, while the corporate loan portfolio grew by 13.4%, to reach HUF 1,138.7 billion.
The mid-sized and large-corporate and municipality division continued to focus in 2007 on the development and implementation of a complex sales management-based sales model.
In this context, the Bank established Commercial Banking Centres for managing customer relations and performing sales tasks in the regions, and developed an organisational and operational model for central product management, market and business development, and campaign and sales management, to support the Commercial Banking Centres.
OTP introduced a career planning model for its mid-sized and large corporate, municipality and public service customer relationship managers, and a performance, training and incentives system based on it.

The product range was further extended and modernised: among other things, the Electra terminal was introduced, and the various loan products enhanced and relaunched.
2007 also saw the development and enhancement of services and products for the Bank's micro and small-enterprise customers. The account-keeping packages were extended to include six new products developed for start-up companies and pharmacies. Renewing the mortgage loans offered to MSE customers, the Bank began to sell Sprint loans under more favourable conditions. The bank guarantees and Lendület and Lendület Plusz overdraft facilities, suitable for replacing the Széchenyi Card, were introduced for this customer segment in 2007. The division developed a Standard MSE Investment Loan in 2007, which will be available for customers from mid-2008. The lending process was also renewed, simplified and accelerated, and the loan facility became available at even more places in 2007. The new services and products launched through a concerted marketing campaign were also reflected in the increase in the number of loans and bank accounts and in their respective volumes and balances.
Budget-subsidised energy efficiency loans were introduced for condominiums. In 2007, the Bank developed new value propositions for condominiums, involving the review of loan products, more favourable terms and conditions, and a revamped sales process. In this context, not only has the number of the Bank's sales staff been increased, but the role of sales agents is receiving an ever greater emphasis.
At the end of 2007, the number of mid and large-corporate customers of OTP Bank was 16,000, while the number of micro and small-enterprise customers exceeded 186,000.

MUNICIPALITY DIVISION

The Bank again succeeded in retaining its leading role in municipality banking in 2007. By the end of 2007, more than 70% of the client base, 2,221 municipalities and their institutions, were having their current accounts managed at OTP Bank which, amid conditions of fierce competition, represented a fall in market share of 3% over 2006. At the end of 2007, the total volume of municipality deposits was HUF 201.8 billion, which was 30% more than at the end of 2006. In terms of deposit volumes, due to the intensive market acquisition efforts of the competitors, the Bank's market share decreased from 64.2% to 53.1%. At the same time, the Bank's portfolio of municipality loans grew in the course of 2007, by 3.6%, to reach HUF 196.1 billion, giving the Bank a market share of 54.9% (compared to 54.8% at the end of 2006). The other, dynamically developing type of municipality financing in 2007 was the issue of municipal bonds, in which transactions OTP Bank took part both as arranger and as underwriter. The municipality bond portfolio of OTP Bank amounted to HUF 55.8 billion at the end of 2007, representing a 29.2% market share at the end of the year.

PROJECT FINANCING

As at 31 December 2007, the value of the project financing loan portfolio was HUF 317.3 billion. The combined amount of net interest and commission income had reached HUF 4.5 billion, which represents an increase of 20.3% compared to the previous year.
The Bank concluded several significant transactions in 2007, with the project loans to Rossi Biofuel Zrt. and the construction of the hydroelectric power station in Nick, as well as the refinancing of the loan of SCD Holding being among the most notable.
The Bank took an active role in the financing of various projects implemented in the countries of the subsidiaries, primarily in Bulgaria (e.g. the Sigma Group – refinancing of the real property portfolio, Black Sea Obzor – holiday homes), in Russia (e.g. City Park – shopping and entertainment centre, Principal Plus – office centre, Kadashevskaja – multifunctional building), in Slovakia (e.g. complexes consisting of retail outlets, offices, outlets and a hotel – Ballymore, River Park), in Romania (real estate projects in Brasov and Bucharest), and in Montenegro (e.g. Hotel Queen) as well as in Serbia (e.g. Pevec – shopping centre).

LOAN AND CAPITAL MARKET TRANSACTIONS

In 2007, the enlargement of the OTP Group to include new (Ukrainian, Russian, Serbian, and Montenegrin) members following the additions of the previous year presented the Bank with challenges greater than ever before.
Within the framework of its EMTN program launched to raise funds from foreign capital markets, OTP Bank issued a 2-year bond with variable interest rate for EUR 750 million, with 19 bp premium over the 3-month EURIBOR interest rate with a value date of 26 February 2007. Also within the framework of this program and with a value date of 26 February 2007, the Bank issued a fixed-interest

subordinated loan capital bond, with a face value of EUR 300 million and with a 100 bp premium over the midswap rate of similar term, maturing in September of 2016.
In 2007, the financing demand on the part of the foreign and Hungarian financial-institution group members grew markedly, and therefore the placement of funds with group members became a lot more intensive. During the year, the Bank entered into 20 new senior and subordinated loan agreements with its foreign subsidiary banks and with Merkantil Bank in a value of more than EUR 850 million.
In order to regularly monitor the short-term and long-term financing needs of the group members, to provide funds within an optimal framework, to co-ordinate the related international payments and to manage them accurately and smoothly, the Bank set up financing companies in Cyprus and Holland in November 2007, as a result of the activities of which the group members can be financed and the use of funds at group level can be optimised.
There was a significant increase in municipal bond issues in 2007. OTP Bank participated in the issue of 51 bonds as arranger, distributor and underwriter. Fifty of these issues were municipality bonds, and one bond was issued by a company owned by a municipality, with the total face value of these issues being approximately HUF 59.3 billion.
The nostro account harmonisation program of the OTP Group was gradually and successfully concluded in 2007, covering nearly all foreign subsidiaries. The consolidation of Treasury account managers has made intra-group payments cheaper and smoother. Within the framework of this program, 33 new nostro accounts were opened and 25 were closed in the group. After the restructuring, the nostro accounts (SSI) used for the settlement of Treasury transactions were fully harmonised, while with regard to trade payments and the settlement of other transactions, in certain justified cases the subsidiaries were allowed to maintain several nostro accounts in the same currency.

RESULTS OF THE MAIN SUBSIDIARIES[10]

In 2007, the operations of the subsidiaries essentially accorded with the Bank's requirements and with the owners' expectations. The combined, fully consolidated balance sheet of the subsidiaries rose from HUF 4,436 billion to HUF 5,629.3 billion, or by 26.9%. Of the HUF 1,193 billion growth, the balance sheet total of the Montenegrin bank, involved in the consolidation, was HUF 260.5 billion.
The aggregate after-tax profit of the fully consolidated subsidiaries amounted to HUF 87.3 billion in 2007, which was HUF 34.6 billion, or 65.8%, higher than in 2006.

KEY DEVELOPMENT PROJECTS AT THE SUBSIDIARIES OF OTP BANK IN 2007

As a part of the Serbian project, and by adopting the solution applied at OTP, dinar and foreign-currency current account and card-deposit account, savings account, personal loan and durable-goods loan products were developed. The two banks use the same source code for the account management system, and thus a product introduced at one bank can also be used at the other bank. At the end of 2007 the eChannels service also went live.
The development of the IT system (LASER) used at OTP Életjáradék (Life Annuity) Zrt. continued, focusing on sales support (commission settlement of regional representatives, introduction of sales by OTP Partner) and the registration of payments related to the life annuity product.
The companies of the Merkantil group continued to implement the integrated information system (OLGA). In 2007, the real-estate financing module was developed and implemented, supporting the activities of Merkantil Real Estate Leasing. In order to expand the product range, the information system was extended to include loan products with fixed repayments. The developments serving to enhance the operational safety of the system and the accelerating and replacement of the work of administrators were of major importance, as they enabled considerable cost savings to be made.
The Bank extended the market-risk monitoring system (RISK_LIMIT) for a further two subsidiaries (OBSrbija, OBU). In addition to Interest and Currency Risk Limit supervision, Equity Risk modules were also developed for DSK.

MERKANTIL GROUP

The aggregate balance sheet total of Merkantil Group exceeded HUF 361.9 billion on 31 December 2007, which was 8.3%, or HUF 27.8 billion, higher than in 2006. The consolidated after-tax profit of the Group, adjusted for the intra-Group dividend, was HUF 8.8 billion, representing a 36.6% increase

[10] According to IFRS

compared to 2006. The consolidated after-tax profit of the Group for 2007 adjusted with the intra-Group dividend. The majority of the profit increase was the result of the favourable changes in risk related expenditures and operating expenses.
The companies of the Merkantil Group concluded 47,000 new vehicle financing contracts in 2007, which was approximately 3,000 contracts fewer than the number of new contracts concluded in 2006. Based on the total number of contracts, the proportion of foreign-currency loan and leasing facilities was 99%.
The aggregate (gross) loan portfolio of the Merkantil Group was HUF 273.5 billion at the end of 2007, which was HUF 20.5 billion, or 8.1%, higher than in the previous year. Leasing receivables amounted to HUF 69.5 billion, which was 10.9% higher than in the previous year.
In 2007, the Merkantil Group achieved HUF 25.8 billion in net interest income, which was 7.5% higher than in the previous year. Net interest income adjusted for the non-interest result of swaps concluded for hedging purposes was HUF 21.1 billion, which represents a 6.9% growth compared to 2006. The net interest margin calculated on the basis of the adjusted net interest income was 6.08% in 2007, 66 basis points lower than one year before. Risk-related expenses amounted to HUF 3.0 billion in 2007 compared to the HUF 3.7 billion in 2006, representing a marked, 19.6%, decrease. Risk-related expenses relative to the average loan portfolio dropped significantly, by 40 basis points, to reach 1.12%. The Group's consolidated cost-to-income ratio fell to 32.2% in 2007, from 48.0% in 2006.

OTP GARANCIA INSURANCE

OTP Garancia Insurance achieved premium revenue of HUF 90.0 billion in 2007, which was 11.7%, or HUF 9.4 billion, more than in the previous year. Its market share of total insurance-premium revenue did not change since the previous year (9.7%), which made it the fourth largest player on the market. Premium revenues from the life and bank-assurance business increased by 14.7%, to HUF 52.6 billion, which gave the Company a 10.4% share of the life-insurance market (compared to 10.9% in 2006) and made it the number-two player in this market. Within the life insurance premiums the revenues from one-off premium payment life insurance policies increased by 22% to HUF 35.4 billion, while those from continuous premium payment insurance policies grew moderately (+2.2%). Revenues of the non-life division were HUF 37.4 billion in 2007, which represents an increase of HUF 2.7 billion, or 7.7%. The Company increased its market share in 2007 to 8.5% in the non-life insurance division, which made it the fourth largest player in the market.
The proportion of OTP Garancia Insurance's premium revenue that comes from insurance policies sold within the Bank's network remained high, at above 43%, amounting to HUF 39 billion. Sales of the unit-linked life insurance product of the generation product line played figured highly among the sales of insurance policies at the Bank, although the Bank's network also sold a lot of home insurance policies in conjunction with housing loans.
The Company's insurance expenses rose from HUF 61.1 billion to HUF 69.2 billion in 2007. Of the insurance expenses, gross claim payments amounted to HUF 49.7 billion. The amount of net reserves was HUF 19.5 billion. Thus total insurance technical reserves stood, after a 12.1% increase, at HUF 181.2 billion as at 31 December 2007.

The Company's balance sheet total grew by 11.2% compared to the previous year, to HUF 210.6 billion, and its shareholders' equity increased from the previous year's HUF 22.8 billion to HUF 24.6 billion. The Company's after-tax profit rose to HUF 8,241 million, while return on average assets (ROAA) decreased from 4.25% to 4.12% and return on average equity (ROAE) increased from 33.3% to 34.8%.

OTP FUND MANAGEMENT

In 2007 OTP Fund Management launched 10 new funds: 2 funds were issued in each of the first three quarters of the year, which were typically closed-end capital guaranteed funds; in the fourth quarter 4 new funds were launched, three under the names Clean Energy, New Europe and New Energy, and one other which was offered to institutional investors.

The net asset value of the funds managed by the Fund Manager amounted to HUF 813.1 billion at the end of 2007, up by 49.6% on a year earlier. Within this total, the net asset value of the Optima Fund stood at HUF 144.9 billion, which accounted for 17.8% of the assets managed in the Funds. In 2007 the assets managed in the Money Market Fund increased to HUF 257.7 billion, which was HUF 70.4 billion higher than the portfolio at the end of 2006. At the end of 2006, the Fund Manager's share of the securities funds market was 32.4% (compared to 29.9% at the end of 2006).

In 2007 the Fund Manager increased its fund and other assets by nearly 25%, to HUF 815.1 billion. The assets managed in funds were HUF 119.6 billion higher than in 2006, and thus in 2007 total assets under management amounted to HUF 638.2 billion. As a part of other portfolio-management activities it managed HUF 176.9 billion in assets, which was 31.7% more than in the previous year.
The Fund Manager achieved an after-tax profit of HUF 6,188 million according to IFRS in 2007, which resulted in return on average assets (ROAA) of 46.86% and a 56.6% return on average equity (ROAE). The Company's cost-to-income ratio in 2007 was 16.3%.

OTP HOME LEASING

Similarly to the growth seen in the retail mortgage-lending market, the home leasing market also grew dynamically in 2007. OTP Home Leasing trebled its loan portfolio. The Company is a major player in the two main market segments. By exploiting the benefits inherent in leasing with respect to the market for new homes built for sale, it offers favourable home-leasing products to its customers, while on the market for used homes, the Company has secured a competitive edge with its multi-purpose 'lease-back' product. Following the product development activities of the Bank in the autumn of 2007, OTP Home Leasing also launched its World Leasing product, a unique facility on the market, available and convertible in four currencies. Through an outstandingly successful sales effort, OTP Home Leasing secured 59%[11] of new contracts in 2007 in the retail home (financial) leasing market, where 11 participants compete for business. From the beginning of this year the home leasing products are also being sold in 300 branches of the Bank besides agent sales, and relations with property developers have also been extended.
With a dynamic increase in its loan portfolio, OTP Home Leasing Zrt. closed its second complete business year in 2007 with a HUF 18.8 billion balance sheet total. Similarly to the previous year, this represented a growth of more than 250%. The registered capital of the Company is HUF 280 million, while its equity – due to the loss carried over – was HUF 154 million on 31 December 2007.
The Company closed 2007 more favourably than was projected, with a HUF 98 million loss according to IFRS.

DSK GROUP

DSK Bank remained one of the market-leading banks in Bulgaria in terms of its balance sheet total. On 31 December 2007 the balance sheet total of the DSK Group according to IFRS was HUF 1,015 billion, of which 64% was accounted for by the HUF 650.3 billion customer deposit portfolio. This portfolio grew by 24.2% on a year-on-year basis. 80% of the deposit portfolio consisted of retail deposits. The gross customer loan portfolio (including SPVs) increased by 43.4% on a year-on-year basis and exceeded HUF 763 billion, representing approximately 75% of the balance sheet total. The share of retail loans in the portfolio was 71%.
The consolidated pre-tax profit of the DSK Group (corrected for SPVs) was HUF 29.2 billion, while its after-tax profit was HUF 26.5 billion, with a 21.2% increase on a year on year basis. The HUF 65.4 billion in interest income realised in 2007 and the nearly HUF 22.0 billion interest expense together resulted in net interest income of nearly HUF 43.4 billion. The commission and fee revenues of the Group grew dynamically, by approximately one-fifth, and as a result, non-interest revenues came in at close to HUF 20.6 billion.
In 2007 DSK's net interest margin to average balance sheet total was 4.64%.
The Group's non-interest expenses amounted to HUF 24.5 billion during the period, up 4.8% over 2006. Within this category, personnel expenses decreased by 9%.
The Group's cost-to-income ratio was 39% in 2007. The DSK Group achieved ROAA of 2.83% and ROAE of 24.7% in 2007.
At the end of December 2007, the Bank's market share based on total assets was 13.8%. Its share of retail deposits was 20.7%. The Bank's share of the home loans market was 29.2%, and its share of retail customer loans was 36.5%.
At the end of 2007, the Bank had a total of 7,890 ATMs, 2,397 POS terminals and 375 branch offices. As at 31 December 2006 the number of employees at DKS Group was 4,023, or 80 persons less than on 31 December 2006.

[11] According to the year-end 2007 figures of the leasing association, applicable to the segment.

CJSC OTP BANK

The annual performance of CJSC OTP Bank was included for the first time in the consolidated financial statements in 2007. On 31 December 2007 the balance sheet total of the Bank was HUF 624.6 billion, of which 85.0% consisted of receivables from customers and 7.7% were receivables from credit institutions. Compared to the outstanding, 45.1%, growth in customer loans for the year, customer deposits increased by 15.8%, as a result of which they represented 27.9% of the balance sheet total by the end of 2007. The Ukrainian subsidiary generated HUF 19.3 billion in pre-tax profit and HUF 14.0 billion after-tax profit in 2007. The adjusted cost-to-income ratio dropped from 52.4% in 2006 to 45.6%.

On 31 December 2007 the Bank's market share based on total assets was 3.1%, and its share of retail deposits was 1.5%, within which it had a 2.5% share in foreign-currency deposits. The Bank's market share in respect of retail loans was 4.1%.

The Bank increased the number of its branches from 65 to 158 in 2007, and operated a total of 99 ATMs as of 31 December 2007. The number of its employees was 3,500 at the end of 2007.

INVESTSBERBANK

The acquisition of the Russian Investsberbank (ISB) was completed on 30 October 2006 and the Bank was fully consolidated in 2007. On 31 December 2007 the total assets of ISB were HUF 432 billion, of which the gross loan portfolio accounted for 70.5%. Within the HUF 304.4 billion gross loan portfolio corporate loans dropped to 32.5%, while retail loans – predominantly consumer loans (95.7%) – represented 66.9%. Customer deposits made up 67.4% of total liabilities, within which the HUF 167.4 billion in retail deposits accounted for 57.5% and the HUF 123.8 billion in corporate deposits accounted for 42.5%. At the end of the year the equity of Investsberbank was more than HUF 41.5 billion. In 2007 the Russian subsidiary generated HUF 10.7 billion in pre-tax profit and slightly over HUF 7.6 billion in after-tax profit, with a 66.4% cost-to-income ratio.

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

As of the end of 2007 the Bank operated 112 branches and 148 ATMs, and had a staff of 8,368 employees on 31 December 2007.

OTP BANKA HRVATSKA D.D.

As at 31 December 2007 OBH's consolidated balance sheet total was HUF 422.2 billion, giving the Bank a share of 3.4% in the Croatian market. Gross loans had risen by 27.3%, to HUF 251.2 billion, by year-end 2007, and thus the Bank's market share was 3.3% at the end of the year. Deposits from customers at year-end were HUF 307.5 billion, representing a market share of 4.2%.

At the end of 2007 OTP banka Hrvatska had more than 434,000 customers, for whom it was managing close to 410,500 retail accounts and more than 23,700 corporate accounts. The number of bankcards issued in 2007 dropped by 13.3%, to 323,000, while the number of credit cards rose by approximately 26.3% to reach 37,000.

In 2007 the Bank expanded is sales network and continued its branch network expansion and development program, in the framework of which 4 new branches were opened during the year. By year-end, OBH had 100 branches, 119 ATMs and 1,066 POS terminals.

The group's headcount was 1,016 at the end of 2007.

OBH's after-tax profit in 2007 was HUF 3.6 billion, its ROAA was 0.9% and its ROAE was 10.1%.

OTP BANKA SLOVENSKO, A. S.

The balance sheet total of OTP Banka Slovensko, a.s. (OBS) was HUF 368.2 billion as at year-end 2007, which represents a 13.2% rise compared to year-end 2006, and which secured it a 2.8% share of the banking market in Slovakia. The Bank's equity rose by 16.3%, to HUF 23.6 billion, in the same period. OBS's after-tax profit for 2007 according to IFRS was HUF 2,601 million, HUF 571 million higher than in the previous year. OBS's ROAA at the end of 2007 was 0.75%, its ROAE was 11.8%, and its cost-to-income ratio was 71.2%.

By the end of 2007 the loan portfolio of OBS increased by 22.3% and reached HUF 232.3 billion, representing a 4.0% market share. The deposit portfolio increased by 19.3% to HUF 227.1 billion in 2007, giving the Bank a 2.9% market share on 31 December 2007.

During the course of 2007 the number of the Bank's customers increased by 9,000 to 169,000, with retail customers accounting for more than 150,000 and corporate customers for more than 18,000 of this total.
The number of bankcards issued by OBS had reached 107,000 by the end of 2007, which represents a 4.5% increase compared to the end of 2006. The number of retail cards grew by more than 4,000 to 94,000 and the number of corporate cards grew to more than 12,000. The Bank's ATMs numbered 115 at the end of the year, with the number of transactions effected through these ATMs totalling nearly 1.9 million in 2007. The number of proprietary POS terminals at the end of 2007 was 483, and the volume of POS transactions increased by 3.7% over the course of the year.
A credit card was introduced at the end of 2007, of which more than 1,100 had been issued by the end of the year.
The Slovak bank opened 4 new branches during the year, and thus it was serving customers through a total of 90 branches by the end of 2007. The headcount figure of the Bank was 783 employees on 31 December 2007.

OTP BANK ROMANIA S.A.

OTP Bank Romania (OBR) outstripped the average rate of growth on the Romanian market in 2007. On 31 December 2007 its balance sheet total was over HUF 250 billion, which was 29.3% higher than at the end of 2006. The Bank's market share at the end of 2007 based on balance sheet total was 1.85%. Its equity was HUF 25.1 billion on 31 December 2007.
The Bank's gross loans grew by 60.8% in 2007, while customer deposits rose even more, by 72.5%, with the two portfolios thus amounting to HUF 162.9 and HUF 70.7 billion at year-end. The Bank increased its market share in retail loans from 1.57% at the end of 2006 to 1.99%, while in respect of corporate loans its market share reached 1.85%. On the housing and mortgage loans market the Bank had a 3.86% share, while in terms of retail deposits its share was 0.72% at the end of 2007.
OTP Bank Romania closed the 2007 business year with a loss of nearly HUF 3.0 billion.
The number of the Bank's customers grew from 77,000 to 140,000 over the course of 2007 and the number of issued bankcards more than doubled over the previous year, reaching 77,000. The number of retail current accounts managed by the Bank exceeded 125,000 at year-end, while the number of corporate accounts had surpassed 15,000.
The Bank continued to expand its sales network, opening 38 new branches in 2007 and operating 104 branches at year-end. The number of the Bank's ATMs also increased significantly in 2007, reaching 100 by the end of the year. Staff numbers stood at 998 employees as of the end of 2007, or 203 more than a year earlier.

CRNOGORSKA KOMERCIJALNA BANKA AD

OTP Bank officially completed the 100% acquisition of Crnogorska komercijalna banka of Montenegro in December 2006. The subsidiary was consolidated from the first quarter of 2007.
On 31 December 2007 the Bank's balance sheet total was HUF 260.5 billion, with 70.5% of this consisting of receivables from customers and 21.3% of receivables from credit institutions on the assets side. Of the gross customer loan portfolio 65.5% consisted of corporate loans, 31.3% of retail loans and 3.3% of municipal loans. Customer deposits amounted to HUF 211.1 billion, nearly half of which, 49.6%, were retail deposits and 44.7% were corporate deposits, with municipality deposits accounting for the remaining 5.7%. Customer deposits made up 81.0% of the balance sheet total and the loan-to-deposit ratio reached 87.0%. The Montenegrin subsidiary realised HUF 2.4 billion in pre-tax profit and HUF 2.3 billion in after-tax profit in 2007. The cost-to-income ratio was 59.8% in 2007, with a 1.14% return on average assets and a 27.4% return on average equity (ROAA).
At the end of 2007 the Bank had 34 branches, operated 74 ATMs and was serving more than 268,000 customers. The number of employees was 423 persons as at the end of 2007.

OTP BANKA SRBIJA

The parent bank merged the three Serbian banks, Niska Banka, Zepter Banka and Kulska Banka, acquired in the previous year, under the name OTP banka Srbija a.d. Novi Sad in 2007.
At the end of 2007, OTP banka Srbija's balance sheet total of HUF 112.2 billion represented a 2.1% market share on the Serbian market. The loan portfolio was HUF 63.3 billion, representing a 2.3% market share. Within loans, the share of corporate loans was 66%. The Bank's HUF 38.1 billion deposit portfolio meant a market share of 1.6% in deposits at the end of 2007.
The Bank achieved HUF 630 million in after-tax profit in 2007, with a 90.2% cost-to-income ratio.

In 2007 the Bank introduced numerous new products. Long-term savings products and consumer loans were developed for retail customers, and the Bank also participated in the disbursement of the new housing loans subsidised by the state. Three new loan products were introduced for MSE customers (overdraft, multipurpose Lombard loans) with standardised and rapid credit approval processes. On 2007 the VISA Nova credit card was introduced. The number of products and services offered to large corporate customers expanded to include a number of new elements in 2007 (project finance, cash pooling, forfaiting, etc.).
The number of the Bank's customers exceeded 182,000 at the end of 2007, of which nearly 156,000 were retail customers.
At the end of December the Bank had issued a total of nearly 140,000 bankcards, of which the number of credit cards exceeded 32,000.
In 2007 the number of the Bank's ATMs increased to 171 due to the installation of 148 new machines, while the number of POS terminals stood at 2,455 at the end of the year.
As of the end of the year the Bank had a network of 100 branches, of which 25 had been renovated during the year and a further 8 were still being renovated as of year-end. In 2008 the Bank plans to renovate other branches and open new ones. The Bank employed 1,174 people at the end of 2007.

KEY FIGURES OF OTP BANK FOR 2007 ACCORDING TO IFRS

Consolidated Balance Sheet

	31/12/2006 HUF mn	31/12/2007 HUF mn	Change HUF mn	%
Cash, due from banks and balances with the NBH	532,625	353,243	-179,382	-33.7%
Placements with other banks, net	602,615	654,788	52,173	8.7%
Financial assets at fair value	110,576	285,895	175,319	158.6%
Securities available-for-sale	489,250	473,925	-15,325	-3.1%
Gross loans	**4,474,702**	**5,761,095**	**1,286,393**	**28.7%**
Retail	2,646,414	3,302,583	656,169	24.8%
Corporate	1,609,989	2,227,692	617,703	38.4%
Municipal	218,299	230,819	12,520	5.7%
Provisions on loans	-127,611	-178,658	-51,047	40.0%
Net loans	4,347,091	5,582,437	1,235,346	28.4%
Accrued interest receivable	54,223	63,459	9,236	17.0%
Equity investments	70,939	9,892	-61,047	-86.1%
Securities held-to-maturity	268,280	317,557	49,277	18.4%
Tangible and intangible assets	464,716	541,909	77,193	16.6%
Other assets	157,111	178,769	21,658	13.8%
Total assets	**7,097,426**	**8,461,874**	**1,364,448**	**19.2%**
Liabilities to credit institutions	660,417	798,154	137,737	20.9%
Customer deposits	**4,232,153**	**5,038,372**	**806,219**	**19.0%**
Retail	2,912,755	3,246,589	333,834	11.5%
Corporate	1,098,083	1,495,636	397,553	36.2%
Municipal	221,315	296,147	74,832	33.8%
Issued securities	781,315	985,265	203,950	26.1%
Accrued interest payable	46,011	60,153	14,142	30.7%
Other liabilities	338,591	383,189	44,598	13.2%
Subordinated loans	250,726	301,164	50,438	20.1%
Total liabilities	**6,309,213**	**7,566,297**	**1,257,084**	**19.9%**
Total shareholders' equity	**788,213**	**895,577**	**107,364**	**13.6%**
Total liabilities and shareholders' equity	**7,097,426**	**8,461,874**	**1,364,448**	**19.2%**

Consolidated Profit and Loss Account

	2006 Audited	2007 Audited	Change		2006 Adjustments	2007 Adjustments	2006 Adjusted audited	2007 Adjusted audited	Change	
	HUF mn	HUF mn	HUF mn	%	HUF mn	HUF mn	HUF mn	HUF mn	HUF mn	%
Interest income	542,817	746,980	204,163	37.6%						
Interest expense	186,873	315,288	128,415	68.7%						
Net interest income	**355,944**	**431,692**	**75,748**	**21.3%**	**-15,758**	**-7,994**	**340,186**	**423,698**	**83,512**	**24.5%**
Provisions for possible loan losses	28,559	58,184	29,625	103.7%	-4,562	-16,100	23,997	42,084	18,087	75.4%
Net interest income after provisions for possible loan losses	**327,385**	**373,508**	**46,123**	**14.1%**			**316,189**	**381,614**	**65,425**	**20.7%**
Fees and commissions	145,015	188,788	43,773	30.2%	-32,116	-35,903	112,899	152,885	39,986	35.4%
Foreign exchange gains, net	-11,884	8,399	20,283	-170.7%	16,852	7,994	4,968	16,393	11,425	230.0%
o/w: non-interest result of swaps	-16,852	-7,994			16,852	7,994	0	0		
Gains and losses on securities, net	6,900	5,085	-1,815	-26.3%	-1,094	0	5,806	5,085	-721	-12.4%
o/w: non-interest result of swaps	1,094	0			-1,094	0	0			
Gains on real estate transactions, net	1,292	1,371	79	6.1%			1,292	1,371	79	6.1%
Dividend	901	993	92	10.2%			901	993	92	10.2%
Insurance premiums	75,554	83,591	8,037	10.6%			75,554	83,591	8,037	10.6%
Other income	24,940	40,067	15,127	60.7%	-4,562	-16,100	20,378	23,967	3,589	17.6%
o/w: income from the release of pre-acquisition provisions	4,562	16,100			-4,562	-16,100	0	0		
Non-interest income	**242,718**	**328,294**	**85,576**	**35.3%**	**-20,920**	**-44,009**	**221,798**	**284,285**	**62,487**	**28.2%**
Fees and commissions	32,116	35,903	3,787	11.8%	-32,116	-35,903	0	0	0	
Personnel expenses	106,804	147,831	41,027	38.4%			106,804	147,831	41,027	38.4%
Depreciation and amortization	26,464	35,627	9,163	34.6%			26,464	35,627	9,163	34.6%
Insurance expenses	60,866	69,204	8,338	13.7%			60,866	69,204	8,338	13.7%
Other expenses	125,251	164,285	39,034	31.2%			125,251	164,285	39,034	31.2%
Non-interest expenses	**351,501**	**452,850**	**101,349**	**28.8%**	**-32,116**	**-35,903**	**319,385**	**416,947**	**97,562**	**30.5%**
Income before income taxes	**218,602**	**248,952**	**30,350**	**13.9%**			**218,602**	**248,952**	**30,350**	**13.9%**
Income taxes	31,506	40,404	8,898	28.2%			31,506	40,404	8,898	28.2%
Profit after tax	**187,096**	**208,548**	**21,452**	**11.5%**			**187,096**	**208,548**	**21,452**	**11.5%**
Minority interest	-45	-340	-6	655.6%			-45	-340	-6	655.6%
Net income	187,051	208,208	28,816	11.3%			187,051	208,208	28,816	11.3%

The consolidated result has been presented with the following adjustments:

- Fee and commission revenues are stated net, among non-interest revenues;
- Other income from the release of pre-acquisition provisions are reported in the 'Provisions for expected loan and placement losses' row, as an item reducing the provisions;
- In the audited profit and loss account the non-interest income of swap transactions contained in the 'Net foreign exchange gain and loss' and 'Net securities price gain and loss' rows is reported in the net interest income row of the adjusted profit and loss account.

KEY FINANCIAL DATA IN RESPECT OF THE CORE OPERATIONS OF OTP BANK IN HUNGARY[12] IN 2007 ACCORDING TO IFRS

Aggregated Balance Sheet

	31/12/2006 Audited	31/12/2007 Audited	Change		2006 Adjustments*	2007 Adjustments*	31/12/2006 Adjusted audited	31/12/2007 Adjusted audited	Change	
	HUF mn	HUF mn	HUF mn	%	HUF mn	HUF mn	HUF mn	HUF mn	HUF mn	%
Cash, due from banks and balances with the NBH	438,704	232,219	-206,485	-47.1%			438,704	232,219	-206,485	-47.1%
Placements with other banks, net	693,884	753,746	59,862	8.6%		307,613	693,884	1,061,360	367,476	53.0%
Financial assets at fair value	61,116	124,602	63,486	103.9%			61,116	124,602	63,486	103.9%
Trading securities	36,075	60,385	24,310	67.4%			36,075	60,385	24,310	67.4%
Changes in fair value of derivative financial instruments	25,041	64,217	39,176	156.4%			25,041	64,217	39,176	156.4%
Securities available-for-sale	547,235	510,129	-37,107	-6.8%			547,235	510,129	-37,107	-6.8%
Gross loans	**2,694,689**	**3,345,101**	**650,412**	**24.1%**		**-307,613**	**2,694,689**	**3,037,488**	**342,799**	**12.7%**
Provisions on loans	-31,131	-28,863	2,268	-7.3%			-31,131	-28,863	2,268	-7.3%
Net loans	2,663,558	3,316,238	652,681	24.5%		-307,613	2,663,558	3,008,625	345,067	13.0%
Accrued interest receivable	62,723	64,722	1,999	3.2%			62,723	64,722	1,999	3.2%
Equity investments	583,298	630,703	47,406	8.1%			583,298	630,703	47,406	8.1%
Securities held-to-maturity	504,111	558,510	54,399	10.8%			504,111	558,510	54,399	10.8%
Tangible and intangible assets	101,188	110,851	9,663	9.5%			101,188	110,851	9,663	9.5%
Other assets	32,774	187,327	154,553	471.6%			32,774	187,327	154,553	471.6%
Total assets	**5,688,590**	**6,489,047**	**800,457**	**14.1%**			**5,688,590**	**6,489,047**	**800,457**	**14.1%**
Liabilities to credit institutions	559,510	757,363	197,853	35.4%			559,510	757,363	197,853	35.4%
Customer deposits	**2,790,322**	**3,086,089**	**295,767**	**10.6%**			**2,790,322**	**3,086,089**	**295,767**	**10.6%**
Issued securities	1,191,270	1,368,910	177,640	14.9%			1,191,270	1,368,910	177,640	14.9%
Accrued interest payable	59,442	66,136	6,694	11.3%			59,442	66,136	6,694	11.3%
Other liabilities	127,874	146,446	18,573	14.5%			127,874	146,446	18,573	14.5%
Subordinated loans	247,865	298,914	51,049	20.6%			247,865	298,914	51,049	20.6%
Total liabilities	4,976,283	5,723,859	747,577	15.0%			4,976,283	5,723,859	747,577	15.0%
Total shareholders' equity	**712,307**	**765,188**	52,881	7.4%			712,307	765,188	52,881	7.4%
Total liabilities and shareholders' equity	**5,688,590**	**6,489,047**	**800,457**	**14.1%**			**5,688,590**	**6,489,047**	**800,457**	**14.1%**

* Adjustment with loans to OTP Financing Cyprus and OTP Financing Netherlands

[12] OTP Bank, OTP Mortgage Bank., OTP Building Society together

Aggregated Profit and Loss Account

	2006	2007	Change		2006	2007	2006	2007	Change	
	Audited				Adjustments		Adjusted			
	HUF mn	HUF mn	HUF mn	%			HUF mn	HUF mn	HUF mn	%
Interest income	460,180	520,372	60,192	13.1%						
Interest expense	209,475	286,621	77,146	36.8%						
Net interest income	**250,705**	**233,751**	**-16,954**	**-6.8%**	**-9,552**	**8,661**	**241,153**	**242,412**	**1,259**	**0.5%**
o/w: net interest income on interbank loans to subsidiaries	2,356	4,159			-2,356	-4,159	0	0		
funding cost of Tier2 Capital	-4,372	-16,086			4,372	16,086	0	0		
non-interest result of swaps	0	0			-11,568	-3,266	-11,568	-3,266		
Provisions for possible loan losses	25,314	21,387	-3,927	-15.5%			25,314	21,387	-3,927	-15.5%
Net interest income after provisions for possible loan losses	**225,391**	**212,365**	**-13,027**	**-5.8%**	**-9,552**	**8,661**	**215,839**	**221,026**	**5,186**	**2.4%**
Fees and commissions	169,236	177,455	8,219	4.9%	-76,078	-74,435	93,158	103,020	9,862	10.6%
Foreign exchange gains, net	-14,354	1,012	15,366	-107.1%	12,662	3,864	-1,692	4,876	6,568	-388.2%
o/w: non-interest result of swaps	*-12,662*	*-3,266*			*12,662*	*3,266*	0	0		
result on the open FX-position	*0*	*-598*			*0*	*598*				
Gains and losses on securities, net	2,805	845	-1,960	-69.9%	-1,094	0	1,711	845	-866	-50.6%
o/w: non-interest result of swaps	1,094	0			-1,094	0				
Gains on real estate transactions, net	77	-54	-131	-169.8%			77	-54	-131	-169.8%
Dividend	16,252	18,920	2,668	16.4%	-16,252	-18,920	0	0	0	
Other income	44,903	4,915	-39,987	-89.1%	-37,317	-1,753	7,586	3,162	-4,424	-58.3%
o/w: cash transfers received from the subsidiaries	*37,317*	*76*			*-37,317*	*-76*				
non-interest result on interbank loans to subsidiaries	*0*	*1,677*			*0*	*-1,677*				
Non-interest income	**218,919**	**203,093**	**-15,826**	**-7.2%**	**-118,078**	**-91,244**	**100,841**	**111,849**	**11,008**	**10.9%**
Fees and commissions	76,078	74,435	-1,643	-2.2%	-76,078	-74,435	0	0		
Personnel expenses	67,124	71,740	4,616	6.9%			67,124	71,740	4,616	6.9%
Depreciation and amortization	17,685	20,297	2,612	14.8%			17,685	20,297	2,612	14.8%
Insurance expenses		0	0				0	0		
Other expenses	89,985	80,072	-9,913	-11.0%			89,985	80,072	-9,913	-11.0%
Non-interest expenses	**250,872**	**246,543**	-4,329	**-1.7%**	**-76,078**	**-74,435**	**174,794**	**172,109**	**-2,686**	**-1.5%**
Income before income taxes	**193,438**	**168,914**	-24,524	**-12.7%**	**-51,553**	**-8,148**	**141,885**	**160,766**	**18,880**	**13.3%**
Income taxes	19,646	21,860	2,214	11.3%	403	2,170	20,049	24,029	3,981	19.9%
Profit after tax	**173,792**	**147,054**	**-26,738**	**-15.4%**	**-51,956**	**-10,318**	**121,837**	**136,736**	**14,900**	**12.2%**

The profit and loss of the core operations of OTP Bank in Hungary has been presented with the following adjustments:

- The net interest income has been reduced by the net interest income from subsidiary financing and the interest expense of the subordinated loan capital, and the profit/loss on the strategic open position has been eliminated from the net foreign exchange gain and loss, and other income is stated net of non-interest income from subsidiary financing;
- Fee and commission revenues are stated net, among non-interest revenues;
- Other revenues from the release of pre-acquisition provisions are reported in the 'Provisions for estimated loan losses' row, as an item reducing the provisions;
- The non-interest income has been stripped of dividends received from the subsidiaries and funds permanently transferred to them.

BALANCE SHEET, INCOME STATEMENT AND CASH FLOW OF OTP BANK PLC.

HAR NON-CONSOLIDATED

NATIONAL SAVINGS AND COMMERCIAL BANK PLC.

ASSETS

31. December 2007.

Figures in million HUF

		December 31, 2006	Reclassification of 2006.	December 31, 2007
1.	**Liquid assets**	**429,325**	**10**	**229,644**
2.	**Treasury bills and similar securities**	**262,471**	**0**	**339,281**
	a) held for trading	73,424	0	180,038
	b) held as financial fixed assets	189,047		159,243
2/A.	Valuation difference on treasury bills			
3.	**Loans and advances to credit institutions**	**657,638**	**0**	**858,210**
	a) repayable on demand	10,234		13,227
	b) other loans and advances in connection with financial services	647,263		844,328
	ba) with remaining maturity of less than one year	269,949		443,986
	Showing separately: - to affiliated companies	207,034		381,929
	- to other companies linked by virtue of participating interests	7,527		0
	- to the NBH			
	- to clearing houses			
	bb) with a remaining maturity of more than one year	377,314		400,342
	Showing separately: - to affiliated companies	358,000		362,988
	- to other companies linked by virtue of participating interests			
	- to the NBH	0		0
	- to clearing houses			
	c) in connection with investment services	141		655
	Showing separately: - to affiliated companies			
	- to other companies linked by virtue of participating interests			
	- to clearing houses			
3/A.	Valuation difference on loans and advances to credit institutions			
4.	**Loans and advances to customers**	**1,781,003**	**82**	**2,217,074**
	a) in connection with financial services	1,780,313	83	2,215,855
	aa) with a remaining maturity of less than one year	574,810	-4	554,691
	Showing separately: - to affiliated companies	68,581		65,579
	- to other companies linked by virtue of participating interests	110		992
	ab) with a remaining maturity of more than one year	1,205,503	87	1,661,164
	Showing separately: - to affiliated companies	145,832		456,642
	- to other companies linked by virtue of participating interests	6,447		4,465
	b) in connection with investment services	690	-1	1,219
	Showing separately: - to affiliated companies			
	- to other companies linked by virtue of participating interests			
	ba) receivables in connection with investment services on the exchange markets			
	bb) receivables in connection with investment services outside the exchange markets			
	bc) receivables from customers in connection with investment services	690	-1	1,219
	bd) claims from clearing corporations			
	be) receivables in connection with other investment services			
4/A.	Valuation difference on loans and advances to customers			
5.	**Debt securities, including fixed-income securities**	**611,182**	**0**	**559,756**
	a) issued by local governments and other public bodies	3,151		55,741
	(not including treasury bills and similar securities)			
	aa) held for trading	0		359
	ab) held as financial fixed assets	3,151		55,382
	b) securities issued by other borrowers	608,031		504,015
	ba) held for trading	63,726		146,057
	Showing separately: - issued by affiliated companies	57,413		142,040
	- issued by other companies linked by virtue of participating interests			
	- own shares repurchased	0		0
	bb) held as financial fixed assets	544,305		357,958
	Showing separately: - issued by affiliated companies	512,764		309,439
	- issued by other companies linked by virtue of participating interests			
5/A.	Valuation difference on debt securities			
6.	**Shares and other variable-yield securities**	**7,842**	**0**	**210,241**
	a) shares and participations in corporations held for trading	291		202,197
	Showing separately: - issued by affiliated companies			
	- issued by other companies linked by virtue of participating interests			
	b) variable-yield securities	7,551		8,044
	ba) held for trading	0		0
	bb) held as financial fixed assets	7,551		8,044
6/A.	Valuation difference on shares and other variable-yield securities			

		December 31, 2006	Reclassification of 2006.	December 31, 2007
7.	**Shares and participations in corporations held as financial fixed assets**	**737**	**0**	**892**
	a) a) shares and participations in corporations held as financial fixed assets	737		892
	Showing separately: - participating interests in credit institutions	1		0
	b) b) adjusted value of shares and participations in corporations held as financial fixed			
	Showing separately: - participating interests in credit institutions			
7/A.	Valuation difference on shares and participations in corporations held as financial fixed assets			
8.	**8) Shares and participating interests in affiliated companies**	**299,219**	**0**	**321,156**
	a) shares and participations in corporations held as financial fixed assets	299,219		321,156
	Showing separately: - participating interests in credit institutions	222,167		245,610
	b) adjusted value of shares and participations in corporations held as financial fixed assets			
	Showing separately: - participating interests in credit institutions			
9.	**Intangible assets**	**261,000**	**0**	**259,413**
	a) intangible assets	261,000		259,413
	b) adjusted value of intangible assets			
10.	**Tangible assets**	**68,544**	**-89**	**72,052**
	a) tangible assets for financial and investment services	65,501	-84	69,083
	aa) land and buildings	38,430	-3	43,195
	ab) machinery, equipment, fittings, fixtures and vehicles	21,625	-81	21,203
	ac) tangible assets in course of construction	5,446	0	4,685
	ad) payments on account	0		0
	b) tangible assets not directly used for financial and investment services	3,043	-5	2,969
	ba) land and buildings	2,750	0	2,696
	bb) machinery, equipment, fittings, fixtures and vehicles	220	-5	222
	bc) tangible assets in course of construction	73		51
	bd) payments on account	0		0
	c) adjusted value of tangible assets			
11.	**Own shares**	**1,746**	**0**	**54,208**
12.	**Other assets**	**18,659**	**334**	**46,244**
	a) stocks	410	-5	487
	b) other receivables	18,249	339	45,757
	Showing separately: - from affiliated companies	4,828	218	26,202
	- from other companies linked by virtue of participating interests	0		0
12/A.	Valuation difference on other receivables			
12/B.	Positive valuation difference on derivatives			
13.	**Prepayments and accrued income**	**71,240**	**-2**	**108,207**
	a) accrued income	70,658	-2	107,620
	b) accrued costs and expenses	582		587
	c) deferred charges			
	Total assets	**4,470,606**	**335**	**5,276,378**
	Showing separately:			
	- CURRENT ASSETS			
	(1+2/a+3/a+3/ba+3/c+4/aa+4/b+5/aa+5/ba+6/a+6/ba+11+12+ +a 2/A, 3/A, 4/A, 5/A, 6/A, 12/A and 12/B as pertaining to the previous items)	*1,442,995*	*339*	*1,872,525*
	- FIXED ASSETS			
	(2/b+3/bb+4/ab+5/ab+5/bb+6/bb+7+8+9+10+ a 2/A, 3/A, 4/A, 5/A, 6/A, 7/A, 12/A and 12/B as pertaining to the previous items]	*2,956,371*	*-2*	*3,295,646*

NATIONAL SAVINGS AND COMMERCIAL BANK PLC.

LIABILITIES

Figures in million HUF

		December 31, 2006	Reclassification of 2006.	December 31, 2007
1.	**Amounts owed to credit institutions**	**557,857**	**0**	**565,719**
	a) repayable on demand	17,692		30,504
	b) with agreed maturity dates or periods of notice in connection with financial services	540,165		535,104
	ba) with remaining maturity of less than one year	256,447		242,273
	Showing separately: - to affiliated companies	132,312		85,736
	- to other companies linked by virtue of participating interests	10,539		26,441
	- to the NBH	0		0
	- to clearing houses			
	bb) with remaining maturity of more than one year	283,718		292,831
	Showing separately: - to affiliated companies			
	- to other companies linked by virtue of participating interests			
	- to the NBH	0		0
	- to clearing houses			
	c) in connection with investment services	0		111
	Showing separately: - to affiliated companies			
	- to other companies linked by virtue of participating interests			
	- to clearing houses			
1/A.	Valuation difference on amounts owed to credit institutions			
2.	**Amounts owed to customers**	**2,685,000**	**24**	**3,159,732**
	a) savings deposits	268,301	3	249,566
	aa) repayable on demand	103,551	2	129,487
	ab) with remaining maturity of less than one year	164,750	1	120,079
	ac) with remaining maturity of more than one year	0		0
	b) other liabilities in connection with financial services	2,415,800	21	2,908,698
	ba) repayable on demand	935,114	19	1,013,458
	Showing separately: - to affiliated companies	9,162		4,895
	- to other companies linked by virtue of participating interests	148		153
	bb) with remaining maturity of less than one year	1,480,391	2	1,892,858
	Showing separately: - to affiliated companies	6,712		17,025
	- to other companies linked by virtue of participating interests	1,441		2,106
	bc) with remaining maturity of more than one year	295		2,382
	Showing separately: - to affiliated companies			
	- to other companies linked by virtue of participating interests			
	c) in connection with investment services	899		1,468
	Showing separately: - to affiliated companies			
	- to other companies linked by virtue of participating interests			
	ca) liabilities in connection with investment services on the stock exchange markets			
	cb) liabilities in connection with investment services outside the stock exchange markets			
	cc) liabilities to customers in connection with investment services	899		1,468
	cd) liabilities to clearing corporations			
	ce) liabilities in connection with other investment services			
2/A.	Valuation difference on amounts owed to customers			
3.	**Debts evidenced by certificates**	**228,159**	**0**	**414,459**
	a) debt securities in issue	201,841	0	394,087
	aa) with remaining maturity of less than one year	1		1
	Showing separately: - to affiliated companies	0		0
	- to other companies linked by virtue of participating interests			
	ab) with remaining maturity of more than one year	201,840		394,086
	Showing separately: - to affiliated companies			
	- to other companies linked by virtue of participating interests			
	b) other debt securities issued	336	0	244
	ba) with remaining maturity of less than one year	336		244
	Showing separately: - to affiliated companies			
	- to other companies linked by virtue of participating interests			
	bb) with remaining maturity of more than one year			
	Showing separately: - to affiliated companies			
	- to other companies linked by virtue of participating interests			

		December 31, 2006	Reclassification of 2006.	December 31, 2007
	c) debt instruments treated as securities for accounting purposes, which are not	25,982		20,128
	recognized as debt securities under the Capital Markets Act			
	ca) with remaining maturity of less than one year	14,541		11,265
	Showing separately: - to affiliated companies			
	- to other companies linked by virtue of participating interests			
	cb) with remaining maturity of more than one year	11,441		8,863
	Showing separately: - to affiliated companies			
	- to other companies linked by virtue of participating interests			
4.	**Other liabilities**	**95,554**	**629**	**45,652**
	a) with remaining maturity of less than one year	95,554	629	45,652
	Showing separately: - to affiliated companies	4,423	2	5,088
	- to other companies linked by virtue of participating interests	104		49
	b) with remaining maturity of more than one year			
	Showing separately: - to affiliated companies			
	- to other companies linked by virtue of participating interests			
4/A.	Negative valuation difference on derivatives			
5.	**Accruals and deferred income**	**39,436**	**-320**	**46,374**
	a) deferred income	260		338
	b) deferred costs and expenses	38,985	-320	46,036
	c) deferred income	191		0
6.	**Provisions for liabilities and charges**	**63,305**	**0**	**72,174**
	a) provisions for pension and severance pay	0		0
	b) provisions for contingent liabilities and for (future) commitments	10,691		9,369
	c) general risk provisions	34,175		43,270
	d) other provisions	18,439		19,535
7.	**Subordinated liabilities**	**248,143**	**0**	**299,231**
	a) subordinated loan capital	121,993		172,556
	Showing separately: - to affiliated companies			
	- to other companies linked by virtue of participating interests			
	b) other contributions received from members in respect of co-operative credit institutions			
	c) other subordinated liabilities	126,150		126,675
	Showing separately: - to affiliated companies			
	- to other companies linked by virtue of participating interests			
8.	**Subscribed capital**	**28,000**		**28,000**
	Showing separately: - own shares repurchased on nominal value	21		610
9.	**Subscribed capital called but unpaid (-)**			
10.	**Capital reserve**	**52**	**0**	**52**
	a) difference between the par value and the purchase price of shares and securities (premium)			
	b) other	52		52
11.	**General reserve**	**84,261**		**96,249**
12.	**Profit reserve (±)**	**310,177**		**384,521**
13.	**Tied-up reserves**	**3,414**		**56,320**
14.	**Revaluation reserve**			
	a) revaluation reserve on value adjustments			
	b) fair value reserve			
15.	**Profit or loss for the financial year (±)**	**127,248**	**2**	**107,895**
	Total liabilities	**4,470,606**	**335**	**5,276,378**
	Showing separately:			
	- SHORT-TERM LIABILITIES	3,069,276	653	3,487,400
	(1/a+1/ba+1/c+1/A+2/aa+2/ab+2/ba+2/bb+2/c+2/A+3/aa+			
	+3/ba+3/ca+4/a+4/A)			
	- LONG-TERM LIABILITIES	745,437	0	997,393
	(1/bb+2/ac+2/bc+3/ab+3/bb+3/cb+4/b+7)			
	- EQUITY CAPITAL (8-9+10+11+12+13+14+15)	553,152	2	673,037

NATIONAL SAVINGS AND COMMERCIAL BANK PLC.
PROFIT AND LOSS ACCOUNT

31. December 2007.

Figures in million HUF

		2006	Reclassification of 2006.	2007
1.	Interest received and similar income	318,391	119	401,014
	a) interest received and similar income from fixed-income securities	68,058		79,957
	Showing separately: - from affiliated companies	46,335		44,617
	- from other companies linked by virtue of participating interests			
	b) other interest received and similar income	250,333	119	321,057
	Showing separately: - from affiliated companies	21,951		48,071
	- from other companies linked by virtue of participating interests	1,087		1,088
2.	Interest paid and similar charges	128,610	21	214,556
	Showing separately: - to affiliated companies	7,659		13,057
	- to other companies linked by virtue of participating interests	415		685
	BALANCE (1-2)	**189,781**	**98**	**186,458**
3.	Income from securities	16,252		18,920
	a) income held for trading from shares and participations in corporations (dividends and profit-sharing)	4		9
	b) income from participating interests in affiliated companies (dividends and profit-sharing)	15,882		18,496
	c) income from other securities (dividends and profit-sharing)	366		415
4.	Commissions and fees received or due	146,691	62	153,346
	a) in connection with other financial services	136,184	55	143,205
	Showing separately: - from affiliated companies	53,715	7	54,287
	- from other companies linked by virtue of participating interests	10		12
	b) in connection with investment services (not including trading operations)	10,507	7	10,141
	Showing separately: - from affiliated companies	6,211		6,114
	- from other companies linked by virtue of participating interests			
5.	Commissions and fees paid or payable	20,925	13	25,260
	a) in connection with other financial services	19,969	13	24,670
	Showing separately: - to affiliated companies	3,731		5,335
	- to other companies linked by virtue of participating interests	1,394		1,299
	b) in connection with investment services (not including trading operations)	956		590
	Showing separately: - to affiliated companies			23
	- to other companies linked by virtue of participating interests	13		13
6.	Net profit or net loss on financial operations [6.a)-6.b)+6.c)-6.d)]	16,899	1	-676
	a) in connection with other financial services	20,665		20,047
	Showing separately: - from affiliated companies	970		1,686
	- from other companies linked by virtue of participating interests	1,653		1,383
	- valuation difference			
	b) in connection with other financial services	28,139	1	23,866
	Showing separately: - from affiliated companies	18,388	1	44,907
	- from other companies linked by virtue of participating interests	1,751		-164
	- valuation difference			
	c) in connection with investment services (income from trading operations)	33,596		39,349
	Showing separately: - from affiliated companies	70		509
	- from other companies linked by virtue of participating interests			
	- value readjustments of transferable securities held for trading			
	- valuation difference			
	d) in connection with investment services (expenses on trading operations)	9,223	-2	36,206
	Showing separately: - to affiliated companies	118	-2	190
	- to other companies linked by virtue of participating interests			104
	- value adjustments in respect of securities held for trading			
	- valuation difference			
7.	Other operating income	245,555	232	409,212
	a) income from operations other than financial and investment services	10,129	241	10,584
	Showing separately: - from affiliated companies	2,832	214	4,935
	- from other companies linked by virtue of participating interests	7		126
	b) other income	235,426	-9	398,628
	Showing separately: - from affiliated companies	183,530	-8	385,012
	- from other companies linked by virtue of participating interests			
	- value readjustments in respect of stocks			
8.	General administrative expenses	103,199	-110	117,697
	a) staff costs	59,389	-705	66,600
	aa) wages and salaries	37,240	-420	40,999
	ab) other employee benefits	6,357	59	7,743
	Showing separately: - social security costs	3,341		4,556
	= costs relating to pensions	2,568		2,842
	ac) contributions on wages and salaries	15,792	-344	17,858
	Showing separately: - social security costs	13,820	-317	15,647
	= costs relating to pensions	8,391	-234	11,114
	b) other administrative expenses (materials and supplies)	43,810	595	51,097

Figures in million HUF

		2006	Reclassification of 2006.	2007
9.	Depreciation	23,304	86	20,984
10.	Other operating charges	269,964	395	448,027
	a) charges on operations other than financial and investment services	6,793	218	8,263
	Showing separately: - to affiliated companies	818	5	1,214
	- to other companies linked by virtue of participating interests	65		66
	b) other charges	263,171	177	439,764
	Showing separately: - to affiliated companies	14,822	-4	187
	- to other companies linked by virtue of participating interests			
	- value adjustments in respect of stocks			
11.	Value adjustments in respect of loans and advances and risk provisions for contingent liabilities and for (future) commitments	29,278	-5	23,623
	a) value adjustments in respect of loans and advances	22,275	-5	18,385
	b) risk provisions for contingent liabilities and for (future) commitments	7,003		5,238
12.	Value readjustments in respect of loans and advances and risk provisions for contingent liabilities and for (future) commitments	17,726		26,636
	a) value readjustments in respect of loans and advances	13,594		20,077
	b) risk provisions for contingent liabilities and for (future) commitments	4,132		6,559
12/A.	Difference between formation and utilization of general risk provisions	-8,539		-9,095
13	Value adjustments in respect of transferable debt securities held as financial fixed assets, shares and participations in affiliated companies and in other companies linked by virtue	749		5,161
14.	Value readjustments in respect of transferable debt securities held as financial fixed assets, shares and participations in affiliated companies and in other companies linked by virtue of participating interests	2,467		3
15.	**Profit or loss on ordinary activities**	**179,413**	**14**	**144,052**
	Showing separately: - PROFIT OR LOSS ON FINANCIAL AND INVESTMENT SERVICES [1-2+3+4-5+6+7.b)-8-9- 10.b)-11+12-13+14]	176,077	-9	141,731
	- PROFIT OR LOSS ON OPERATIONS OTHER THAN FINANCIAL AND INVESTMENT SERVICES [7.a)-10.a)]	3,336	23	2,321
16.	Extraordinary income	44,703	-3	24,217
17.	Extraordinary charges	11,600		26,226
18.	Extraordinary profit or loss (16-17)	33,103	-3	-2,009
19.	**Profit or loss before tax (+15+18)**	**212,516**	**11**	**142,043**
20.	Taxes on income	26,329	9	22,160
21.	**Profit or loss after tax (+19-20)**	**186,187**	**2**	**119,883**
22.	General reserve (±)	-18,619		-11,988
23.	Profit reserves used for dividends and profit-sharing			
24.	Dividend and profit-sharing payable	40,320		0
	Showing separately: - to affiliated companies			
	- to other companies linked by virtue of participating interests			
25.	**Profit or loss for the financial year (+21-/+22+23-24)**	**127,248**	**2**	**107,895**

Mandatory layout of the cash-flow statement

Figures in million HUF

		2006	2007
1.	Interest income	318,391	401,014
2.	+Income from other financial services (except value adjustments in respect of securities and the positive valuation difference of receivables)	156,787	162,664
3.	+ Other income (except value readjustments in respect of provisions, value adjustments in respect of stocks and readjustments in respect of extraordinary depreciation)	231,921	390,482
4.	+Income from other investmentfinancial services (except value adjustments in respect of securities and positive valuation difference)	44,103	49,490
5.	+ Income from operations other than financial and investment services	10,129	10,584
6.	+ Dividend income	16,252	18,920
7.	+ Extraordinary income	37,324	82
8.	- Interest charges	-128,610	-214,556
9.	+Charges on other financial services (except value adjustments in respect of securities and the negative valuation difference of receivables)	-48,578	-48,333
10.	- Other charges (except provisions, value adjustments in respect of stocks, and extraordinary depreciation)	-240,772	-430,651
11.	+Charges on investment services (except value adjustments in respect of securities and negative valuation difference)	-10,179	-36,796
12.	- Charges on operations other than financial and investment services	-6,793	-8,263
13.	- General administrative expenses	-103,199	-117,697
14.	- Extraordinary charges (not including corporate tax payable for the financial year)	-1,385	-1,927
15.	- Corporate tax payable for the financial year	-26,329	-22,160
16.	- Dividends paid	-55,118	-40,150
17.	**Operating cash-flow**	**193,944**	**112,703**
18.	±Variation in liabilities (increase (+), decrease (-))	697,590	709,577
19.	±Variation in receivables (increase (-), decrease (+))	-550,380	-661,761
20.	±Variation in stocks (increase (-), decrease (+))	82	-77
21.	±Variation in securities shown under current assets (increase (-), decrease (+))	37,293	-344,789
22.	±Variation in securities shown under fixed assets (increase (-), decrease (+))	-128,348	37,759
23.	±Variation in tangible assets in course of construction (including payments on account) (increase (-), decrease (+))	-173	783
24.	±Variation in intangible assets (increase (-), decrease (+))	-196,353	-10,439
25.	±Variation in tangible assets (except tangible assets in course of construction and payments on account) (increase (-), decrease (+))	-2,636	-13,726
26.	±Variation in prepayments and accrued income (increase (-), decrease (+))	-16,801	-36,969
27.	±Variation in accruals and deferred income (increase (+), decrease (-))	15,857	7,258
28.	+ Issue of shares at par value	0	0
29.	+ Non-repayable funds received by virtue of legal regulation	0	0
30.	- Non-repayable funds transferred by virtue of legal regulation	0	0
31.	- Nominal value of shares and share certificates withdrawn	0	0
32.	**Net cash-flow**	**50,075**	**-199,681**
	showing separately:		
33.	- variation in cash in hand (HUF and foreign currencies, checks)	-808	5,112
34.	'- variation in account balances (HUF and foreign currency accounts placed with the NBH, deposit accounts with remaining maturity of less than one year, and current deposit accounts maintained in HUF at other credit institutions by virtue of specific other legislation)	50,883	-204,793

PROPOSAL FOR THE DISTRIBUTION OF THE 2007 PROFIT AFTER TAX OF OTP BANK PLC. AND FOR DIVIDEND PAYMENT

PROPOSAL FOR THE DISTRIBUTION OF THE 2007 PROFIT AFTER TAX OF OTP BANK PLC. AND FOR DIVIDEND PAYMENT

	HUF million
PROFIT BEFORE TAX	142,043
TAX PAYMENT LIABILITY	22,160
PROFIT AFTER TAX	119,883
GENERAL RESERVES	11,988
USE OF ACCUMULATED RETAINED EARNINGS FOR DIVIDENDS OR PARTICIPATION	0
DIVIDEND	0
BALANCE SHEET PROFIT FOR THE FINANCIAL YEAR	107,895

The AGM accepts the balance sheet of the Bank with total assets of HUF 5,276,378 million and the after tax profit of HUF 119,883 million and states the distribution of the profit as follows: HUF 11,988 for general reserves and HUF 107,895 million for the balance sheet profit.

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

IFRS CONSOLIDATED

CONSOLIDATED BALANCE SHEET
AS AT DECEMBER 31, 2007
(in HUF mn)

	Note	2007	2006
Cash, due from banks and balances with the National Bank of Hungary	4	353,243	532,625
Placements with other banks, net of allowance for placements losses	5	654,788	602,615
Financial assets at fair value through statements of operations	6	285,895	110,576
Securities available-for-sale	7	473,925	489,250
Loans, net of allowance for loan losses	8	5,582,437	4,347,091
Accrued interest receivable		63,459	54,223
Associates and other investments	9	9,892	70,939
Securities held-to-maturity	10	317,557	268,280
Premises, equipments and intangible assets, net	11	541,909	464,716
Other assets	12	178,769	157,111
TOTAL ASSETS		**8,461,874**	**7,097,426**
Due to banks and deposits from the National Bank of Hungary and other banks	13	798,154	660,417
Deposits from customers	14	5,038,372	4,232,153
Liabilities from issued securities	15	985,265	781,315
Accrued interest payable		60,153	46,011
Other liabilities	16	383,189	338,591
Subordinated bonds and loans	17	301,164	250,726
TOTAL LIABILITIES		**7,566,297**	**6,309,213**
Share capital	18	28,000	28,000
Retained earnings and reserves	19	976,225	820,819
Treasury shares	20	(114,001)	(63,716)
Minority interest	21	5,353	3,110
TOTAL SHAREHOLDERS' EQUITY		**895,577**	**788,213**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**8,461,874**	**7,097,426**

Budapest, 17 March 2008

dr. Sándor Csányi
Chairman and Chief Executive Officer

CONSOLIDATED STATEMENTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2007 (in HUF mn)

	Note	2007	2006
Interest Income:			
Loans		567,008	387,653
Placements with other banks		95,793	79,409
Due from banks and balances with the National Bank of Hungary		12,824	25,937
Securities held for trading		7,272	2,593
Securities available-for-sale		34,145	28,746
Securities held-to-maturity		29,938	18,479
Total Interest Income		746,980	542,817
Interest Expense:			
Due to banks and deposits from the National Bank of Hungary and other banks		76,147	41,028
Deposits from customers		172,506	107,060
Liabilities from issued securities		50,197	34,321
Subordinated bonds and loans		16,438	4,464
Total Interest Expense		315,288	186,873
NET INTEREST INCOME		**431,692**	**355,944**
Provision for loan and placement losses	5, 8	58,184	28,559
NET INTEREST INCOME AFTER PROVISION FOR LOAN AND PLACEMENT LOSSES		**373,508**	**327,385**
Non-Interest Income:			
Fees and commissions		188,788	145,015
Foreign exchange gains, net		8,399	(11,884)
Gains and losses on securities, net		5,085	6,900
Gains on real estate transactions, net		1,371	1,292
Dividend income and gains and losses of associated companies		993	901
Insurance premiums		83,591	75,554
Other		40,067	24,940
Total Non-Interest Income		328,294	242,718
Non-Interest Expenses:			
Fees and commissions		35,903	32,116
Personnel expenses		147,831	106,804
Depreciation and amortization	11	35,627	26,464
Insurance expenses		69,204	60,866
Other	22	164,285	125,251
Total Non-Interest Expense		452,850	351,501
INCOME BEFORE INCOME TAXES		**248,952**	**218,602**
Income taxes	23	(40,404)	(31,506)
NET INCOME		**208,548**	**187,096**
From this, attributable to:			
Minority interest		**340**	**45**
Equity holders		**208,208**	**187,051**
Consolidated earnings per share (in HUF)			
Basic	36	**796**	**722**
Diluted	36	**794**	**714**

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEAR DECEMBER 31, 2007 (in HUF mn)

	Note	2007	2006
OPERATING ACTIVITIES			
Income before income taxes		**248,952**	**218,602**
Income tax paid		(45,005)	(47,072)
Depreciation and amortization	11	35,627	26,464
Provision for loan and placement losses	5,8	58,184	28,559
Provision for permanent diminution in value of equity investments	9	131	(1,892)
Provision for losses on other assets	12	8,386	814
Release of allowance for losses on off-balance sheet commitments and contingent liabilities, net	16	4,018	6,982
Net increase in insurance reserves		20,604	32,253
Share-based compensation	2,26	5,123	5,927
Unrealised losses on fair value adjustment of securities held for trading		695	1,465
Unrealised gains on fair value adjustment of derivative financial instruments		(44,522)	(17,137)
Net changes in financial assets through Statements of Operations		(32,298)	(6,297)
Net increase in accrued interest receivables		(8,338)	(10,059)
Net increase in other assets, excluding advances for investments and before allowance for losses		(18,649)	(80,271)
Net decrease in accrued interest payable		14,021	16,801
Net increase in other liabilities		4,072	43,969
Net Cash Provided by Operating Activities		**251,001**	**219,108**
INVESTING ACTIVITIES			
Net decrease/(increase) in placement with other banks before provision for placements losses		16,315	(80,699)
Net decrease/(increase) in securities available-for-sale		(94,121)	(78,636)
Net decrease/(increase) in equity investments, before provision for permanent diminution in value		61,133	(56,678)
Net cash outflow from acquisition of subsidiaries		(58,303)	(243,703)
Net (increase)/decrease in debt securities held-to-maturity		(47,990)	21,526
Net decrease/(increase) in advances for investments, included in other assets		254	(255)
Net increase in loans, before provision for loan losses		(1,179,630)	(601,625)
Net additions to premises, equipments and intangible assets		(66,744)	(38,050)
Net Cash Used in Investing Activities		**(1,369,086)**	**(1,078,120)**

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE DECEMBER 31, 2007
(in HUF mn)
[continued]

	Note	2007	2006
FINANCING ACTIVITIES			
Net increase in due to banks and deposits from the National Bank of Hungary and other banks		118,469	86,294
Net increase in deposits from customers		671,271	359,754
Net increase in liabilities from issued securities		203,950	220,626
Increase in subordinated bonds and loans		50,438	192,476
Increase/(decrease)of minority interest		127	(414)
Foreign currency translation losses		(5,579)	(8,478)
Issuance of/ Dividend on equity instrument (ICES)		(5,640)	120,305
Net change in treasury shares		(54,182)	(6,998)
Net decrease in compulsory reserves at National Bank of Hungary	4,28	(22,416)	(14,772)
Dividends paid		(40,151)	(55,119)
Net Cash Provided by Financing Activities		**916,287**	**893,674**
Net Increase in Cash and Cash Equivalents		**(201,798)**	**34,662**
Cash and cash equivalents as at 1 January		396,658	361,996
Cash and Cash Equivalents as at 31 December		**194,860**	**396,658**

Analysis of cash and cash equivalents opening and closing balance

Cash, due from banks and balances with the National Bank of Hungary	4,28	532,625	483,191
Compulsory reserve established by the National Bank of Hungary	4,28	(135,967)	(121,195)
Cash and cash equivalents as at 1 January		**396,658**	**361,996**
Cash, due from banks and balances with the National Bank of Hungary	4	353,243	532,625
Compulsory reserve established by the National Bank of Hungary	4	(158,383)	(135,967)
Cash and cash equivalents as at 31 December		**194,860**	**396,658**

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR DECEMBER 31, 2007 (in HUF mn)

	Note	Share Capital	Retained Earnings and Reserves	Treasury Shares	Minority interest	Total
Balance as at 1 January 2006		28,000	572,567	(53,586)	491	547,472
Net income		-	187,096	-	(45)	187,051
Fair value adjustment of securities available-for-sale recognised directly through equity, net		-	(3,430)	-	-	(3,430)
Share-based compensation	26	-	5,927	-	-	5,927
Dividend for the year 2005		-	(55,160)	-	-	(55,160)
Gain on sale of treasury shares		-	3,132	-	-	3,132
Purchase of treasury shares		-	-	(10,130)	-	(10,130)
Derivative financial instruments designated as cash flow hedge		-	(1,131)	-	-	(1,131)
Issuance equity instrument (ICES)	19	-	120,305	-	-	120,305
Foreign currency translation gain		-	(8,478)	-	-	(8,478)
Deferred tax		-	36	-	-	36
Minority interest		-	(45)	-	2,664	2,619
Balance as at 31 December 2006		28,000	820,819	(63,716)	3,110	788,213
Net income		-	208,548	-	(340)	208,208
Fair value adjustment of securities available-for-sale recognised directly through equity, net		-	(858)	-	-	(858)
Fair value adjustment of derivative financial instruments recognised directly through equity, net		-	(387)	-	-	(387)
Share-based compensation	26	-	5,123	-	-	5,123
Dividend for the year 2006		-	(40,320)	-	-	(40,320)
Loss on sale of treasury shares		-	(3,897)	-	-	(3,897)
Purchase of treasury shares		-	-	(50,285)	-	(50,285)
Derivative financial instruments designated as cash flow hedge		-	(1,196)	-	-	(1,196)
Dividend on equity instrument (ICES)	19	-	(5,640)	-	-	(5,640)
Foreign currency translation gain		-	(5,627)	-	-	(5,627)
Minority interest		-	(340)	-	2,583	2,243
Balance as at 31 December 2007		28,000	976,225	(114,001)	5,353	895,577

REPORT OF THE SUPERVISORY BOARD ON 2007 FINANCIAL REPORTS AND PROPOSAL FOR DISTRIBUTION OF AFTER TAX PROFIT OF THE BANK

THE SUPERVISORY BOARD CONDUCTED ITS ACTIVITIES AND PERFORMED ITS TASKS IN 2007 IN ACCORDANCE WITH THE PROVISIONS OF THE AMENDED ACT CXII OF 1996 ON CREDIT INSTITUTIONS AND FINANCIAL ENTERPRISES AND ACT IV OF 2006 ON COMPANIES.

The Supervisory Board continued to perform its **controlling** function in 2006, protecting the assets of the credit institution and of its clients, as well as its shareholders' interests.

The Supervisory Board met and passed resolutions on a total of seven occasions last year, in accordance with its approved work schedule. The Chairman or a member of the Supervisory Board attended the meetings of the Board of Directors and briefed the other members on the contents of those meetings.

The Supervisory Board regularly:

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

Based on the reports, it monitored:

- the development of results based on the interim reports prepared for the stock exchange
- compliance with the provisions of the Act on Credit Institutions and Financial Enterprises
- the volume and composition of the qualified receivables portfolio, and fulfilment of the requirements in respect of accounting for impairment and the setting aside of risk provisions.

The Supervisory Board was briefed regarding

- the results of the Bank's business operations in 2006, and
- the business-policy plans of OTP Bank and the Bank Group with respect to the year 2007
- the pro-rata implementation of the action plan prepared on the basis of the findings of the Resolution closing the comprehensive on-site audit conducted by the Hungarian Financial Supervisory Authority in 2004
- the practice if responsible corporate governance
- the handling of customer complaints regarding the Bank's services
- the security issues of OTP Bank Plc
- the statement on corporate governance practice
- The necessity of changes to be introduced in the Bank's Bylaws
- the management incentive scheme for the years 2006 through 2010
- the statement on corporate governance practice
- the Compliance System of OTP Bank Plc
- the organisational changes expected in 2007, the transformation of regional governance and commercial bank sales activities
- the statements respect of the review of risk management at the bank group level and the measures taken, and
- the creation of a Unified Internal Control system at the Bank Group level, and the substantive requirements in respect of the relevant annual and quarterly reports and plans

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

The Supervisory Board performed its **corporate governance role** in accordance with the provisions of the Act on Credit Institutions, by giving its opinion on and then approving the regulations on the "Internal Audit procedures of OTP Bank Plc", which define the operating conditions of the internal audit organisation that falls under the Supervisory Board's direct professional supervision, and ensured that these regulations and conditions were enforced through the audits performed by the internal audit organisation.

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

Based on its annual audit schedule for the year 2007 and other extraordinary assignments, the Internal Audit Department carried out **165 audits**, was involved in the work of **4 projects,** and reviewed the **draft versions of 291 internal regulations**.

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

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

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

In June of 2006 the **State Financial Supervisory Authority** conducted an on-site theme audit of limited breadth and depth regarding the IT control environment of the bank's cash-flow. This audit did not reveal any serious deficiency or risk factor. In the resolution that closed the audit the Supervisory Authority submitted to the Bank a request for extraordinary data provision and the Internal Audit Department checked the execution of this request in 2007. The report prepared on the result of the audit was discussed and approved by the Supervisory Board and was sent to the Supervisory Authority.

In 2007 the **State Financial Supervisory Authority** conducted an off-site, risk-based theme audit of limited breadth and depth and of non-comprehensive scope in order to assess the operational risks of the Bank's investment services and supplementary investment services. After the audit the Supervisory Authority issued certain warnings and made statements of mandatory force, and ordered the payment of HUF 2,000,000 in penalties.

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

In 2007 the circle of subsidiaries included under the scope of supervisory control expanded further. A document entitled the **“Unified Internal Control System”** was prepared, adapted and distributed, the implementation of which will ensure the continuous monitoring and supervisory control of the audit activities and the audit results of the subsidiaries concerned.

The appropriate introduction and application of the transferred methodology is checked in the context of an **on-site theme audit**.

In order to ensure compliance with the law, the internal audit departments of the subsidiaries sent

- their annual report prepared in respect of their annual activities and their operating conditions related to 2006, and
- their audit plan for 2007

to the Bank’s Supervisory Board for review.

The Supervisory Board of OTP Bank Plc. **gave its opinion on and evaluated the proposal regarding the theme audit, as well as the annual reports and annual plans**. The Supervisory Board provided its **evaluation**, findings and recommendations to the **committee supervising the internal audit organisations of the subsidiaries** concerned.

On the basis of the summary reports of the Internal Audit Department and by requesting reports from the management, the Supervisory Board monitored

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

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

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

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

The Supervisory Board of OTP Bank Plc judges that the operations of OTP Bank Plc were legally compliant and reflected the interests of shareholders, and that the business results were favourable.

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

   the non-consolidated report on the 2007 business year, prepared in accordance with Hungarian Accounting Standards (HAS),

   with a **balance sheet total of HUF 5,276 billion 378 million,** and

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

   with a **balance sheet total of HUF 8,461 billion 874 million**, as well as

   the proposal in respect of the distribution of the after-tax profit under HAS of **HUF 119 billion 883 million**,

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

2. The Supervisory Board agrees with the proposal of the Board of Directors that no dividends be paid from the after-tax profit of 2007.

REPORT OF THE AUDIT COMMITEE ON 2007 FINANCIAL REPORTS

AND PROPOSAL FOR DISTRIBUTION OF AFTER TAX PROFIT OF THE BANK

In 2007 the **Audit Committee performed** its activities and conducted its audits in accordance with the stipulations of Act IV of 2006 on Companies and with the Rules of Procedure approved by the Bank's Supervisory Board.

The Chairman of the Bank's Supervisory Board participated in every meeting of the Audit Committee.

The Audit Committee, which was elected by the Annual General Meeting of 2007, began its operation in the second half of the year, in the course of which it:

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

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

- the Consolidated and Group Member Controlling report for the 1st half of 2007, and
- the Bank's results in the 1st half of the year, approved by the auditor.

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

The Audit Committee continuously monitored

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

In 2007 the Audit Committee met the provisions of Section 311 (2) d of Act IV of 2006 on Companies; that is, it monitored compliance with the auditor's professional requirements and the implementation of conflict-of-interest provisions.

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

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

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

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

The Audit Committee, based on the reports it has read and evaluated, and in agreement with the auditor, finds that the Bank's Board of Directors may submit for approval to the General Meeting:

the non-consolidated report on the 2007 business year, prepared in accordance with Hungarian Accounting Standards (HAS),

with **a balance sheet total of HUF 5,276 billion 378 million,** and

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

with **a balance sheet total of HUF 8,461 billion 874 million**, and

the proposal in respect of the distribution of the **after-tax profit** under HAS of **HUF 119 billion 883 million**.

OTP Bank Plc's Audit Committee agrees with the proposal of the Board of Directors that no dividends be paid from the after-tax profit of the year 2007.

REPORTS OF THE AUDITOR ON THE RESULTS OF THE AUDIT OF THE 2007 FINANCIAL REPORTS

FREE TRANSLATION OF THE HUNGARIAN ORIGINAL

INDEPENDENT AUDITORS' REPORT

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

To the Shareholders of OTP Bank Plc.

We have audited the accompanying financial statements of OTP Bank Plc. (the "Bank"), which comprise the balance sheet as at December 31, 2007 - which shows total assets of 5,276,378 million HUF and a retained profit for the year of 107,895 million HUF -, and the related profit and loss account for the year then ended and the supplement comprising a summary of significant accounting policies and other explanatory notes .

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

We also audited the financial statements as of and for the year ended December 31, 2006 and issued an unqualified opinion. Reference is made to our report dated March 21, 2007.

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

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

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

Clause

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

In our opinion, the financial statements give a true and fair view of the financial position of OTP Bank Plc. as at December 31, 2007. The Business Report corresponds to the figures included in the financial statements.

Budapest, March 17, 2008

The original Hungarian version has been signed.

Horváth Tamás

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

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Horváth Attila Péter

registered auditor
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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of OTP Bank Plc. and its subsidiaries, which comprise the consolidated balance sheet as at December 31, 2007, and the related consolidated income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of OTP Bank Plc. and its subsidiaries as of December 31, 2007, and of its consolidated financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Budapest, March 17, 2008

....	....
Horváth Tamás	Horváth Attila Péter
Deloitte Auditing and Consulting Ltd.	Registered Auditor
1068 Budapest, Dózsa György út 84/C	005173
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DECISION ON THE APPROVAL OF THE REPORT ON CORPORATE GOVERNANCE

CORPORATE GOVERNANCE AT OTP BANK PLC

1. Statement on corporate governance practices

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

1.1. Governing bodies

The Company's management body is the Board of Directors. The scope of authority of the Board of Directors is determined by the effective statutory regulations, the Bank's Bylaws, the resolutions of the General Meeting and the rules of procedure of the Board of Directors. The rules of procedure contain the organisational structure and mode of operation of the Board of Directors as well as its tasks pertaining to the preparation and implementation of meetings, the drafting of resolutions and other issues concerning the work of the Board of Directors. The Board of Directors supervises the management and evaluates and analyses on a quarterly basis the implementation of business policy objectives. The Board of Directors exercises employer's rights in respect of the management of the Company by way of the Chairman & CEO, with the proviso that the Board of Directors must be notified prior to the appointment, and the withdrawal of the appointment, of deputy CEOs.

The members of the Board of Directors are elected by the General Meeting for five years. Currently, the ratio of independent (non-executive) board members (3 persons) within the total number of board members (9 persons) is 33%.

The members of the Board of Directors are subject to all the obligations and prohibitions that are specified in Act CXII of 1996 on Credit Institutions and Financial Enterprises (Credit Institutions Act) in respect of persons in management positions.

The Company's management and business operation is supervised by the Supervisory Board. The Supervisory Board determines its own rules of procedure, which are approved by the General Meeting.
Supervisory Board members are elected by the General Meeting for a term of three years. The ratio of independent (non-executive) board members (3 persons) within the total number of board members (5 persons) is 60%.

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

The 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.

Minutes are taken of the meetings of the Board of Directors and the Supervisory Board, and their resolutions are documented.

Members of the Board of Directors, the Supervisory Board and the management (in the case of board members, their status as independent members is indicated), and the composition of the boards

<u>Senior management of OTP Bank :</u>

Dr. Sándor Csányi (55) graduated from the College of Finance and Accounting in 1974 with a bachelor's degree in business administration and in 1980 from the Budapest University of Economics with a degree in economics. He is an economist with a specialisation in finance, and is also a qualified pricing specialist and certified auditor. After graduation he worked at the Revenue Directorate and then at the Secretariat of the Ministry of Finance, after which he was Head of Department at the Ministry of Agriculture and Food Industry between 1983 and 1986. Between 1986 and 1989 he worked as Head of Department at Magyar Hitel Bank Rt. He was deputy CEO of K&H Bank from 1989-92. Since 1992 he has been Chairman & CEO of OTP Bank, where he is responsible for the Bank's strategy and overall operation. He is a member of the Board of Directors of Europay and the Hungarian oil and gas company MOL, and is chairman of the Hungarian Banking Association. As of 31 December 2007 he owned 200,000 ordinary OTP shares (while the total number of OTP shares held by him directly and indirectly was 3,302,000.

Dr. István Gresa (55) graduated from the College of Finance and Accounting in 1974 and received a degree in economics from the Budapest University of Economics in 1980. He earned a Ph.D. from the same establishment in 1983. He has worked in the banking sector since 1989. Between 1989 and 1993 he was branch manager of Budapest Bank's Zalaegerszeg branch. From 1993 he was director of OTP Bank's Zala County Directorate, and from 1998 he served as the director of the Bank's West Transdanubian Region. Since 1 March 2006 he has been Deputy CEO of OTP Bank and the Head of the Credit Approval and Risk Management Division. As of 31 December 2007 he held 63,758 ordinary OTP shares.

Antal Kovács (55) graduated from the Budapest University of Economics with a degree in economics in 1985. He started his professional career in 1990 at the Nagyatád branch of K&H Bank where he worked as a branch manager between 1993 and 1995. From 1995 he started working for OTP Bank Ltd., first as a county director and from 1998 as the managing director of OTP Bank's South Transdanubian Region. He received additional training at the International Bankers' School and the World Trade Institute. He has been a member of OTP Bank's Supervisory Board since 2004. As of 31 December 2007 he held 33,000 ordinary OTP shares. Since 1 July 2007 he has been serving as the deputy CEO of OTP Bank.

Csaba Lantos (46) graduated in economics and sociology from the Budapest University of Economics in 1986. Between 1986 and 1988 he worked as a bond dealer at Budapest Bank Rt., then from 1989-94 he was the director of Creditanstalt Securities and, until 1997, its deputy managing director and the managing director of Creditanstalt Securities Investment Fund Management. Until 2000 he was CEO at CA IB Securities, and since the autumn of 2000 he has served as the deputy CEO of OTP Bank. Since 1990 he has been a member of the Council of the Budapest Stock Exchange, and since 1993 he has served as the Chairman of the Board of Directors of the Central Clearing House and Depository Ltd. (KELER). Since 2001 he has been a member of OTP Bank's Board of Directors. As of 30 June 2007 he held 80,116 ordinary OTP shares. He served as deputy CEO of OTP Bank until 30 June 2007.

Géza Lenk (61) graduated from the Budapest University of Economics with a degree in economics in 1970, and in 1977 he earned a post-graduate degree in International Business Relations. He graduated from the International Banker's School in London in 1982. He went on to work at the Hungarian National Bank, then as CEO of the General Enterprise Bank. From 1988, he was Chairman and CEO of K&H Bank, and was the Vice Chairman and Deputy CEO of Trigon Bank AG Wien from 1996. He worked as the head of the MKB Leasing and Finance Group from 1998 and was the Chairman and CEO of Reorg Rt. from 1999. Since 2000 he has been Deputy CEO of OTP Bank, in charge of the Credit Approval and Risk Management Division, and since March of 2006 he has been an advisor to the Chairman. Between 2001 and 28 April 2006 he was a member of OTP Bank Ltd.'s Board of Directors. As of 2 April 2007 he held 100,000 ordinary OTP shares. He serves as deputy CEO of OTP bank until 2 April 2007.

Dr. Antal Pongrácz (62) graduated from the Budapest University of Economics and earned a Ph.D. in 1971. From 1969 he worked as an analyst at the Petrochemical Investment Company, then as a group manager at the Revenue Directorate until 1975. From 1976 he worked in various management positions at the Ministry of Finance. From 1986 to 1987 he was the first Deputy Chairman of the State Office for Youth and Sports. Between 1988 and 1990 he was the first Deputy CEO of OTP Bank. Between 1991 and 1994 he was the CEO, and then Chairman & CEO, of the European Commercial Bank Rt. Between 1994 and 1998 he was the Chairman and CEO of Szerencsejáték Rt., then in 1998-99 he served as CEO of Hungarian flagship carrier, Malév. Since 2001 he has worked as the managing director of OTP Bank's Central Management Division and more recently as Deputy CEO. He has been a member of OTP Bank's Board of Directors since 2002. As of 31 December 2007 he held 230,000 ordinary OTP shares.

Ákos Takáts (48) 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. Between 1989 and 1993 he was employed as a systems administrator at Investbank Rt. From 1993 he served as a deputy head of department at OTP Bank, then, from 1995, he was managing director of the Bank's IT Development Directorate. Since 1 October 2006 he has served as OTP Bank's Deputy CEO and the head of the IT and Logistics Division. As of 31 December 2007 he held a total of 143,347 ordinary OTP shares.

Dr. László Urbán (49), economist, graduated from the Budapest University of Economics with a specialisation in finance in 1982. He has worked in the financial sector since 1995. He worked in Washington D.C. for the World Bank, and then served as ABN-AMRO Bank's director for planning and controlling. Between 1998 and 2000 he was Deputy CEO of Business Affairs at Postabank, and from 2000-2005 he was a manager at Citigroup New York, responsible for global product development. From 2005 he served as the director of the Hungarian National Bank and the director of the General Secretariat. Since 15 January 2007 he has been OTP Bank's Deputy CEO, and head of the Strategic and Finance Division. As of 31 December 2007 he held 539 ordinary OTP shares.

László Wolf (48) graduated from the Budapest University of Economics in 1983. After graduation he worked at the Bank Relations Department of the Hungarian National Bank for 8 years, after which he served as head of Treasury at BNP-KH-Dresdner Bank between 1991 and 1993. From April 1993 he was managing director of OTP Bank's Treasury Directorate, and since 1994 he has been Deputy CEO of the Commercial Banking Division. As of 31 December 2007 he held 807,640 ordinary OTP shares.

Internal (executive) members of OTP Bank's Board of Directors

Dr. Sándor Csányi (see description of professional qualifications under senior management of OTP)

Dr. Antal Pongrácz (see description of professional qualifications under senior management of OTP)

External (non-executive) members of OTP Bank's Board of Directors

Mihály Baumstark (59) holds degrees in agricultural engineering and agricultural economics. He was employed by the Ministry of Agriculture and Food Industry between 1978 and 1989. Prior to leaving the Ministry he worked as deputy head of the Accounting Department. He went on to join Hubertus Rt. as its managing director, and from 1999 he was the deputy CEO, and then Chairman & CEO, of Villányi Vinery Ltd. (now Csányi Vinery Ltd.). He has been a non-executive member of OTP Bank's Board of Directors since 1999. As of 31 December 2007 he held 50,000 ordinary OTP shares.

Dr. Tibor Bíró (56) graduated from the Budapest University of Economics with a degree in business administration. He was the Head of the Financial Department of the City Council of Tatabánya from 1978-82. He began teaching at the College of Finance and Accounting in 1982 and has been head of department since 1992. He is a chartered public accountant and a registered auditor. He is a member of the Budapest Directorate of the Hungarian Chamber of Auditors. He has been an independent, non-executive member of OTP Bank's Board of Directors since 1992. As of 31 December 2007 he held 44,000 ordinary OTP shares.

Péter Braun (72) earned a degree in electrical engineering from the Budapest Technical University. Between 1954 and 1989 he worked for the Research Institute for Electrical Energy, with his last position there being Head of Department. After that, he was the managing director of K&H Bank Rt., working in its Computer and Information Centre. He is a member of GIRO Rt.'s Board of Directors, and was Deputy CEO of OTP Bank, from 1993 until his retirement in 2001. He has been a member of OTP Bank's Board of Directors since 1997. As of 31 December 2007 he held 599,905 ordinary OTP shares.

Dr. István Kocsis (56) graduated from the Budapest Technical University as a mechanical engineer. From 1991 until 1993 he served as department head at the Ministry of Trade and Industry and later as Deputy Undersecretary. Between 1993 and 1996 he was managing director and deputy CEO of ÁPV Rt. Between 1996 and 1997 he was deputy CEO of ÁPV Rt. Later he became head of department at

RWE Energie AG, then the general director of ÉMÁSZ Rt., and later the CEO of Paks Nuclear Power Plant. He has been the CEO of Hungarian Power Companies Ltd. since 2005. He has been an idependent, non-executive member of OTP Bank's Board of Directors since 1997. As of 31 December 2007 he held 83,500 ordinary OTP shares.

Dr. Sándor Pintér (60) graduated from the Police Academy in 1978 and earned a degree in law from the Law Faculty of Eötvös Loránd University of Arts and Sciences (ELTE) in 1986. From 1970 he held various positions at the Ministry of the Interior, and in December 1996 he retired as National Police Chief. Between 1998 and 2002 he was the Minister of the Interior of Hungary. Between 29 April 1997 and 7 July 1998 he was a member of OTP Bank's Board of Directors. Between 2003 and 2006 he was a member of OTP Bank's Supervisory Board, and since 28 April 2006 he has been a member of OTP Bank's Board of Directors. As of 31 December 2007 he held 49,350 ordinary OTP shares.

Dr. László Utassy (56) graduated from the Law Faculty of ELTE in 1978, and earned a further degree in economics, with a specialisation in insurance, from the Budapest University of Economics in 1995. He held various positions at the State Insurance Company and then at ÁB-AEGON Rt. between 1978 and 1995. From 1996 he was the CEO of OTP Garancia Insurance, and then its Chairman & CEO. He has been the chairman of MABISZ (Association of Hungarian Insurers) since March 2001. He has been a member of OTP Bank Ltd.'s Board of Directors since 2001. As of 31 December 2007 he held 90,000 ordinary OTP shares.

Dr. József Vörös (57) graduated from the Budapest University of Economics in 1974. In 1984 he earned a masters degree and in 1993 a Ph.D. in economics from the Hungarian Academy of Sciences. Between 1990 and 1993 he was dean of the Faculty of Business and Economics of Janus Pannonius University (JPTE). In 1993 he attended a course in management for senior executives at Harvard University. From 1994 he was a professor at JPTE, and since 2003 until 2007 he has been the general Deputy Rector of Pécs University. From 2007, president of the Economic Council at Pécs University. Since 1992 he has been an independent, non-executive member of OTP Bank's Board of Directors. As of 31 December 2007 he held 115,000 ordinary OTP shares.

Members of the Supervisory Board and Audit Committee of OTP Bank

Tibor Tolnay (57) graduated from the Budapest Technical University with a degree in architecture and received another degree from the Budapest University of Economics. In 1972 he was appointed CEO of Magyar Építők Ltd. He has been an independent member of OTP Bank's Supervisory Board since 1992. He has been a member of the Audit Committee since 27 April 2007. As of 31 December 2007 he held 80,580 ordinary OTP shares.

Dr. Gábor Nagy (71) graduated from the Budapest University of Economics and is a certified auditor. Between 1974 and 1977 he worked at the Institute of Further Education at the Ministry of Finance. Since 1977 he has been employed by the Ministry of Finance. He has been a member of the OTP Bank's Supervisory Board since 1991 and has been Deputy Chairman of the Supervisory Board since 1992. He has been a member of the Audit Committee since 27 April 2007. As of 31 December 2007 he held 130,000 ordinary OTP shares.

Dr. Gábor Horváth (52) earned a degree in law in Budapest from ELTE. From 1983 he worked for the Hungarian State Development Bank. From 1986 he worked for a law office and from 1990 for the Ministry of Finance, the Hungarian State Institute for Research and the Municipality of Budapest as a private, independent lawyer. He has been an independent member of the OTP Bank's Supervisory Board since 1995. He has been the chairman of the Audit Committee since 27 April 2007. As of 31 December 2007 he held 10,000 ordinary OTP shares.

Antal Kovács (see description of professional qualifications under senior management of OTP)

Klára Vécsei (56) is a representative of OTP Bank's employees. She is an economist and received her degree from the Budapest University of Economics. She has been employed by OTP Bank since 1970. Between 1982 and 1992 she was deputy head of the Accounting and Controlling Department and served as chief accountant from 1994. Currently she is an adviser to the North-East Hungary Region. She has represented the Bank's employees on the Supervisory Board since 1991. As of 31 December 2007 she held 4,000 ordinary OTP shares.

The following is a brief description of the number of board of directors meetings held and the number of participants in the meetings in 2007:

Meetings of the Board of Directors
2007

Date	Present	Absent
26.02.	8	2
19.03.	9	1
05.04.	8	2
08.06.	9	1
17.09.	9	-
05.11.	8	1
17.12.	9	-

Note:
In 2007 the Board of Directors held 7 meetings.
Starting from 1 July 2007 the Board of Directors had 9 members.

The following is a brief description of the number of supervisory board meetings held and the number of participants in the meetings in 2007:

Supervisory Board Meetings
2007

Date	Present	Absent
23.02.	4	1
23.03.	4	1
05.04.	5	-
15.06.	3	2
21.09.	5	-
09.11.	5	-
17.12.	5	-

Note:
In 2007 the Supervisory Board held 7 meetings.
During the meeting held on 15 June 2007, Antal Kovács submitted his vote in writing in respect of all agenda items to ensure a quorum at the meeting.

The following is a brief description of the number of Audit Committee meetings held and the number of participants in the meetings in 2007:

Audit Committee Meetings
2007

Date	Present	Absent
21.09.	3	-
09.11.	3	-

Note:
The General Meeting of Az OTP Bank Plc held on 27 April 2007 elected the Bank's Audit Committee, consisting of 3 members.
The Board of Directors holds its meetings when necessary, but at least 8 times per year, while the minimum number of required meetings per year in the case of the Supervisory Board is six. In 2007 the Board of Directors held seven meetings, while the Supervisory Board also held seven meetings and the Audit Committee held two.

The meeting must be convened if at least one member of the Supervisory Board, at least two members of the Board of Directors or the auditor requests it in writing with a specification of the reason and the purpose.

Description of the work of the Board of Directors, the Supervisory Board and the management, and the criteria taken into account when individual members are evaluated

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

1.2. The operation of the committees

<u>The Company has the following management committees:</u>

The Audit Committee is a body that comments on, evaluates and makes proposals in respect of the work of the Supervisory Board of OTP Bank Plc. The scope of the Audit Committee's responsibility is determined by the effective statutory regulations, the Bank's Bylaws, and the resolutions and rules of procedure of the General Meeting. Its key tasks are to comment on the report prepared in accordance with the Accounting Act, prepare the contract to be concluded with the auditor, maintain contact with the auditor and monitor compliance with professional requirements and conflict-of-interest provisions in respect of the auditor; if necessary, to recommend actions to be taken by the Supervisory Board, provide assistance to the Supervisory Board in order to ensure adequate supervision of the financial reporting system, evaluate the operation of the financial reporting system and recommend the steps that should be taken.

The various functions and tasks of the Audit Committee are performed by the Supervisory Board in accordance with the regulations pertaining to financial institutions and by the independent internal audit organisation, which is placed under its control by the Credit Institutions Act. The tasks of the other committees are performed by the committees that have been and may be established in accordance with the Company's Organisational and Operational Regulations.

The Audit Committee consists of three members, who were selected by the General Meeting from among the independent members of the Supervisory Board. The Audit Committee selects a chairman from among its members. The Audit Committee convenes as many times as necessary, but at least four times a year.

No Remuneration and Nomination Committee has been established at the Bank.

Committees established by the Bank's Board of Directors to support the management functions

<u>Management Committee</u>

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

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

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

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

<u>The Company has the following permanent committees:</u>

The Ethics Committee; the Asset-Liability Committee; the Credit-Limit Committee; the Product Development, Sales and Pricing Committee; the Work-Out Committee; the IT Control Committee, the Investment 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. The permanent committees report to the Management Committee once a year.

1.3. Internal control system

Audit

The Company operates an independent internal audit organisation, which is headed by the Supervisory Board within the overall framework specified in the Credit Institutions Act. The independent audit group has an annual audit plan, which is approved by the Supervisory Board. The independent audit group regularly prepares objective and independent reports for the Board of Directors, the Supervisory Board and the management in respect of the satisfactory operation of risk management, internal audit mechanisms and corporate governance functions. The Supervisory Board exercises the right of prior consent in respect of the establishment and termination of the employment and the remuneration of the executives and employees of the internal audit organisation.
The General Meeting is entitled to select the business organisation that conducts the audit and to approve the selection of the member who is personally responsible for the audit.

Risk management

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

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

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

Compliance

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

Auditor

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

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

1.4. Information

The Company fulfils its disclosure obligation in accordance with Act CXX of 2001 on Capital Markets (Capital Markets Act) and Act CXII of 1996 on Credit Institutions and Financial Enterprises and the provisions of the relevant regulations of the Budapest Stock Exchange. In addition, the Company has effective internal regulations that ensure compliance with the obligation of disclosure.

The aforementioned regulations ensure that all material information pertaining to the Company and having an impact on the price of the Company's shares is published accurately, in full, and in a timely manner.

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 Company has detailed internal regulations pertaining to individuals classified as insiders or as potential insiders, and these regulations fully comply with the restrictions and prohibitions specified in the effective Money Market Act. The persons concerned have been adequately informed about the prohibitions by the compliance area. The transactions of the Board of Directors, the Supervisory Board and the management related to the shares of the Company are published by the Company in accordance with the rules of disclosure. The Company's Annual Report contains information about the stakes (number of shares) of such persons in the Company. Regulatory and record-keeping obligations related to insider information and the holders of insider information are discharged by the Bank's Independent Compliance Department, and the Bank is continuously working to improve the IT systems in order to ensure the efficient execution of these duties. Insider records cover the entire Bank Group.

The Company publishes in its Annual Report the loans extended to executives and to companies in which they hold a stake.

1.5. Overview of the exercising of shareholders' rights

Participation in the General Meeting and voting rights

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

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

- the holder of the registered shares has been effectively entered into the Company's Share Register;
- the voting right associated with ownership of the shares does not violate the provisions of the Company's Bylaws, which the Company ascertains through a check following receipt of the result of a holder matching procedure from KELER Ltd.;
- 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.

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

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

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

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

The invitation must contain the following:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1.7. Statement on remuneration

In 2007 the Company did not publish a Statement on Remuneration; however, the Company currently publishes some of the data specified in the recommendation.

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

The guidelines and incentives of the long-term remuneration and incentives of executives were determined in resolution no. 8/2007. of the General Meeting, which is also available on our website.

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

- Salary components consisting of the basic wage within a specific category and a bonus. The objectives of the Chairman and CEO, the evaluation of their execution, and the amount of the bonus that can be accounted for are determined by the Bank's Board of Directors. In the case of deputy CEOs (division heads) these competences are held by the Chairman and CEO.
- Share Option Program
- The Profit Sharing Program, which can be first used in respect of the results of 2007, provides incentives, in the ratio of contribution to the results, if the goals are exceeded. The detailed rules of the program are approved by the Bank's Board of Directors.

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

2. Statement on compliance with the Corporate Governance Recommendations

1.1.1 The Board of Directors 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 must contain the proposals of the Supervisory Board and a detailed explanation of the effects of the decision.

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 on the agenda items of the General Meeting were disclosed to the shareholders no later than at the time of registration.

Yes

Written comments to the agenda items were published two working days before the General Meeting.

Yes

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

Yes

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

Yes

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

Yes

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

Yes

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

Yes

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

Yes

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

Yes

2.5.4 The Board of Directors regularly (at the time of the annual FT report) asked its members, who are considered to be independent, to confirm that they are independent.

No

The Company specifically ensures that there are sufficient independent members on the boards. Due to the conflict-of-interest regulations the Company monitors any potential change in this.

2.5.5 The Supervisory Board regularly (at the time of the annual FT report) asked its members, who are considered to be independent, to confirm that they are independent.

No

The Company's Supervisory Board, with the exception of employee representatives, consists of independent members. The Company complies with the stipulations of the Companies Act, according to which the majority of the members of the Supervisory Board should be independent (Section 310 of the Companies Act).

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 applicable criteria of independence.

No

The Company satisfies the statutory regulations pertaining to independence, and therefore it did not draft any separate guidelines.

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

The Company acts in accordance with the provisions of the Credit Institutions Act and its internal regulations in cases that involve its officers, and therefore the flow of information is secured.

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 rules of procedure for approving transactions that depart from regular business practices, which ensures an adequate flow of information.

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

No

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

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

Yes

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

Yes

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

No

In 2007 the Company did not publish a Remuneration Statement; however, it currently publishes a part of the data contained in the recommendation.

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

The guidelines and framework of the long-term remuneration and incentive system of executive employees were determined in resolution no. 8/2007. of the General Meeting, which is also available on the website.

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

- Salary components consisting of the basic wage within a specific category and a bonus. The objectives of the Chairman and CEO, the evaluation of their execution, and the amount of the bonus that can be accounted for are determined by the Bank's Board of Directors. In the case of deputy CEOs (division heads) these competences are held by the Chairman and CEO.
- Share Option Program
- The Profit Sharing Program, which can be first used in respect of the results of 2007, provides incentives, in the ratio of contribution to the results, if the goals are exceeded. The detailed rules of the program are approved by the Bank's Board of Directors.

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

The Supervisory Board commented on the remuneration guidelines.

No

The members of the Supervisory Board participate in the General Meeting and can make comments and express their opinion in respect of its agenda items, for example in relation to the incentive system.

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 Company's annual report contains a comprehensive evaluation of the activity which contains the description of the management.

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 prepared the Remuneration Statement and presented it to the General Meeting.

No

See the response under point 2.7.1.

The Remuneration Statement contains the remuneration of certain members of the Board of Directors, the Supervisory Board, and the management.

No

See the response under point 2.7.1.

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

Yes

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

Yes

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

Yes

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

Yes

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

Yes

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

Yes

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

Yes

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

No

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

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

No

In accordance with the Credit Institutions Act, the Supervisory Board is responsible for directing the internal audit organisation, and the members of the Audit Committee, in their capacity as members of the Supervisory Board, participate in executing this task.

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

No

In accordance with the Credit Institutions Act, the internal audit organisation is governed by the Supervisory Board, and the members of the Audit Committee participate in the execution of this task in their capacity as members of the Supervisory Board.

The internal audit organisation is structurally separated from operative management.

Yes

2.8.8 The internal audit plan is approved by the 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 pre-specified in a resolution the events that may be considered to have a material impact on the Company's operation.

Yes

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

No

The Company fully complies with the statutory requirement of public disclosure, and the information is available on the website. In 2007 no additional disclosures were made in respect of the committees.

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

No

In accordance with the Credit Institutions Act, the internal audit organisation is governed by the Supervisory Board, and the members of the Audit Committee participate in the execution of this task in their capacity as members of the Supervisory Board.

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 found during the audit.

<u>No</u>

In accordance with the Credit Institutions Act, the internal audit organisation is governed by the Supervisory Board, and the members of the Audit Committee participate in the execution of this task in their capacity as members of the Supervisory Board.

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

<u>No</u>

In accordance with the Credit Institutions Act, the internal audit organisation is governed by the Supervisory Board, and the members of the Audit Committee participate in the execution of this task in their capacity as members of the Supervisory Board.

A 3.3.1 The Company has a nomination committee.

<u>No</u>

Currently the Company does not have a nomination committee; however, in respect of the **members of the management** – the chairman and 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 and CEO and – in accordance with the Bylaws of the Company – the Board of Directors exercises the employer's rights by way of the Chairman and 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 personnel changes.

<u>No</u>

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.

<u>No</u>

See the comments under point 3.3.1 above.

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

<u>No</u>

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.

<u>No</u>

See the comments under point 3.3.1 above.

3.4.1 The Company has a remuneration committee.

No

In 2007 the Company did not have a remuneration committee. The General Meeting, the Company's supreme body, has the right to determine the remuneration of the members of the Board of Directors and the Supervisory Board. The guidelines and framework of the long-term remuneration and incentives of executives are also determined by the General Meeting. The Board of Directors prepared the guidelines for evaluating and providing incentives for the work of the management. The regulations that contain the detailed rules and procedures within this framework are approved by the Bank's Board of Directors (Share Option Program, Profit Sharing Program) and by the Management Committee (remuneration regulations, incentive system).

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

No

See the comments under point 3.4.1 above.

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

No

See the comments under point 3.4.1 above.

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

No

See the comments under point 3.4.1 above.

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

No

See the comments under point 3.4.1 above.

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

No

See the comments under point 3.4.1 above.

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

No

See the comments under point 3.4.1 above.

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

No

See the comments under point 3.4.1 above.

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

No

See the comments under point 3.4.1 above.

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

No

See the comments under point 3.4.1 above.

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

No

See the comments under point 3.4.1 above.

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

No

The Company complies with the obligation of disclosure in strict compliance with the provisions of Act CXX of 2001 on the Capital Markets and the relevant regulations of the Budapest Stock Exchange. The Company has internal regulations that ensure compliance with the obligation of disclosure, which present the tasks and obligations arising from the provisions of the above act and the regulations of the Budapest Stock Exchange for all the relevant boards, organisations and employees of the Company. On the basis of the aforementioned regulations, the disclosure obligation can be fully met without the need for separate guidelines.

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

Yes

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

No

The Company complies, in terms of content, with the disclosure provisions: in practice all the information to be published is accessible on the Company's website. Although no formal guidelines have been prepared, we have formulated disclosure regulations. For further information see point 4.1.1.

The Company's website was created in keeping with disclosure criteria and with a view to providing information to investors.

Yes

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

No

See the comments under point 4.4.1 above.

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, 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 stated in its annual report the other mandates, together with the type and volume, that the entity that audits the Company's annual financial statements received from the Company and its subsidiaries.

Yes

4.1.9 The Company, in its annual report and on its website, 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 provided information about the internal organisation and operation of the Board of Directors and the Supervisory Board and the criteria applied when evaluating the work of the Board of Directors and the management and of their individual members.

No

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

4.1.11 The Company published in its annual report and on its website a remuneration statement 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 3.4.1 above.

4.1.12 The Board of Directors 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.

No

The Bank complies with its obligations of disclosure in accordance with the stipulations of the Capital Markets Act.

The Company, in its annual report and on the Company's website, 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 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

3. Level of compliance with the recommendations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

J 2.5.3 The Company provided information about how it ensures that the Board of Directors remains objective in its evaluation of the management activities in the event that the position of Chairman and 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 includes the procedure to be followed when the services of an external consultant are used.
No

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

EVALUATION OF THE ACTIVITIES OF THE MANAGEMENT IN THE BUSINESS YEAR,

DECISION ON GRANTING EXEMPTION IN RESPECT OF FURTHER LIABILITY

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

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

In 2007 OTP Bank Plc's Supervisory Board, in keeping with its duties stipulated in the Companies Act and in the Bylaws of OTP Bank Plc, monitored the activities of the Board of Directors and had the management submit regular reports. The Chairman of the Supervisory Board or a committee member designated by him participated in each meeting of the Board of Directors.

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

In the past year, the Board of Directors of OTP Bank Plc met and made decisions and resolutions on a regular basis, and at the Annual General Meeting of 2007 presented a report on the Bank's activities and results in 2006, and provided information about the business policy plans of the Bank Group for 2007.

The Bank's Board of Directors continuously monitored:

- the statements contained in the reports of the management,
- the Bank's results based on the quarterly Stock Exchange Flash Report,
- compliance with the provisions of the Credit Institutions Act,
- changes in the volume and composition of the qualified portfolio, the recognition of impairment, as well as risk provisioning and changes in risk provisions,
- new commitments exceeding one billion forints or the equivalent in foreign currency at the time of authorisation, as well as modifications of previously approved transactions,
- the consolidated and group-member controlling report,
- placements exceeding HUF 300 million and their positions,
- the implementation of resolutions passed by the Supervisory Bodies and the results of any supplementary audits,
- current issues concerning the operation of the Bank, and
- changes in the Organisational and Operational Regulations.

The Board of Directors discussed

- OTP Bank Plc's security position,
- client identification via electronic channels,
- current acquisitions and the key indicators of the banks examined,
- the transformation of regional governance and commercial bank sales activities,
- the "Bank Group Risk Strategy" and "Group Level Lending Policy Guidelines,"
- the governance regulations of the Bank Group,
- the Bank Group-level Unified Internal Audit System, and
- proposals regarding the business policies of the OTP Bank Group for 2008.

In the course of the year it reviewed

- group level country and counterparty risk management,
- the group level market risk management regulations, and
- the limits of professional money and capital-market participants.

The Board of Directors regularly made decisions regarding

- the capital increase of certain subsidiaries and companies within its scope of interest, and
- the granting of authorisations to sign on behalf of the Company.

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

The data in the Bank's annual report and the Company's profit indicators clearly show that under the direction of the Board of Directors the Company has met the goals of the 2007 business plan and has conducted its activities with a view to increasing shareholder value, by keeping the Company's interests at the fore.

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

REPORT OF THE BOARD OF DIRECTORS ON THE BANK'S BUSINESS POLICY FOR 2008

SUMMARY

Expected macroeconomic trends in 2008 in Hungary

In 2007, the economy grew by 1.3%, a considerably lower rate than was previously forecasted. Owing to the delayed impact of austerity measures, and further deterioration in the external environment, no substantial improvement is expected in 2008 either, with the economy slated to expand at a rate of around 2%. Neither consumption (set to rise by 0.4%) or investments (likely to increase by 2.7%) give grounds to expect a higher rate of economic growth than this.
In a continuation of the budgetary corrections, the public finance deficit could shrink to 3.8% of GDP, primarily as the result of stricter controls on spending.
In 2008, as the austerity program continues, the current account deficit, adjusted for net errors and omissions, will drop further to as little as 4.4% of GDP, and owing to a rise in the share of non-interest-generating items, the increase in the ratio of the economy's net external debt to GDP will halt.
Inflation is expected to fall steadily in 2008, resulting in an annual average of 6.3% and a December figure of 4.3%. A total interest rate rise of 100 basis points is likely in the first half of the year, and could be followed in early 2009 by a cycle of interest cuts, and therefore at the end of 2008 a base rate of 8.5% is expected. In our estimate, the annual average exchange rate of the forint, which will strengthen in parallel to the interest rate rises, will be approximately HUF 257.3 to the euro.

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

In terms of both loans and deposits, the overall rate of growth in 2008 will be similar to that experienced in the previous year. The former could expand by 16.6%, and the latter by 8.2%.
In the retail sector mortgage-based consumer loans will continue to be the main driver for growth in 2008, and primarily as a result of this by the end of the year the portfolio of consumer loans will approach that of home purchase loans. The latter continues to be dominated by foreign currency loans, with their more favourable interest rates, which will generate all of the 18.2% growth in the home purchase loan portfolio, while the volume of forint-based home-purchase loans continue to decline.

Forecasted economic and financial environment in the countries of foreign subsidiaries in 2008

Most of the countries in which OTP has foreign subsidiaries experienced a slowing of economic growth, and rising inflation resulting from the global price shock. In absolute terms, the balance of state budgets will deteriorate this year in most of the countries. Where current account deficits are high, the shortfall will largely be covered by FDI and therefore will not represent a particularly high risk – the exception being Romania, where according to our preliminary calculations the coverage rate is only 34%.
Most of the countries will see more modest money-market growth than last year in both the sectors, and household lending will continue to make the greatest contribution to the deepening of the markets.

Business policy objectives of the OTP Bank Group in 2008, in figures

The Bank Group's objective in 2008 is to achieve growth of more than 10% in consolidated after-tax profit, an expense/income ratio of around 55%, a consolidated return on equity that is only slightly below the 25% level of 2007, and a capital adequacy ratio higher than 9.5%. The consolidated gross loan portfolio will grow by 25%, and the consolidated portfolio of deposits by approximately 10%.
In Hungary, a 5% growth in loans and an expansion of around 2-3% in deposits are planned, with no change expected to the after-tax result.
In Bulgaria, the growth in profit after tax should only fall slightly short of the 21% achieved in 2007, while the prime objective is to maintain the expense/income ratio and return on equity at their current levels.
In Russia, in 2008 Investsberbank expects to achieve around 50% growth in its after-tax profit, an expense/income ratio of approximately 60%, and a return on average equity of over 20%.
In Ukraine, after-tax profit will rise by more than 30%, while the return on average equity could exceed 20%. The expense/income ratio may increase only slightly relative to the 54.6% level of 2007.

Business policy tasks of the OTP Bank Group in 2008

In Hungary, OTP Bank will once again focus on raising customer satisfaction, retaining customers who have high business potential but also display a propensity to leave the bank, by targeting them with appropriate offers at the right time. The Bank will also discourage the early repayment of home purchase loans.
The branch network will continue to fulfil the central role in OTP Bank's channel mix in 2008. In order to maintain the competitive advantage afforded by its extensive network of branches, which is the largest in Hungary, the Bank will once again undertake several new developments in 2008. These include establishing a presence in certain small regions that previously had no branch coverage, while the measures to extend

the business line will serve to broaden the range of services available in the existing units. Renovation of the branch network will continue with the refitting of some 70 units, a number of cashless service points will be opened, and a premium wealth-planning service is scheduled for introduction throughout the network of branches specialising in securities transactions.

A key element of the Bank's strategy continues to be to increase the volume of cross selling and the intensity of product use.

To achieve further gains in cost efficiency, in 2008 the Bank will implement a series of measures aimed at reducing its operating costs. Parallel to this, based on the guiding principles and methodologies set forth in the medium-term financing strategy, the Bank will make improvements to its fundraising and liquidity management processes.

The most important task for Russia's Investsberbank – concurrently with integration of the recently acquired Donskoy Narodny Bank – is to develop the range of basic products and services, while expanding the branch network. Developments will also be carried out in the Bulgarian network (refurbishments, new branch openings), accompanied by the launch of the new OTP logo. In Ukraine, rapid branch network expansion – the opening of some 80 new branches – will take place in parallel to the introduction of electronic banking channels, and a broadening of the product range. At the smaller foreign subsidiaries the emphasis is similarly on expansion of the product portfolio and development of the sales network, while in Serbia certain basic tasks (e.g. the introduction of a scoring system) remain to be completed in 2008.

EXPECTED TRENDS IN THE MACROECONOMIC ENVIRONMENT

In 2008, owing to the delayed impact of the austerity measures, we continue to forecast a low rate of economic growth, and a high but steadily declining inflation rate. In the first half of the year we expect to see a rise in the central bank base rate, while in 2009 falling inflation will be accompanied by interest cuts.

EXPECTED MACROECONOMIC AND FINANCIAL-MARKET TRENDS IN 2008 IN HUNGARY

Expected trends in the macroeconomic environment in 2008

The rate of economic growth in 2007 was considerably lower than previously expected, at 1.3%. Owing to the delayed impact of the austerity measures, and further deterioration in the external economic environment, no substantial improvement in this trend is expected in 2008 either, as there is only potential for growth of 3-3.5% to materialise in 2009, with a rate of 2% predicted for this year.
Following last year's real-wage shock, in 2008 – as the private sector also begins to reduce headcounts in response to rising costs – a slight fall in employment and stagnation in real wages will be accompanied by an increase of barely 0.7% in purchased consumption, and a 0.4% rise in final consumption.
We do not expect an upturn in industrial output this year either. Against the backdrop of an economic slowdown in Europe and only a marginal rise in domestic consumption, it is still not in the interests of companies to raise production levels. Adding to these factors are the high cost levels and an interest environment that discourages investment, as well as the extremely high tax wedge.
As a result of the budgetary corrections, the public finance deficit fell to 5.7% of GDP last year, and could drop to 3.8% in 2008. Some three quarters of the 1.9-percentage-point reduction could result from cost cutting, while an increase in revenues could contribute 0.5 percentage points to the shrinkage in the deficit. On the expenses side, this year will also see substantial reductions in items that were recorded as one-off expenditures in 2007. The fact that no Gripen fighter aircraft will be imported in 2008 will shave 0.3 percentage points off the deficit, while a similar reduction will result from the absence of the surplus aid that was paid to the state railway MÁV last year.
In 2008, against the backdrop of the ongoing austerity program, the external financing requirement will drop further to as little as 4.4% of GDP, and owing to a rise in the share of non-interest-generating items, the increase in the ratio of the economy's net external debt to GDP will come to a halt.

Monetary environment in 2008

The inflation rate is expected to fall steadily over the year, but this process could be slowed by a number of factors. The most important of these are the forecasted trends in food and energy prices, especially the rise in the price at which companies purchase electricity, as well as the relatively steep wage increases. Annual average inflation of 6.3% and a December inflation rate of 4.3% are expected.
In the first half of the year, primarily in response to the negative trends in the global economy, the central bank is expected to raise its interest rate in two stages by a total of 100 basis points, which may only be followed by a cycle of interest cuts in 2009. Thus the base rate will stand at 8.5% at the end of the year.
With the lifting of the exchange-rate band, the central bank is now free to deploy its full arsenal of monetary tools to achieve the inflation target. In the medium term this could bring a strengthening of the forint and a drop in inflation. This year, against the backdrop of a steadily strengthening forint, an annual average exchange rate of HUF 257.3 to the euro can be expected.

Main trends expected in the financial markets in 2008

Similarly to the previous year, the net savings position of households in will be around 1.8% in 2008. This figure will result from higher gross saving and borrowing levels than previously forecast.
Gross savings could amount to approximately 7.6% of GDP in 2008.
There was no decline in new borrowing in 2007, and thus in 2008 the net volume of new loans is expected to total 5.8% of GDP, which is on a par wth last year's figure despite the fact that the GKI consumer confidence index remains at a low point. The above phenomenon is probably due to a greater-than-expected level of consumption smoothing, and the funding of purchases from credit rather than from savings.
The year 2007 saw a continuation of the shift in households' demand for home purchase financing, towards the more favourably-termed foreign-currency loans. The volume of forint-based home purchase loans declined even in absolute terms over the course of last year, but this fall was amply outweighed by the increase in foreign-currency borrowing, which continues to display impressive growth. The total portfolio of home purchase loans to households rose by 16.2% in 2007, and in 2008 a higher growth rate of 19.2% can be expected in this segment.

The 32% expansion in consumer loans will once again be dominated in 2008 by mortgage-based products, which will display growth of over 50%. Foreign-currency consumer loans will maintain their current share of the overall consumer loan portfolio, while the share of durable goods loans will fall, owing to a stagnation in their volume.

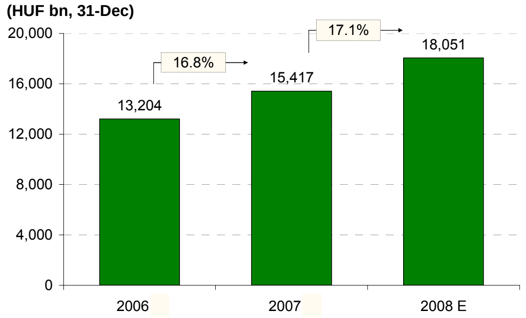
In total, retail loans could amount to 27% of GDP at the end of 2008.

Owing to the unfavourable macroeconomic environment, the rate of growth in corporate loans could fall by one percentage point relative to the 13% figure of 2007, while corporate deposits are also likely to see slower expansion of around 8%.

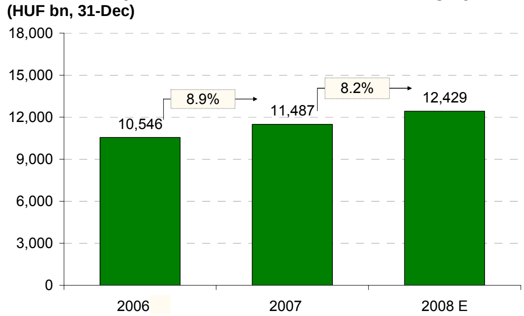
A portion of the funds raised through the steep rise in municipality bond issues last year was invested in deposits, with the result that municipality deposits remain high, although a slight increase in demand for loans can be expected in this sector in 2008.

	Actual				Forecast	
	2004	**2005**	**2006**	**2007**	**2008**	**2009**
Nominal GDP (at current prices, HUF bn)	20,717	22,055	23,757	25,374	**27,175**	**28,881**
Real GDP change	4.8%	4.1%	3.9%	1.3%	**2.0%**	**3.4%**
Households final consumption	2.8%	3.6%	2.1%	-2.1%	**0.4%**	**2.6%**
Households consumption expenditure	2.5%	3.4%	1.9%	-0.3%	**0.7%**	**2.7%**
Collective consumption	-0.1%	-0.1%	6.6%	-3.2%	**-4.5%**	**1.0%**
Gross fixed capital formation	7.6%	5.3%	-2.8%	1.0%	**2.7%**	**4.3%**
Exports	15.6%	11.5%	18.9%	14.2%	**10.8%**	**10.3%**
Imports	13.4%	6.8%	14.5%	12.2%	**9.7%**	**10.1%**
General government balance (HUF bn)	-1,341	-1,721	-2,186	-1,448	**-1,026**	**-1,396**
as a % of GDP	-6.5%	-7.8%	-9.2%	-5.7%	**-3.8%**	**-4.8%**
Current account balance (EUR bn)	-7.0	-6.1	-5.2	-5.5	**-4.6**	**-6.1**
as a % of GDP	-8.5%	-6.9%	-5.8%	-5.5%	**-4.4%**	**-5.2%**
Net nominal wages	6.5%	9.5%	8.0%	2.3%	**6.2%**	**7.6%**
Net real wages	-0.2%	4.6%	3.9%	-5.3%	**-0.1%**	**3.4%**
Employment rate (annual change)	-0.5%	0.0%	0.7%	-0.7%	**-0.1%**	**-0.1%**
Unemployment rate (annual average)	6.1%	7.1%	7.4%	7.4%	**7.9%**	**8.1%**
Inflation (annual average)	6.8%	4.7%	3.9%	8.0%	**6.3%**	**4.0%**
Inflation (Dec/Dec)	5.5%	3.3%	6.5%	7.4%	**4.3%**	**3.7%**
Base rate (eop)	9.5%	6.0%	8.0%	7.5%	**8.5%**	**7.3%**
1Y Treasury Bill (average)	10.7%	6.8%	7.3%	7.4%	**8.4%**	**7.8%**
Real interest rate (average, ex post)	3.7%	2.1%	3.3%	-0.6%	**2.0%**	**3.7%**
EUF/HUF exchange rate (average)	521.4	248.0	264.2	251.3	**257.3**	**250.3**
EUR/HUF (eoy)	245.2	252.7	252.3	253.4	**252.5**	**250.0**

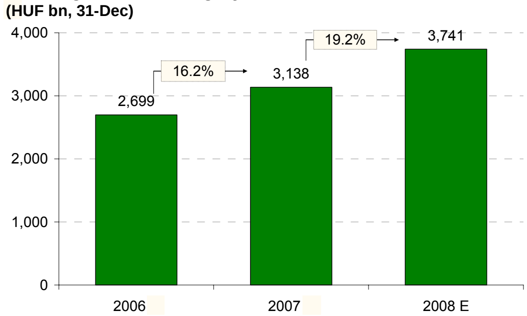
Customer loans of credit institutions in Hungary
(HUF bn, 31-Dec)



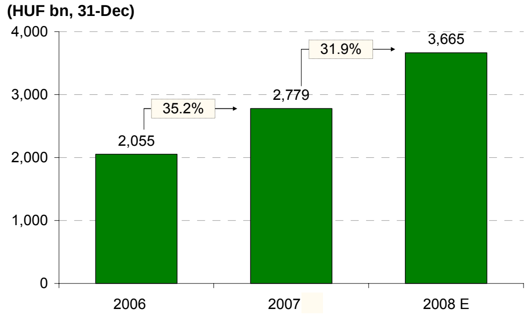
Customer deposits of credit institutions in Hungary
(HUF bn, 31-Dec)



Housing loans in Hungary
(HUF bn, 31-Dec)



Consumer loans in Hungary
(HUF bn, 31-Dec)



FORECASTED ECONOMIC AND FINANCIAL ENVIRONMENT IN THE COUNTRIES OF FOREIGN SUBSIDIARIES IN 2008

Russia

Following the exceptionally high, 8.1% growth of 2007, this year the rate of economic expansion could drop slightly to 6.5%. Both consumer spending and investment could display considerable growth, a prediction that is supported to a large degree by the present loosening of budgetary policy and the substantial lending activity that will continue in 2008. The main driver for consumption will continue to be the over 10% growth in real wages.

Annual average inflation could reach 12%, as the central bank prioritises its management of the global liquidity crisis over efforts to reduce inflation. However, the huge balance of payments surplus resulting from the all-time high in oil prices and the substantial volume of capital investment is sufficient to counteract the global impacts, although the increasing foreign indebtedness of the bank sector gives cause for concern.

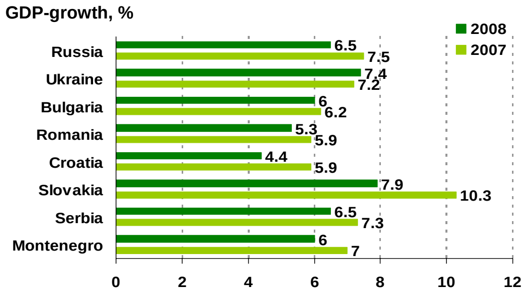
In the following years the total assets of the Russian banking system could continue to expand at a rate of over 30%, which although somewhat lower than last year's 40% is nevertheless an impressive figure. Growth in lending reached 13% of nominal GDP in 2007, and remains unlikely to fall below 10% over the coming period. Thus, the overall rise in loans to households could exceed 50%, while the expansion in mortgage-based loans is expected to be higher than 60%. The rate of increase in corporate loan placements could fall to 25% from the 50% of the previous year, but 60% of customer loans will still be provided to the corporate sector. The growth in customer deposits may slow somewhat, but we continue to forecast a rise of around 30%.

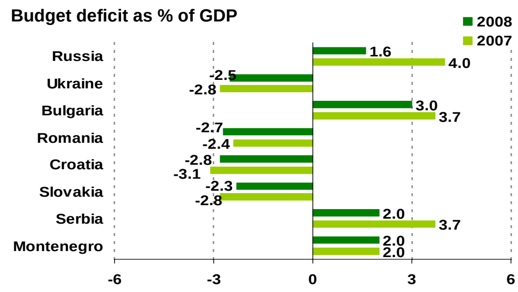
Ukraine

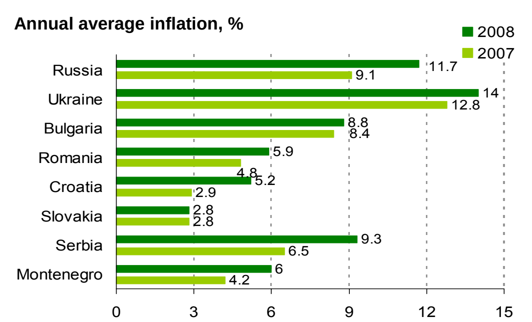
Economic growth reached 7.3% in 2007, and will also exceed 6% this year. The two main drivers of this expansion are investments and consumption; however, net export is a negative factor.

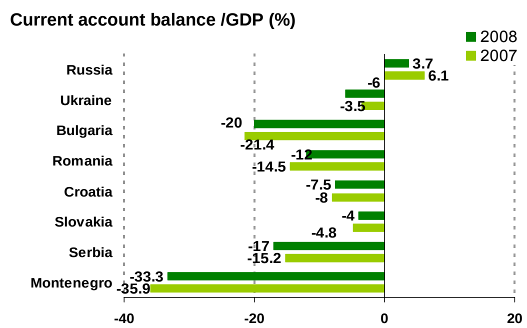
The current account deficit will continue to grow in 2008, due to real wage increases in excess of 10% and the importing of investment goods. However, the deficit will be fully financed by foreign direct investment. Owing to a loosening of budgetary policy, the public finance deficit could reach 3% of GDP in 2008, and inflation will remain in above 10%. The prevailing macroeconomic environment and efforts to curb inflation could lead to a slow strengthening of the national currency the Hryvna, resulting in exchange rate gains for foreign investors.

Last year's record 76% growth in the bank sector's total assets will be followed by a less than 30% expansion this year. The low level of loan penetration and substantial real wages growth could stimulate further borrowing by households. The volume of home purchase loans will increase by 40%, and consumer loans will also rise by around 30%. This year banks could disburse new loans equivalent to 7% of GPD to corporate customers, representing a nominal growth of 23%. A substantial proportion, around 40%, of household deposits will continue to be denominated in foreign currency. However, the burgeoning foreign debt of the Ukrainian bank sector, and fact that the ratio of loans to deposits had reached 150% by the end of 2007, could give cause for concern.









Bulgaria

In 2008 Bulgaria's real GDP could once again increase at last year's rate of 6%. The growth continues to be investment-driven, with the exceptional 27% investment growth of 2007 likely to be followed by a further 18.5% expansion.

Consumption could rise by 5.2% this year, owing to growth of 5.5% in household and a 3% increase in community consumption.

The global price shock (foodstuffs, fuel) has also taken its toll on the Bulgarian economy, with inflation expected to reach 8.8% in 2008, and risks look set to increase.

The budget will once again show a substantial surplus – of around 3% – in 2008, while the current account deficit could amount to 20% of GDP. However, the sustainability of the deficit is not in doubt, since it is primarily attributable to strong investment activity in the private sector, and is therefore fully financed by non-debt generating forms of revenue (mainly FDI).

The net borrowing of households may amount to 5.9% of GDP this year, while the corporate loan portfolio could grow by 10.9% of GDP in 2008. On the deposits side, the growth rate was higher than expected in 2007, in a trend that may continue in 2008, when household savings could total 6.2%, and corporate deposits 6.9% of GDP.

Romania

With a dynamic rise in consumption (as household and community consumption both increased by 12%) and investment growth of over 18%, the Romanian economy expanded by 6% in 2007 (this low figure being attributable to the large trade gap). In 2008 this trade gap will have reversed; but the growth in consumption and investments will slow considerably, and thus we expect to see a growth rate of over 5%. Inflation could shoot up from the previous year's average of 4.8% to around 6%; the budget will remain stable, and the large (14.5%) current account deficit could shrink slightly.

Market penetration in Romania still remains low by the standards of the region, and this allows scope for dynamic portfolio growth. The portfolio of loans expanded by 53% in 2007, and we also expect to see growth of almost 40% this year. Within this figure, corporate loans were up 33% (with a possible rise of 30% forecasted for 2008), retail consumer loans by 87% (this year we expect a 46% growth), and mortgage loans by 77% (likely to be followed by a 60% increase this year).

Montenegro

Despite the slowing in economic growth and rising inflation – neither of which give any cause for alarm, with both these indicators predicted to be around 6% in 2008 – the deepening of the Montenegrin banking system appears to be unstoppable. Approximately 90% of the record current account deficit – which amounts to more than 33% of GDP – is funded by foreign direct investment, and therefore does not represent any particular risk.

The loan portfolio continues to display astounding growth. The extreme figures recorded in 2007 (net retail borrowing totalling more than 20% of GDP and net corporate borrowing in excess of 35% of GDP), are likely to be followed in 2008 with another high volume of net loan disbursements. Net borrowing could total 14.6% of GDP in the retail sector, and 17.5% of GDP in the corporate segment. The portfolio of deposits will also grow substantially this year, with households savings expected to total 16%, of GDP and corporate deposits 10.5% of GDP.

Slovakia

Slovakia appears to have a good chance of adopting the euro from 1 January 2009, since the Maastricht criteria will be fulfilled in the reference period, and it seems that the economy has even avoided succumbing to the inflationary pressure currently affecting the whole of Europe, through an assertive nominal strengthening of the korona: The annual average rise in the price index was 2.8% last year, and is predicted to be 2.8% again this year. Meanwhile, Slovakia has the fastest-growing economy in Europe, achieving a 10.3% rate of economic expansion in 2007 primarily as a result of the 6.5% rise in household consumption and 11% growth in exports, although the accumulation of stocks was also a significant contributing factor. This year economic growth of 7.5-8.0% is expected, while the current account balance will continue to improve dynamically (reaching -4.0% of GDP in 2008). The penetration of the Slovakian bank sector in terms of total assets is high, but still holds potential for growth in respect of both loans and deposits. The portfolio of loans increased by 21.8% in 2007; in 2008 the volume of home purchase loans could rise by 25.5%, and that of consumer loans by 15.9% in comparison to the end of last year. Corporate loans may display growth of 13.7%.

Croatia

In 2008 (primarily owing to the shortage of funding arising from the sub-prime crisis), the rate of growth in the Croatian economy will slow to approximately 4.5%. However, the dearth of external sources and dwindling domestic demand will improve the balance of foreign trade, as well as the ratio of its deficit to GDP. The budget deficit will be around 2.5% of GDP.

The penetration indicators of the Croatian bank sector remain high in a regional comparison; though the dynamic increase in penetration witnessed in previous years slowed somewhat in 2007 (owing to administrative restrictions imposed by the central bank). This situation is certain to remain unchanged in 2008, although year-end portfolio data shows that expansion in the volume of loans still exceeded the 12% target set by the central bank. The restrictions will probably be lifted in 2009, paving the way for a renewed surge in penetration growth. With regard to the total loan portfolio, we expect the 13.7% growth rate of 2007 to be maintained in 2008. Corporate loans could rise by 13.1%, retail consumer loans by 15.3% and the portfolio of home purchase loans by 15.1% in 2008.

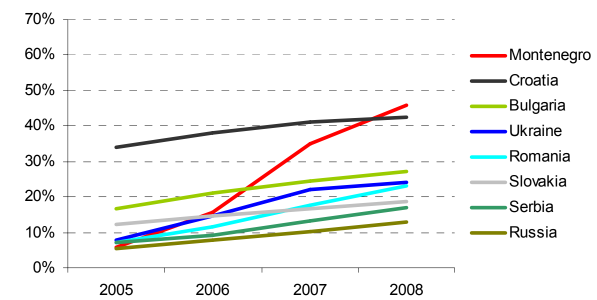
Serbia

In an environment of slowing, but still confidence-inspiring economic growth (6.5% real GDP expansion, in contrast to the previous year's rate of 7.3%), rising inflation will lead to a substantial increase in nominal GDP. The unfavourable trend in consumer prices is partly due to the global price shock, but local factors are also in play, to which the central bank has already responded with two 75-basis-point interest rate raises in February, and more expected to follow.

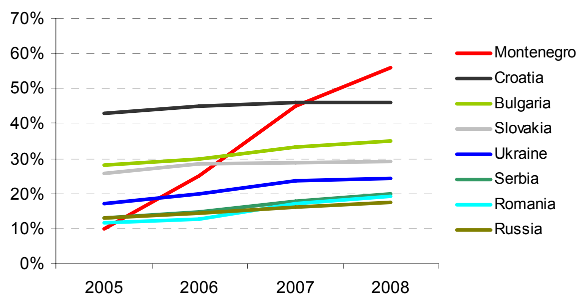
The 17% current account deficit forecasted for 2008 will be almost fully covered by foreign direct investment, and thus it does not represent a risk in macroeconomic terms, and neither does the budget surplus.

The portfolio of loans to households could grow by around 5.3% of GDP this year, while net loan disbursements to corporations are expected to total 3.5% of GDP. Growth in corporate deposits may be higher than previously forecasted, at around 4% of GDP, while new household deposits could amount to 4.4.% of GDP.

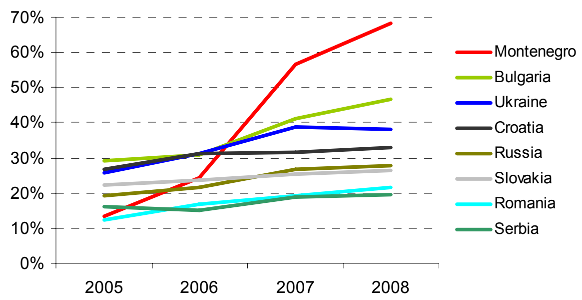
Households' banking loans as a % of GDP



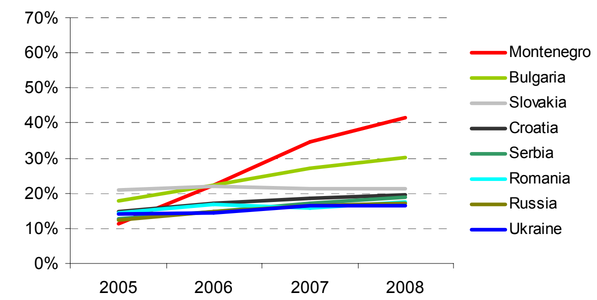
Households' deposits as a % of GDP



Corporate loans as a % of GDP



Corporate deposits as a % of GDP



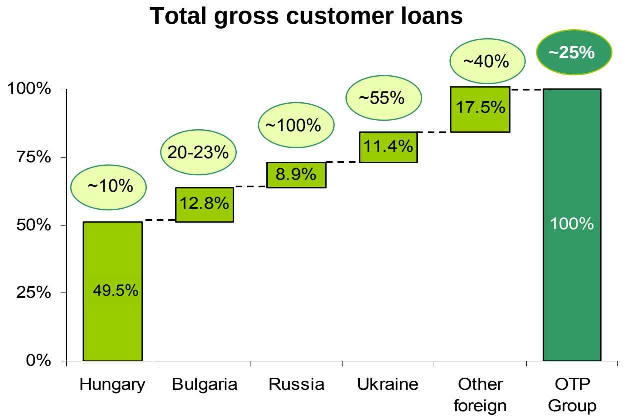
BUSINESS POLICY OBJECTIVES OF THE OTP BANK GROUP IN 2008, IN FIGURES

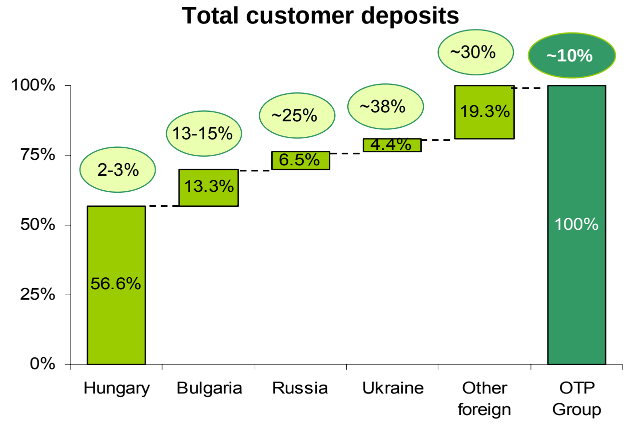
The objective of the OTP Bank Group is to maintain its position in markets in which it is the dominant player, and to strengthen its presence in rapidly expanding segments where its market share is currently low compared to the average of the other sub-markets. However, when pursuing its market-share objectives, OTP Bank makes an effort to prevent margins from falling too fast, and to maintain profitability at the expected levels.

Financial objectives at consolidated level

- In 2008 the Bank Group plans to achieve a 10% growth in its profit after tax. The Bank continues to account for the greatest share of the aggregate result of the Bank Group's members; however, the Bank's contribution to growth in the Bank Group's profit will continue to decline, accompanied by a corresponding rise in the contribution of the foreign subsidiaries.
- The Bank Group's has set itself the long-term objective of further improving its efficiency indicators, achieving an expense/income ratio of around 55% in 2008. Over the longer term, efficiency-boosting measures at the foreign subsidiaries are set to further reduce the expense/income ratio.
- In 2008 the OTP Bank Group plans to attain a consolidated return on equity that is only slightly below the 25% level of 2007, and
- a capital adequacy ratio of over 9.5%.
- The gross loan portfolio in Hungary is expected to grow by around 5%, while that of the foreign subsidiaries will expand by almost 50%, leading to a 25% rise in the consolidated gross loan portfolio. Deposit growth will be approximately 2-3% in Hungary, while the rate of increase in the consolidated deposit portfolio – although lower than that of loans – will also be substantial, at around 10%.

The volume of total gross customer loans and deposits – OTP Group
(consolidated, 2008 plan)





Financial objectives in the countries of key foreign subsidiaries

- In Bulgaria, the growth in after-tax profit in 2008 will only be slightly lower than the 21% of the previous year. The DSK Group plans to maintain the expense/income ratio – 39% in 2007 – at its current level in 2008, and similarly it also intends to sustain its return on equity at a stable 24.7%.
- In Russia, in 2008 Investsberbank expects to achieve around 50% growth in its after-tax profit, an expense/income ratio of approximately 60%, and a return on average equity of over 20%.
- In Ukraine, the growth in after-tax profit will rise by more than 30%, while the return on average equity could exceed 20%. The expense/income ratio may increase only slightly relative to the 54.6% level of 2007.

Guidance for 2008

		2007 Actual	2008 Target
OTP Group	After-tax profit growth	11.1%	at least 10%
	C/I[1]	59.1%	mid 50s
	After-tax ROE	24.7%	somewhat lower than 2007
	CAR[2]	11.0%	above 9,5%[4]
OTP Core (aggregated)	After-tax profit growth adj.[3]	11.7%	around 0%
	C/I adj.[3]	48.6%	stable
Investsberbank	After-tax profit growth	n/a	around 50%
	C/I	67.2%	around 60%
	After-tax ROE	17.9%	above 20%
CJSC OTP Bank	After-tax profit growth	n/a	above 30%
	C/I	45.6%	slight increase
	After-tax ROE	25.7%	above 20%
DSK Group	After-tax profit growth	21.0%	slightly moderating
	C/I	39.0%	similar to 2007
	After-tax ROE	24.7%	stable

[1] Total income is reduced by the income from the release of pre-acquisition provisions
[2] OTP Bank only, according to HAR
[3] Excluding dividend or cash received free of charge, funding cost of Tier2 Capital, the net interest income of subsidiary financing and the result of strategic open FX position
[4] Without any acquisition or divestment

BUSINESS POLICY TASKS IN HUNGARY, IN 2008

Customer-related objectives

In 2007, OTP Bank was once again inundated with awards from both the international and the Hungarian professional community, while the recognition and value of the OTP Brand has remained consistently high for many years now. However, the Bank has always made it a priority to continuously raise the standards of its customer service, and constantly enhance and expand the range of products, services and channels that it offers.
The new logo, which symbolises the outstanding advancements of recent years and serves to further strengthen brand loyalty, was successfully launched and has won the affection of customers.
This strengthening of the emotional bond between the Bank and its clientele could further contribute to reducing customer churn. In 2008, OTP Bank will continue to place particular emphasis on raising customer satisfaction, retaining those customers who have high business potential but who also display the greatest propensity to leave the bank, by targeting them with the appropriate offers at the right time. The Bank will also make efforts to retain those customers with a tendency to repay their home purchase loans early.

International and Hungarian awards and accolades received by OTP Bank in 2007:

- The MasterCard – Bank of the Year program is a competition held between commercial banks in Hungary. The judging panel awards prizes in a total of eight categories. In the **"Direct Banking Service of the Year"** and **"Retail Loan Product of the Year"** categories OTP Bank acheived 1st place. The Most Likeable Bank award is traditionally awarded based on votes from the general public. This year, OTP Bank came second in the "Népszabadság – Most Likeable Bank of the Year" competition.
- At the Figyelő Top 200 Gala, this year was the first in which companies were also judged on their corporate social responsibility. The judging panel found OTP Bank to be the **Best Financial Institution of the Year**.
- **"Best Bank in Hungary"**, **"Best Investment Service Provider in Hungary"**, **"Best Company in the Emerging European Regions"** – Euromoney. OTP Bank continues to be a force to be reckoned with in the Hungarian banking market, owing to its leading position in the retail market, which it has even succeeded in retaining amidst fierce competition from foreign-owned banks.
- **"Best Bank in Hungary"** – Global Finance. The year 2006 was the most active period in the bank's history in terms of foreign acquisitions. Mention is made of the purchases of Russia's Investsberbank, the Ukrainian RBUA, Serbia's Zepter banka and Kulska banka, as well as the Montenegrin CKB.
- **"Silver Blade" award** – 8th Golden Blade Creative Advertising Festival
- **"Most Trusted Financial Brand in Hungary"** – Reader's Digest
- **"Superbrands Award"** – Superbrands

Sales channels

While alternative banking and sales channels are growing in popularity, customers continue to demand a branch presence, a fact which is also demonstrated by the dynamic network expansion of competing banks. OTP Bank regards pays special attention to retaining the competitive advantage arising from its extensive branch network, which is the largest in Hungary; and will continue to afford it the central role in the channel mix in the future:

- The procedures related to the opening of new branches, and the relocation or closure of existing ones, will be overhauled and improved. As a part of the drive to optimise our national reach – among other measures – a presence will be established in certain small regions that previously had no branch coverage. The network of customs-counter branches will be rationalised, with certain units scheduled for closure, and others to be converted to fulfil different functions.
- The measures to extend the business line will serve to broaden the range of services available through the existing branch network.
- As in previous years, renovation of the branch network will continue in 2008 – with the modernisation of approximately 70 units – while the system for measuring the performance of branch employees will be further perfected and fine-tuned.
- In response to the growing diversity of customer requirements, new types of branch are beginning to emerge both in the mature ‘western’ economies, and in Hungary. In order to leverage the business potential inherent in this trend – while for many years it has pursued a policy of establishing branches in newly opened large shopping centres and certain hypermarkets – OTP Bank recently opened a number of cashless branches, and plans to set up more in the future.
- As financial products, as well as the Hungarian banking culture and customer requirements become increasingly sophisticated, there is a growing demand for banking advice, especially in the course of selling complex or innovative products. In response to this need, OTP Bank is launching a premium wealth planning service, which is likely to be extended to all of the branches specialising in securities transactions in the course of 2008.

In order to retain the market-shaping role that it has secured in the area of electronic channels, and to boost competitiveness and profitability, OTP Bank will have to focus on developing and perfecting its existing technologies, maintaining a high level of security in respect of its electronic services, and on continuously expanding its range of services, exploring opportunities for the application of new technological and business solutions, and increasing the product sales focus of the electronic banking channels.

- In order to reduce the number of telephone calls handled by branches, and improve the quality of calls handling, in 2008 the Bank will further increase the proportion of calls that are dealt with centrally.
- Incentives to use the new ATM functions.

An important task is the continued cultivation of the agent sales channel established in recent years, to which end OTP Bank is constantly improving the standard of special services provided to its agents, and instituting a variety of measures to boost the efficiency of agent sales.

Products

For many years OTP Bank has led the way in product innovation, and was the first to introduce countless new products and services in Hungary – such as, in 2007 alone, the ‘Világhitel’ (World Loan), which offers the opportunity to change the currency of repayment on a monthly basis, JAVA-based mobile banking, eBill Payment, motorway toll payment and other micro-payment (mobile parking, newspaper subscriptions) services – in keeping with our basic objective of remaining in tune with the requirements of our customers and the spirit of the age, through the constant development and renewal of our services. A key element of the Bank’s strategy continues to be to increase the volume of cross selling and the intensity of product use, raise the number of products per customer and improve product usage ratios.

In the interests of satisfying customer requirements as efficiently as possible:

- Product innovation will remain a key priority in 2008.
- The card strategy will be reviewed.
- New investment funds will be introduced.
- The Bank will continue to fine-tune the processes related to its home purchase and multi-purpose mortgage loans.
- Bank assurance activities will be intensified through the conclusion of a new group-level strategic partnership with an insurance company.

Human resource management

Key human resource management objectives for 2007 included the launch of the career management system with career modelling and succession-management functions, which was successfully achieved. Thus, in 2008 the Bank's human resource management operations focused on implementation of the career management system, the broadening of the program's scope within the Bank, and its extension to the foreign subsidiaries.

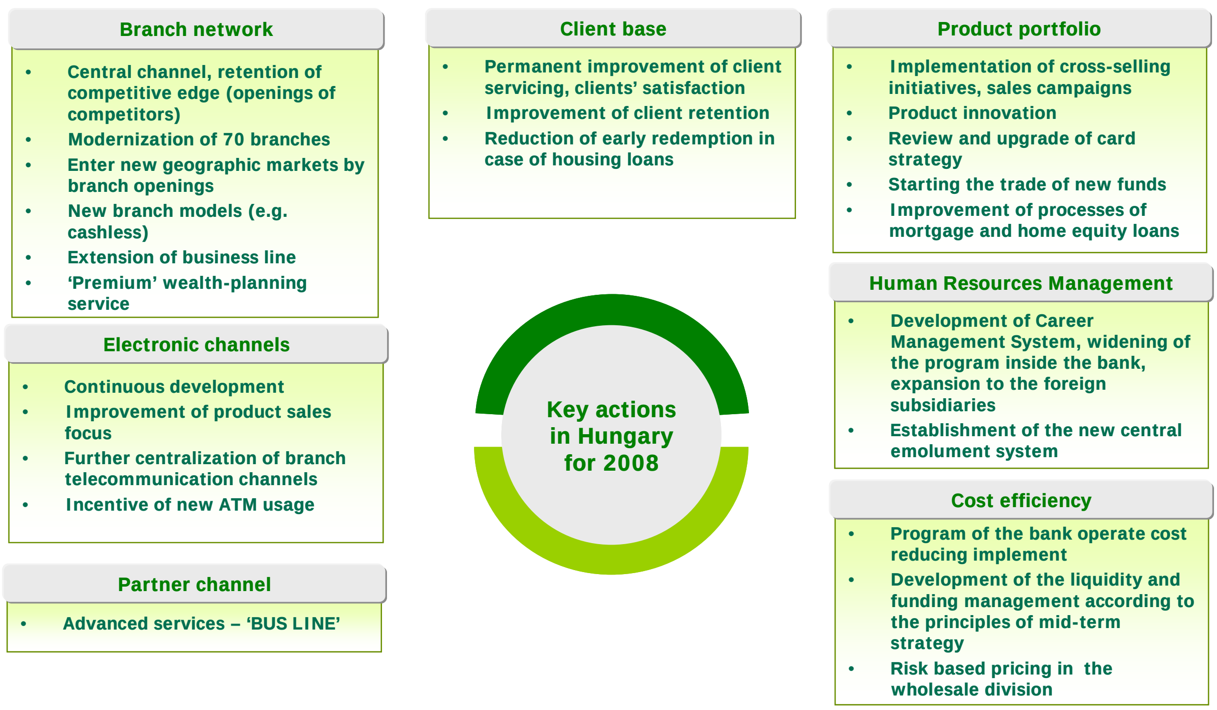
In a continuation of the practices introduced in previous years, in 2008 OTP Bank will continue to provide sales training to its customer service staff.

Plans for 2008 include the introduction of a new, centralised rewards and remuneration system.

Raising cost-efficiency and other tasks

- A long-term objective of OTP Bank is to continuously improve cost-efficiency. In order to achieve this goal, in 2008 the Bank will implement a series of measures aimed at reducing its operating costs.
- The plans include the changeover to the Basel II Standard and Alternative Standard method.
- Based on the guiding principles and methodologies set forth in the medium-term financing strategy, the Bank will make improvements to its fundraising and liquidity management processes.
- In the commercial banking division, the tasks for 2008 include elaboration of a methodology for the introduction of risk pricing.

Business policy tasks in Hungary in 2008



BUSINESS POLICY OBJECTIVES FOR 2008 IN THE COUNTRIES OF FOREIGN SUBSIDIARIES

Russia

In Russia, the most important task for Investsberbank – concurrently with integration of the recently acquired Donskoy Narodny Bank – is to develop the range of basic products and services, in the course of which:

- the introduction of new retail mortgage loan, personal and vehicle loan products, the development of current and deposit account products,
- elaboration of a private banking concept,
- extension of the Cards division to all branches, improving card usage ratios
- elaboration of an e-banking strategy,
- development of a consistent product offering for micro and small enterprises, and the extension of the MSE division to all branches, are expected to take place in 2008.

In order to efficiently develop sales capabilities it is necessary to establish a training system for branch staff, and to expand the branch network (through the opening of 40 new units, and establishment of regional centres).

Ukraine

In Ukraine, rapid branch network expansion – the opening of some 80 new branches – accompanied by the introduction of electronic banking channels, will improve the efficiency with which potential customers can be reached from 2008. Here too the product range will be broadened, with the introduction of current account-related products that generate commission revenue in the retail division, the launch of cash management products for corporate customers, and the launch of additional group-member products through the creation of a leasing company and pension fund.

Besides this, the fulfilment of objectives related to the development of operational processes – such as the centralisation of back office and accounting functions – are included among the plans for 2008.

Bulgaria

In Bulgaria – together with the launch of the new OTP logo – 26 new branches will be opened and 25 existing ones refurbished under the ongoing branch development program. Test campaigns based on a new market segmentation methodology will help ensure the fulfilment of sales targets, and DSK Bank also plans to boost the sales of investment funds.

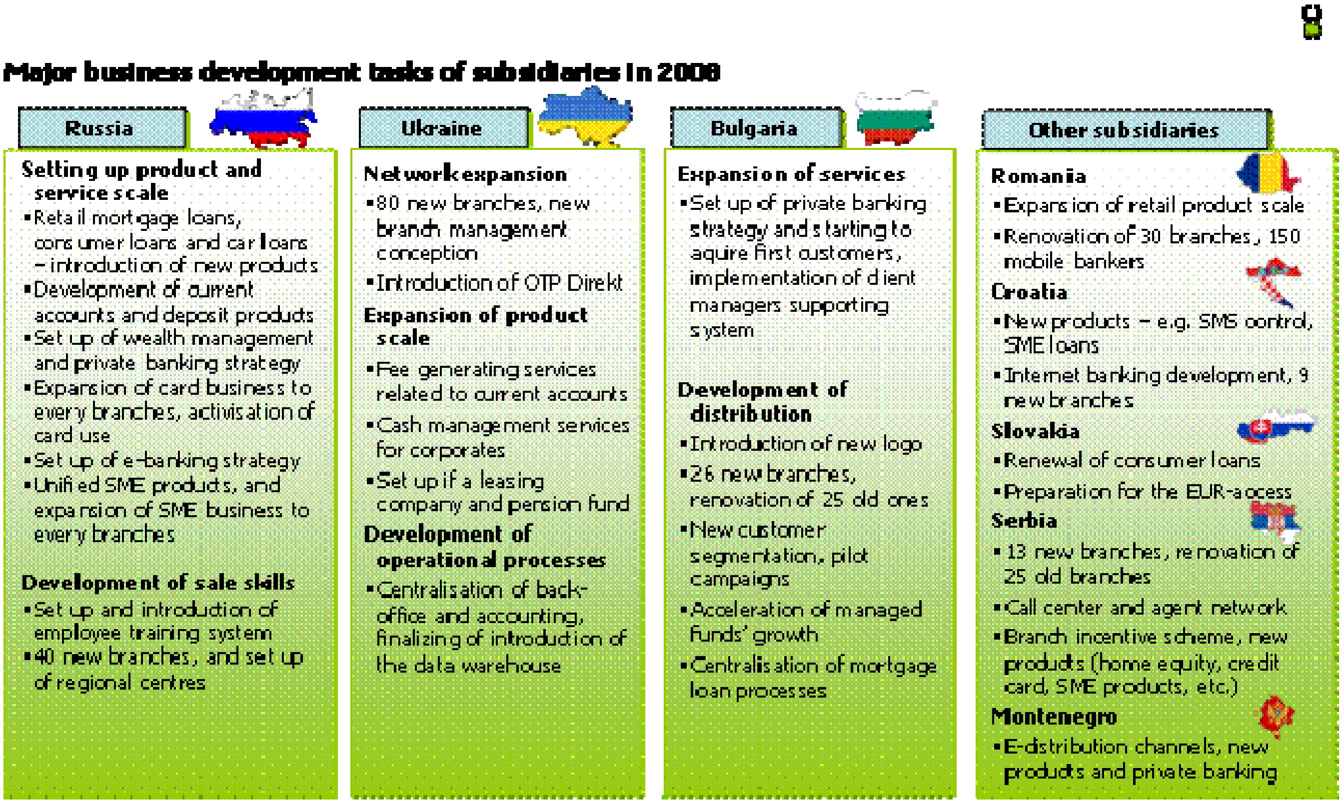
Important tasks are to develop the private banking strategy, launch of a concerted customer-acquisition drive, and to implement an IT system to support the relationship managers. Among the operational tasks, the centralisation processes related to home purchase and mortgage-type loans are scheduled to take place in 2008.

Other foreign subsidiaries

At the smaller foreign subsidiaries, the focus is on expansion of the product portfolio and continued development of the sales network, although in Serbia certain basic tasks remain to be completed.

- In Romania, concurrently with expansion of the retail product range – for example, through the launch of new mortgage products – some 30 branches will be refurbished and 150 mobile bankers recruited in 2008.
- In Croatia, new products will be launched, such as text message control, consumer-durable credit cards and savings accounts, as well as loan products aimed specifically at micro and small enterprises, while the opening of nine new branches and development of the internet banking service is also planned.
- In Slovakia, besides an overhaul of the consumer loan product range, preparations must also be made for introduction of the euro.
- In Serbia the SAP system will be introduced. Considerable emphasis will be placed on developing the sales network: the opening of 13 new branches and refurbishment of 25 existing units, the setting up of a call centre and establishment of an agent network, and – in the interests of improving sales rates – introduction of an incentives system, product promotions and sales competitions, as well as the development of a sales support and training system, will all take place in 2008. Numerous new products will be developed, such as credit cards, POS loans, MSE and municipality products, and project financing.

- In Montenegro, besides expansion of the retail lending range and introduction of new MSE loan products, plans also include the establishment of electronic banking channels and the launch of a private banking service.



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

ELECTION OF THE COMPANY'S AUDITOR, APPROVAL OF THE APPOINTMENT OF OFFICIAL RESPONSIBLE FOR AUDITING, SETTING THE REMUNERATION

ELECTION OF THE COMPANY'S AUDITOR, APPROVAL OF THE APPOINTMENT OF OFFICIAL RESPONSIBLE FOR AUDITING, SETTING THE REMUNERATION

Based on Section 3 Para 66 Act CXII of 1996 (Act on Credit Institutions and Financial Enterprises) the Supervisory Board proposes – concerning the audit of the OTP Bank Plc.'s non-consolidated and consolidated 2008 accounts – that the General Meeting:

1. elects **Deloitte Auditing and Consulting Ltd.** (000083)
   H-1068 Budapest, Dózsa Gy. U. 84/c

   and approves the appointment of **Zsuzsanna Szépfalvi Nagyváradiné** (005313) chartered auditor, as the individual in charge of auditing.

   In the event any circumstance should arise which ultimately precludes the activities of as appointed auditor in this capacity, proposes the appointment of **Zoltán Nagy** (005027) chartered auditor, to be the individual in charge of auditing.

2. The General Meeting establishes the total amount of fifty-four million Hungarian Forint **(HUF 54,000,000) + VAT** as the auditor's remuneration for the audit of the annual accounts of 2008, prepared pursuant to Act C of 2000 on Accounting as applicable to credit institutions and the audit of the consolidated annual accounts, of which **HUF 43,000,000 + VAT** shall be paid in consideration of the audit of the non-consolidated annual accounts, and **HUF 11,000,000 + VAT** shall be the fee payable for the audit of the consolidated annual accounts.

PROPOSAL FOR THE AMENDMENT TO THE BY-LAWS OF OTP BANK PLC.

PROPOSAL FOR THE AMENDMENT TO THE BY-LAWS OF OTP BANK PLC.

1.) Section 1.1 of the By-Laws will be replaced with the following provisions:

1.1. The trade name of the Company: OTP Bank Nyrt.

In English: OTP Bank Plc.

2.) The 4.§ of the By-Laws will be replaced with the following provisions:

„4.§

The Company's defined scope of activity

4.1. TEÁOR 6419 Other monetary intermediation (the main activity of the Company)

4.2. TEÁOR 6491 Financial leasing

4.3. TEÁOR 6499 Other financial service activities

4.4. TEÁOR 6612 Security and commodity contracts brokerage

4.5. TEÁOR 6619 Other activities auxiliary to financial services

4.6. TEÁOR 6622 Activities of insurance agents and brokers

4.7. TEÁOR 6630 Fund management activities

4.8. TEÁOR 5629 Other food service activities”

3.) Section 6.4 of the By-Laws will be replaced with the following provisions:

The extent of voting rights exercised directly or indirectly by any individual shareholder or group of shareholders may not exceed 25% (or in case the voting rights of another shareholder or group of shareholders exceed 10% it may not exceed 33%) of the total voting rights represented by the shares entailing voting rights at the General Meeting of the Company.

If the shareholder by oneself or together with other shareholders belonging to the same group of shareholders is holding directly or indirectly more than 2% of the voting rights represented by the shares entailing voting rights at the General Meeting of the Company, the shareholder is obliged to notify the Board of Directors without delay. Simultaneously, the shareholder has the obligation to assign those shareholders, through which indirect voting right is existing and the members of the group of shareholders. In case of missing the notification or being presumable with an acute reason that shareholder’s notification is deceptive regarding the composition of the shareholder group, the voting right of the shareholder shall be suspended and shall not be exercised until the above obligations are met. Obligation for notification stipulated by this paragraph shall also be applied to individuals eligible for obtaining or exercising voting rights in the Company in accordance with CMA (Tpt) 61. §, Section 5, Point a)-h) and Section 6).

Group of shareholders: the shareholder together with the other shareholder, in which the former has either direct or indirect shareholding or has influence without shareholding (jointly direct and/or indirect influence); furthermore: shareholder together with the other shareholder, who is exercising or is willing to exercise its voting rights together with the former shareholder irrespective of the agreement behind the joint practice of the participants.

Identification and calculation of indirect holding shall be delivered as defined in Act No. CXII. of 1996. (ACI or Hpt.).

In case voting rights exercisable by the group of shareholders exceed the threshold stipulated in the first paragraph of this section, voting rights shall be reduced so, that voting rights entailing to shares last obtained by the group of shareholders are not exercisable.

4.) Subpoint 16. to Section 8.33 will be replaced with the wording „Deleted”.

5.) Subpoint 17. to Section 8.33 will be replaced with the following wording:

„17. with the exceptions specified in the AEA (Gtv.), decision on the acquisition of the Company's own shares;”

6.) Second paragraph of Section 9.13 in By-Laws will be supplemented with the following provisions:

„…

- decision on actions aiming to hinder a public takeover procedure;
- decision on the approval of a public purchase offer in respect of the purchase of own shares.”

7.) Section 11/A.1 of the By-Laws will be replaced with the following provisions:

„In order to perform the functions specified in § 311 para (2) of AEA the Audit Committee shall be elected from the members of the Supervisory Board by the General Meeting. Audit Committee shall consist of three to five members. Audit Committee shall elect a Chairman from among its members. The Audit Committee shall have a quorum if more than half of its members are present. The decisions of the Audit Committee shall be taken with a simple majority of votes.”

Proposal for resolution:

The General Meeting accepts the amendment of the Company's By-Laws pursuant to the proposal and in keeping with the annex of the General Meeting's minutes.

ELECTION OF MEMBERS OF THE BOARD OF DIRECTORS

VERBAL PROPOSAL

ELECTION OF MEMBERS OF THE SUPERVISORY BOARD

VERBAL PROPOSAL

ELECTION OF MEMBERS OF THE AUDIT COMMITTEE

VERBAL PROPOSAL

ESTABLISHING THE REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS, SUPERVISORY BOARD AND AUDIT COMMITTEE

ESTABLISHING THE REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS, SUPERVISORY BOARD AND AUDIT COMMITTEE

With the consent of OTP Bank's Board, Supervisory Board and Audit Committee, the following is proposed to the esteemed AGM:

With regards to the **remuneration of the members of the Board** effective from May 1st, 2008 and in line with the average 7% annual wage increase for the Bank's employees, we propose the following:

	Monthly honorarium		**Increase (%)**
	Effective (HUF)	**Proposed (HUF)**	
Chairman of the Board	660,000	710,000	7.58%
Members of the Board	570,000	610,000	7.02%

Bearing in mind the above said, with regards to the **remuneration of the members of the Supervisory Board** effective from May 1st, 2008, we would propose the following:

	Monthly honorarium		**Increase (%)**
	Effective (HUF)	**Proposed (HUF)**	
Chairman and Deputy Chairman of the Supervisory Board	640,000	690,000	7.81%
Members of the Supervisory Board	510,000	550,000	7.84%

Members of the Audit Committee shall receive no remuneration for their work.

BRIEFING ON THE SALE OF OTP GARANCIA INSURANCE LTD., AND DECISION ON A MANAGEMENT INCENTIVE SCHEME RELATED TO THE DEAL

VERBAL PROPOSAL

MODIFICATION OF THE INCENTIVE PROGRAMME OF THE MANAGEMENT FOR THE YEARS FOR 2006 TO 2010.

MODIFICATION OF THE INCENTIVE PROGRAMME OF THE MANAGEMENT FOR THE YEARS FROM 2006 TO 2010

Proposal for resolutions

The General Meeting amends the share option program for 2006 – 2010, which was approved by the General Meeting in resolution no. 8/2006 and amended in resolution no. 7/2007, as follows:

The wording of "6. The opening of the option period" of the annex to resolution no. 8/2006 of the General Meeting shall be amended as follows:

The option period in respect of the year under review – based on the resolution of the Board of Directors that ascertains the fulfilment of the conditions of the Program – shall open on 1 June of the given year and, in accordance with the rules on entitlement, shall be available until the end of the following calendar year, with the proviso that the Bank's Board of Directors is entitled to extend the option period by up to an additional 2 years in respect of the given year under review. In this period – including the extension that is based on the decision of the Bank's Board of Directors – the beneficiary of the option may exercise his/her share purchase right during the entire period without any limitation, in keeping with the statutory regulations.

The amendments pertaining to the extension of the option period and the cancellation of exercising restrictions shall apply for the rest of the term of the Program as well as for the currently already open business year of 2006.

The wording of "7. Determining the option purchase price" of the annex to the resolution no. 8/2006 of the general meeting" shall be amended as follows:

The purchase price of shares that are available for sale in a given option period shall be the average of the daily mid rate of the shares registered at the Budapest Stock Exchange in the first quarter of the evaluated business year minus HUF 2,000. If on the day preceding the day on which the purchase price is exercised the mid rate of the share exceeds the purchase price by more than HUF 4,000, the purchase price shall be raised by the difference in excess of HUF 4,000.

This amendment shall be first applied in the review of the business year of 2007.

AUTHORIZATION OF THE BOARD OF DIRECTORS TO THE ACQUISITION OF OWN SHARES

AUTHORIZATION OF THE BOARD OF DIRECTORS TO THE ACQUISITION OF OWN SHARES

Pursuant to the Companies Act the authorization of the Board of Directors to the acquisition of own shares pertains to the exclusive authority of the General Meeting.

The creation of supply necessary for the administration of the option and bonus share programs operating at the OTP Bank Plc. and the prevention of price fluctuations of the shares require that the General Meeting authorize the Board of Directors to the acquisition of own shares.

Proposal for resolutions:

The General Meeting authorize the Board of Directors in order to create the necessary supply for the administration of the option and bonus share programs operating at the OTP Bank Plc. and to prevent the price fluctuations of the shares to purchase up to 56,000,000 shares issued by OTP Bank. The purchase price of the shares at each transaction shall not be lower than the face value of the share and not be higher than 150% of the highest price registered on the BSE on the day before the transaction. The Board of Directors is entitled to the acquisition of own shares until October 31, 2009.